

YOUNG LEADERSHIP COUNCIL, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015



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Young Leadership Council, Inc.
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December 31, 2016

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Report



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Young Leadership Council, Inc., a non-profit organization (YLC), which comprise the statements of financial position as of December 31, 2016 and 2015, 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.

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 auditors consider internal control relevant to YLC'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 YLC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Leadership Council, Inc. as of December 31, 2016 and 2015, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to agency head or chief executive officer on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cam, Riggs & Ingram, L.L.C.

June 22, 2017



Financial Statements

Young Leadership Council, Inc.
Statements of Financial Position

| <i>As of December 31,</i> | 2016 | 2015 |
|---|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 379,721 | \$ 471,411 |
| Receivables | 25,363 | 19,098 |
| Investments - board designated | 1,580,898 | 1,515,213 |
| Deposits and other assets | 5,260 | 2,265 |
| Prepays | 9,264 | 7,472 |
| Total Current Assets | 2,000,506 | 2,015,459 |
| Property and equipment, net | 469,108 | 484,136 |
| Long-term receivables | 9,837 | 16,851 |
| Total Assets | \$ 2,479,451 | \$ 2,516,446 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 32,125 | \$ 23,149 |
| Deferred revenue and deferred dues | 16,940 | 13,222 |
| Current maturities of long-term debt | 21,631 | 35,608 |
| Total Current Liabilities | 70,696 | 71,979 |
| Long-term debt, net of current maturities | 114,101 | 144,769 |
| Total Liabilities | 184,797 | 216,748 |
| Net Assets | | |
| Unrestricted | | |
| Board designated | 1,580,898 | 1,515,213 |
| Undesignated | 617,904 | 722,426 |
| Total Unrestricted Net Assets | 2,198,802 | 2,237,639 |
| Temporarily restricted | 80,852 | 47,059 |
| Permanently restricted | 15,000 | 15,000 |
| Total Net Assets | 2,294,654 | 2,299,698 |
| Total Liabilities and Net Assets | \$ 2,479,451 | \$ 2,516,446 |

The accompanying notes are an integral part of these financial statements.

Young Leadership Council, Inc.
Statement of Activities and Changes in Net Assets

| <i>For the Year Ended December 31, 2016</i> | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---------------------|------------------------|------------------------|---------------------|
| Revenues and Other Support | | | | |
| Contributions | \$ 38,833 | \$ 71,977 | \$ - | \$ 110,810 |
| Grants - restricted | - | 84,591 | - | 84,591 |
| Membership dues | 33,436 | - | - | 33,436 |
| Special event - Awards Gala | | | | |
| Contributions and sponsorships | \$ 171,600 | | | |
| Less: cost of direct benefits to donors | <u>(105,416)</u> | 66,184 | - | 66,184 |
| Special event - Wednesday at the Square | | | | |
| Special event revenues (tickets, sponsors, rental, food and beverage sales) | \$ 666,157 | | | |
| Sponsorship and contributions | 281,650 | | | |
| Less: cost of direct benefits to donors | <u>(749,976)</u> | 197,831 | - | 197,831 |
| Interest income | 663 | - | - | 663 |
| Realized gain on investments | 41,002 | - | - | 41,002 |
| Unrealized gain on investments | 69,825 | - | - | 69,825 |
| Other income | 13,388 | - | - | 13,388 |
| Total Revenues and Other Support | 461,162 | 156,568 | - | 617,730 |
| | | | | |
| Net Assets Released From Restrictions - Expended For Intended Use | 122,775 | (122,775) | - | - |
| | | | | |
| Total Revenues, Other Support, and Net Assets Released From Restrictions | 583,937 | 33,793 | - | 617,730 |
| EXPENSES | | | | |
| Program services | 452,607 | - | - | 452,607 |
| Supporting services | 170,167 | - | - | 170,167 |
| Total Expenses | 622,774 | - | - | 622,774 |
| | | | | |
| CHANGES IN NET ASSETS | (38,837) | 33,793 | - | (5,044) |
| | | | | |
| Net Assets, Beginning of Year | 2,237,639 | 47,059 | 15,000 | 2,299,698 |
| | | | | |
| Net Assets, End of Year | \$ 2,198,802 | \$ 80,852 | \$ 15,000 | \$ 2,294,654 |

The accompanying notes are an integral part of these financial statements.

