

YOUNG LEADERSHIP COUNCIL, INC.

FINANCIAL STATEMENTS

December 31, 2019 and 2018



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors

CRIcpa.com

REPORT

Independent Auditors' Report.....1

FINANCIAL STATEMENTS

Statements of Financial Position.....3

Statements of Activities.....4-5

Statements of Functional Expenses..... 6-7

Statements of Cash Flows..... 8

Notes to Financial Statements..... 9



Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504) 837-0123 (fax)
www.CRIcpa.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Young Leadership Council, Inc. (YLC), a non-profit organization, which comprise the statement of financial position as of December 31, 2019, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 the 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 YLC as of December 31, 2019, 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.

Prior Period Financial Statements

The December 31, 2018 financial statements were reviewed by us, and our report thereon, dated October 9, 2019, stated that we were not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Caru, Riggs & Ingram, L.L.C.

September 2, 2020

Young Leadership Council, Inc.
Statements of Financial Position

<i>December 31,</i>	2019	2018 (Reviewed)
Assets		
Current assets		
Cash and cash equivalents	\$ 179,917	\$ 135,704
Accounts receivable	1,120	46,591
Investments - board designated	1,852,679	1,596,174
Deposits and other assets	23,689	2,265
Prepays	12,365	12,064
Total current assets	2,069,770	1,792,798
Property and equipment, net	445,675	439,146
Long-term accounts receivable	-	6,554
Total assets	\$ 2,515,445	\$ 2,238,498
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 24,627	\$ 22,690
Line of credit	22,629	-
Deferred revenue and deferred dues	81,982	42,837
Current maturities of long-term debt	24,677	23,581
Total current liabilities	153,915	89,108
Long-term debt, net of current maturities	46,964	71,763
Total liabilities	200,879	160,871
Net assets		
Without donor restrictions		
Board designated for endowment for operating reserve	1,852,679	1,596,174
Undesignated	433,532	452,543
Total net assets without donor restrictions	2,286,211	2,048,717
With donor restrictions		
Purpose restricted	13,355	13,910
Perpetual in nature	15,000	15,000
Total net assets with donor restrictions	28,355	28,910
Total net assets	2,314,566	2,077,627
Total liabilities and net assets	\$ 2,515,445	\$ 2,238,498

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

Young Leadership Council, Inc.
Statement of Activities

<i>For the Year Ended December 31, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Contributions	\$ 80,493	\$ 7,905	\$ 88,398
Membership dues	31,578	-	31,578
Special event - Awards Gala			
Contributions and sponsorships	\$ 119,897		
Less: cost of direct benefits to donors	<u>(67,500)</u>	52,397	-
Special event - Wednesday at the Square			
Special event revenues (tickets, sponsors, rental, food and beverage sales)	\$ 555,909		
Contributions and sponsorships	226,790		
Less: cost of direct benefits to donors	<u>(565,783)</u>	216,916	-
Interest income	889	-	889
Investment return, net	320,055	-	320,055
Other income	21,758	-	21,758
Total revenues and other support	724,086	7,905	731,991
Net assets released from restrictions - expended for intended use	8,460	(8,460)	-
Total revenues, other support, and net assets released from restrictions	732,546	(555)	731,991
Expenses			
Program services	365,835	-	365,835
Supporting services	129,217	-	129,217
Total expenses	495,052	-	495,052
Changes in net assets	237,494	(555)	236,939
Net assets, beginning of year	2,048,717	28,910	2,077,627
Net assets, end of year	\$ 2,286,211	\$ 28,355	\$ 2,314,566

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

Young Leadership Council, Inc.
Statement of Activities

<i>For the Year Ended December 31, 2018 (Reviewed)</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Contributions	\$ 35,098	\$ 6,630	\$ 41,728
Grants - restricted	-	583	583
Membership dues	38,771	-	38,771
Special event - Awards Gala			
Contributions and sponsorships	\$ 154,225		
Less: cost of direct benefits to donors	<u>(65,754)</u>	88,471	-
Special event - Wednesday at the Square			
Special event revenues (tickets, sponsors, rental, food and beverage sales)	\$ 613,223		
Contributions and sponsorships	219,250		
Less: cost of direct benefits to donors	<u>(598,871)</u>	233,602	-
Interest income	245	-	245
Investment return, net	(91,371)	-	(91,371)
Other income	16,226	-	16,226
Total revenues and other support	321,042	7,213	328,255
Net assets released from restrictions - expended for intended use	2,457	(2,457)	-
Total revenues, other support, and net assets released from restrictions	323,499	4,756	328,255
Expenses			
Program services	371,907	-	371,907
Supporting services	130,318	-	130,318
Total expenses	502,225	-	502,225
Changes in net assets	(178,726)	4,756	(173,970)
Net assets, beginning of year	2,227,443	24,154	2,251,597
Net assets, end of year	\$ 2,048,717	\$ 28,910	\$ 2,077,627