Young Leadership Council, Inc.
Statement of Activities and Changes in Net Assets

| <i>For the Year Ended December 31, 2015</i> | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---------------------|------------------------|------------------------|---------------------|
| Revenues and Other Support | | | | |
| Contributions | \$ 65,183 | \$ 59,989 | \$ - | \$ 125,172 |
| Grants - restricted | - | 62,956 | - | 62,956 |
| Membership dues | 31,386 | - | - | 31,386 |
| Special event - Awards Gala | | | | |
| Contributions and sponsorships | \$ 161,640 | | | |
| Less: cost of direct benefits to donors | <u>(88,489)</u> | 73,151 | - | 73,151 |
| Special event - Wednesday at the Square | | | | |
| Special event revenues (tickets, sponsors, rental, food and beverage sales) | \$ 695,918 | | | |
| Sponsorship and contributions | 269,600 | | | |
| Less: cost of direct benefits to donors | <u>(645,425)</u> | 320,093 | - | 320,093 |
| Interest income | 767 | - | - | 767 |
| Realized gain on investments | 40,131 | - | - | 40,131 |
| Unrealized loss on investments | (31,499) | - | - | (31,499) |
| BP oil spill settlement | 181,073 | | | 181,073 |
| Other income | 4,450 | - | - | 4,450 |
| Total Revenues and Other Support | 684,735 | 122,945 | - | 807,680 |
| Net assets released from restrictions - expended for intended use | 91,334 | (91,334) | - | - |
| Total Revenues, Other Support, and Net Assets Released From Restrictions | 776,069 | 31,611 | - | 807,680 |
| EXPENSES | | | | |
| Program services | 402,199 | - | - | 402,199 |
| Supporting services | 160,874 | - | - | 160,874 |
| Total Expenses | 563,073 | - | - | 563,073 |
| CHANGES IN NET ASSETS | 212,996 | 31,611 | - | 244,607 |
| Net Assets, Beginning of Year | 2,024,643 | 15,448 | 15,000 | 2,055,091 |
| Net Assets - End of Year | \$ 2,237,639 | \$ 47,059 | \$ 15,000 | \$ 2,299,698 |

The accompanying notes are an integral part of these financial statements.

Young Leadership Council, Inc.
Statement of Functional Expenses

| <i>For the Year Ended December 31, 2016</i> | Supporting Services | | | | 2016 Total |
|--|-------------------------|---------------------------------------|--------------------|-------------------|-----------------------|
| | Program Services | General and Administrative | Fundraising | Total | |
| Compensation and related expenses | | | | | |
| Compensation | \$ 150,206 | \$ 12,875 | \$ 51,499 | \$ 64,374 | \$ 214,580 |
| Employee health and retirement benefits | 10,650 | 913 | 3,651 | 4,564 | 15,214 |
| Payroll taxes | 9,902 | 849 | 3,395 | 4,244 | 14,146 |
| Professional development | 3,120 | 267 | 1,069 | 1,336 | 4,456 |
| Total compensation and related expenses | 173,878 | 14,904 | 59,614 | 74,518 | 248,396 |
| Other expenses | | | | | |
| Computer maintenance | 30,161 | - | - | - | 30,161 |
| Depreciation and amortization expense | 9,918 | 5,110 | - | 5,110 | 15,028 |
| Equipment rental | 3,935 | - | - | - | 3,935 |
| Facility fees | 7,401 | 2,974 | - | 2,974 | 10,375 |
| Insurance | 27,303 | 6,826 | - | 6,826 | 34,129 |
| Interest expense | - | 9,988 | - | 9,988 | 9,988 |
| Investment fees | - | 25,664 | - | 25,664 | 25,664 |
| Marketing and advertising | 35,919 | - | - | - | 35,919 |
| Meetings | 8,955 | - | - | - | 8,955 |
| Miscellaneous expense | 20,044 | 7,935 | 143 | 8,078 | 28,122 |
| Occupancy | 17,038 | 4,260 | - | 4,260 | 21,298 |
| Professional and technical services | 46,569 | 22,296 | 6,595 | 28,891 | 75,460 |
| Special events costs | 30,088 | - | - | - | 30,088 |
| Sponsor fulfillment | 20,919 | - | - | - | 20,919 |
| Supplies and printing | 20,479 | 3,858 | - | 3,858 | 24,337 |
| Total other expenses | 278,729 | 88,911 | 6,738 | 95,649 | 374,378 |
| Total expenses | \$ 452,607 | \$ 103,815 | \$ 66,352 | \$ 170,167 | \$ 622,774 |

The accompanying notes are an integral part of these financial statements.

Young Leadership Council, Inc.
Statement of Functional Expenses

| <i>For the Year Ended December 31, 2015</i> | Supporting Services | | | | 2015 Total |
|--|-------------------------|---------------------------------------|--------------------|-------------------|-----------------------|
| | Program Services | General and Administrative | Fundraising | Total | |
| Compensation and related expenses | | | | | |
| Compensation | \$ 109,839 | \$ 9,415 | \$ 37,659 | \$ 47,074 | \$ 156,913 |
| Employee health and retirement benefits | 10,392 | 891 | 3,563 | 4,454 | 14,846 |
| Payroll taxes | 8,278 | 710 | 2,838 | 3,548 | 11,826 |
| Professional development | 5,754 | 493 | 1,973 | 2,466 | 8,220 |
| Total compensation and related expenses | 134,263 | 11,509 | 46,033 | 57,542 | 191,805 |
| Other expenses | | | | | |
| Computer maintenance | 18,605 | - | - | - | 18,605 |
| Depreciation and amortization expense | 8,658 | 4,460 | - | 4,460 | 13,118 |
| Equipment rental | 1,850 | 1,545 | - | 1,545 | 3,395 |
| Facility fees | 5,113 | 3,821 | - | 3,821 | 8,934 |
| Insurance | 28,866 | 7,217 | - | 7,217 | 36,083 |
| Interest expense | 12,732 | 3,183 | - | 3,183 | 15,915 |
| Investment fees | - | 24,894 | - | 24,894 | 24,894 |
| Marketing and advertising | 21,501 | - | - | - | 21,501 |
| Meetings | 7,975 | - | - | - | 7,975 |
| Miscellaneous expense | 18,494 | 10,834 | 787 | 11,621 | 30,115 |
| Occupancy | 15,383 | 3,846 | - | 3,846 | 19,229 |
| Professional and technical services | 47,765 | 31,865 | - | 31,865 | 79,630 |
| Special events costs | 28,015 | 7,318 | - | 7,318 | 35,333 |
| Sponsor fulfillment | 19,770 | - | - | - | 19,770 |
| Supplies and printing | 33,209 | 3,562 | - | 3,562 | 36,771 |
| Total other expenses | 267,936 | 102,545 | 787 | 103,332 | 371,268 |
| Total Expenses | \$ 402,199 | \$ 114,054 | \$ 46,820 | \$ 160,874 | \$ 563,073 |

The accompanying notes are an integral part of these financial statements.

Young Leadership Council, Inc.
Statements of Cash Flows

| <i>For the Years Ended December 31,</i> | 2016 | 2015 |
|--|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Changes in net assets | \$ (5,044) | \$ 244,607 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 15,028 | 13,118 |
| Unrealized (gain) loss on investments | (69,825) | 31,499 |
| Realized gain on investments, net of investment fees | 15,338 | 15,237 |
| Changes in operating assets and liabilities: | | |
| Receivables | 749 | (7,538) |
| Deposits and other assets | (2,995) | 380 |
| Prepays | (1,792) | 2,649 |
| Accounts payable | 8,976 | 14,086 |
| Deferred revenue and deferred dues | 3,718 | (477) |
| Net cash (used in) provided by operating activities | (35,847) | 313,561 |
| Cash Flows from Investing Activities | | |
| Purchases of property and equipment | - | (36,355) |
| Purchases of investments | (122,908) | (29,955) |
| Proceeds from sales of investments | 111,710 | 54,496 |
| Net cash used in investing activities | (11,198) | (11,814) |
| Cash Flows from Financing Activities | | |
| Payments on long-term debt | (44,645) | (182,925) |
| Net cash used in financing activities | (44,645) | (182,925) |
| Net Change in Cash and Cash Equivalents | (91,690) | 118,822 |
| Cash and cash equivalents, beginning of year | 471,411 | 352,589 |
| Cash and cash equivalents, end of year | \$ 379,721 | \$ 471,411 |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Cash paid for interest during period | \$ 9,988 | \$ 18,958 |

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Young Leadership Council, Inc. (YLC) 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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Accounting standards require YLC 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, YLC 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

YLC considers all money market investments and certificates of deposit with an original maturity of three months or less to be cash and cash equivalents.

Receivables

Contributions are recognized when the donor makes a promise to give to YLC 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

YLC 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, 2016 and 2015.

Investments

Investments are carried at fair value 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 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. There have been no changes in valuation techniques and related inputs during the years ended December 31, 2016 and 2015.

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 thirty nine (39) years for buildings, and seven (7) years for office furniture and equipment. 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.

YLC 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, 2016 or 2015.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue and Deferred Dues

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

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

YLC 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.

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

YLC 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 YLC with its projects and its administrative, membership and fundraising functions. YLC recognizes contributed services and resources, if significant in amount, that creates or enhances 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 volunteers have contributed significant amounts of their time in carrying out YLC'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. There were no in-kind contributions recorded during the years ended December 31, 2016 and 2015.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

YLC is a non-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. Management believes there are no uncertain tax positions included in the financial statements.

Accrued Compensated Absences

YLC allows full-time employees to receive compensated absences. Employees are eligible to carry-over to the following year up to five days of unused compensated absences. There was no liability recorded for compensated absences for the years ended December 31, 2016, and 2015, respectively.

New Accounting Pronouncements

During 2016, the Company implemented Accounting Standards Update (ASU) 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*, which required that debt issuance costs related to a recognized debt liability, be presented in the balance sheet as a direct reduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments related to this update have been applied retrospectively for the year ended December 31, 2015. See Note 7 for additional disclosures about the Company's borrowings.

NOTE 2 – CONCENTRATION OF CREDIT RISK

Deposits held in non-interest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total insured up to \$250,000. As of December 31, 2016 and 2015, YLC's cash balance exceeded the FDIC insurance by \$128,238 and \$229,335 respectively. YLC has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

NOTE 3 – FUNDRAISING EVENTS

YLC 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 YLC. 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 4 – RECEIVABLES

Receivables as of December 31, 2016 consisted of \$11,767 due within 1 year and \$9,837 due in 1-5 years due to the Legacy Campaign. Receivables as of December 31, 2015 consisted of \$14,810 due within 1 year and \$16,851 due in 1-5 years due to the Legacy Campaign.

NOTE 5 – INVESTMENTS – BOARD DESIGNATED

Investments at fair value as of December 31 consisted of the following:

| For the year ended December 31, 2016 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|---------------------|------------------|-------------|---------------------|
| Cash | \$ 29,211 | \$ - | \$ - | \$ 29,211 |
| Common stocks | 1,146,742 | - | - | 1,146,742 |
| Mutual funds | 384,821 | - | - | 384,821 |
| Greater New Orleans Foundation | - | 20,124 | - | 20,124 |
| Total Investments | \$ 1,560,774 | \$ 20,124 | \$ - | \$ 1,580,898 |

| For the year ended December 31, 2015 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|---------------------|------------------|-------------|---------------------|
| Cash | \$ 24,564 | \$ - | \$ - | \$ 24,564 |
| Common stocks | 1,090,329 | - | - | 1,090,329 |
| Asset backed securities | 380,127 | - | - | 380,127 |
| Greater New Orleans Foundation | - | 20,193 | - | 20,193 |
| Total Investments | \$ 1,495,020 | \$ 20,193 | \$ - | \$ 1,515,213 |

Investment fees reported on the statements of functional expenses were \$25,664 and \$24,894, respectively, for the years ended December 31, 2016 and 2015.

NOTE 6 – PROPERTY AND EQUIPMENT

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

| | 2016 | 2015 |
|--------------------------------|-------------------|-------------------|
| Land | \$ 92,500 | \$ 92,500 |
| Buildings | 478,839 | 478,839 |
| Office furniture and equipment | 3,500 | 3,500 |
| | 574,839 | 574,839 |
| Less accumulated depreciation | (105,731) | (90,703) |
| Total | \$ 469,108 | \$ 484,136 |

Depreciation expense for the years ended December 31, 2016 and 2015 totaled \$15,028 and \$12,674, respectively.

NOTE 7 – LONG-TERM DEBT

The following is a summary of long-term debt as of:

| | 2016 | 2015 |
|---|-------------------|------------|
| Note payable to Whitney Bank; maturing February 21, 2017; with fixed interest at 4.5% | \$ - | \$ 180,848 |
| Note payable to Whitney Bank; maturing January 25, 2021; with fixed interest at 4.5% | 136,203 | - |
| Total long-term debt | 136,203 | 180,848 |
| Less: unamortized debt issuance costs | (471) | (471) |
| Total debt, net of debt issuance costs | 135,732 | 180,377 |
| Current portion due | (21,631) | (35,608) |
| Total long-term debt, net of current maturities | \$ 114,101 | \$ 144,769 |

YLC has a mortgage loan payable to a financial institution. This note is collateralized by the land and building used by YLC for its operations. Effective January 25, 2016, YLC entered into an agreement to refinance its existing mortgage loan payable that was set to mature on February 21, 2017. The term of the loan is extended through January 2021 with an interest rate of 4.5%. The scheduled monthly principal and interest payments are \$2,283 with a final payment of \$43,618 due upon maturity. Interest expense for the years ended December 31, 2016 and 2015 was \$9,988 and \$15,915, respectively.

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

| Year ending December 31 | Amount |
|-------------------------|-------------------|
| 2017 | \$ 21,631 |
| 2018 | 22,639 |
| 2019 | 23,694 |
| 2020 | 24,789 |
| 2021 | 43,450 |
| | \$ 136,203 |

NOTE 8 – 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 YLC for which the donor has imposed specific uses for their donation. Permanently restricted net assets represent donor-imposed restricted funds contributed to YLC 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.

NOTE 8 – RESTRICTIONS ON NET ASSETS (CONTINUED)

Specific restrictions on net assets are as follows:

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Unrestricted net assets | | |
| Board designated | \$ 1,580,898 | \$ 1,515,213 |
| Undesignated | 617,904 | 722,426 |
| Total unrestricted net assets | 2,198,802 | 2,237,639 |
| Net assets temporarily restricted for: | | |
| CAP Scholarship | 69,737 | 40,000 |
| Where Ya' Rack? | 6,005 | 7,059 |
| Kicks | 1,094 | - |
| Inspire STEM | 4,016 | - |
| Total temporarily restricted net assets | 80,852 | 47,059 |
| Permanently restricted for YLC Fund | 15,000 | 15,000 |
| Total net assets | \$ 2,294,654 | \$ 2,299,698 |

The Board designated endowment (the Endowment) was established to ensure the long-term financial health of YLC. 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 9 – RETIREMENT PLAN

YLC sponsors a 403(b)(7) plan covering all full time eligible employees. YLC's contributions to the retirement plan are at the discretion of the Board of Directors. Employer contributions to the retirement plan are ½% for each 1% employees contribute up to a 4% contribution by employer. Retirement expenses were \$2,188 and \$1,860, respectively, for the years ended December 31, 2016 and 2015.

NOTE 10 – CONTINGENCIES

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

NOTE 11 – BP CLAIM SETTLEMENT

During 2015, YLC executed a settlement with British Petroleum (BP) for economic damages that resulted from the Deep Water Horizon Spill in the amount of \$181,073. The agreement is a full and final settlement of any and all claims related to an oil spill in the Gulf of Mexico that resulted from an explosion on an offshore oil platform that occurred on April 20, 2010. YLC received payment in full on October 9, 2015.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 22, 2017, the date that the financial statements were available to be issued, and determined that no events occurred that would require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.



Supplementary Information

Young Leadership Council, Inc.

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31,

2016

Agency Head Name: Stephanie Powell, Executive Director

| PURPOSE | AMOUNT |
|--------------------------------|---------------|
| Salary | \$ - |
| Benefits-health insurance | - |
| Benefits-retirement | - |
| Deferred compensation | - |
| Workers comp | - |
| Benefits-life insurance | - |
| Benefits-long term disability | - |
| Benefits-Fica and Medicare | - |
| Car allowance | - |
| Vehicle provided by government | - |
| Cell phone | - |
| Dues | - |
| Vehicle rental | - |
| Per diem | - |
| Reimbursements | - |
| Travel | - |
| Registration fees | - |
| Conference travel | - |
| Unvouchered expenses | - |
| Meetings and conventions | - |
| Other | - |
| Total* | \$ - |

* Schedule only includes public funds. No compensation, benefits or other payments are made to the Organization's agency head utilizing public funds.

See independent auditors' report.