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, 2019</i>	Supporting Services					Total
	Program Services	General and Administrative	Fundraising	Total	Total	
Compensation and related expenses						
Compensation	\$ 130,862	\$ 11,217	\$ 44,867	\$ 56,084	\$ 186,946	
Employee health and retirement benefits	15,238	1,306	5,224	6,530	21,768	
Payroll taxes	9,197	788	3,154	3,942	13,139	
Professional development	1,445	124	495	619	2,064	
Total compensation and related expenses	156,742	13,435	53,740	67,175	223,917	
Other expenses						
Computer maintenance	26,481	-	-	-	26,481	
Depreciation and amortization expense	10,635	5,479	-	5,479	16,114	
Facility fees	2,853	1,146	-	1,146	3,999	
Insurance	27,114	6,779	-	6,779	33,893	
Interest expense	-	4,542	-	4,542	4,542	
Marketing and advertising	5,462	-	-	-	5,462	
Meetings	7,292	-	-	-	7,292	
Miscellaneous expense	23,744	9,569	-	9,569	33,313	
Occupancy	17,108	4,277	-	4,277	21,385	
Professional and technical services	40,842	19,510	5,828	25,338	66,180	
Special events costs	20,894	-	-	-	20,894	
Sponsor fulfillment	592	-	-	-	592	
Supplies and printing	26,076	4,912	-	4,912	30,988	
Total other expenses	209,093	56,214	5,828	62,042	271,135	
Total Expenses	\$ 365,835	\$ 69,649	\$ 59,568	\$ 129,217	\$ 495,052	

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, 2018 (Reviewed)</i>	Program Services	Supporting Services			Total	Total
		General and Administrative	Fundraising	Total		
Compensation and related expenses						
Compensation	\$ 141,697	\$ 12,145	\$ 48,582	\$ 60,727	\$ 202,424	
Employee health and retirement benefits	13,662	1,171	4,684	5,855	19,517	
Payroll taxes	9,990	856	3,426	4,282	14,272	
Professional development	1,643	141	562	703	2,346	
Total compensation and related expenses	166,992	14,313	57,254	71,567	238,559	
Other expenses						
Scholarship awards	3,000	-	-	-	3,000	
Computer maintenance	27,117	-	-	-	27,117	
Depreciation and amortization expense	9,887	5,094	-	5,094	14,981	
Facility fees	2,691	1,082	-	1,082	3,773	
Insurance	25,596	6,399	-	6,399	31,995	
Interest expense	-	4,899	-	4,899	4,899	
Marketing and advertising	4,512	-	-	-	4,512	
Meetings	2,974	-	-	-	2,974	
Miscellaneous expense	29,158	11,751	-	11,751	40,909	
Occupancy	17,992	4,499	-	4,499	22,491	
Professional and technical services	32,047	15,309	4,573	19,882	51,929	
Special events costs	20,408	-	-	-	20,408	
Sponsor fulfillment	2,223	-	-	-	2,223	
Supplies and printing	27,310	5,145	-	5,145	32,455	
Total other expenses	204,915	54,178	4,573	58,751	263,666	
Total Expenses	\$ 371,907	\$ 68,491	\$ 61,827	\$ 130,318	\$ 502,225	

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>	2019	2018 (Reviewed)
Cash flows from operating activities		
Changes in net assets	\$ 236,939	\$ (173,970)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	16,114	14,981
Realized and unrealized (gain) loss on investments, net of investment fees	(320,055)	91,371
Bad debt expense	21,137	11,612
Changes in operating assets and liabilities		
Accounts receivable	30,888	(23,067)
Deposits and other assets	(21,424)	4,416
Prepays	(301)	(3,438)
Accounts payable	1,937	16,586
Deferred revenue and deferred dues	39,145	(29,076)
Net cash provided by (used in) operating activities	4,380	(90,585)
Cash flows from investing activities		
Purchases of property and equipment	(22,643)	-
Proceeds from sales of investments	63,582	162,822
Purchases of investments	(32)	(99,643)
Net cash provided by investing activities	40,907	63,179
Cash flows from financing activities		
Proceeds from line of credit	22,629	-
Payments on long-term debt	(23,703)	(22,701)
Net cash used in financing activities	(1,074)	(22,701)
Net Change in Cash and Cash Equivalents	44,213	(50,107)
Cash and cash equivalents, beginning of year	135,704	185,811
Cash and cash equivalents, end of year	\$ 179,917	\$ 135,704
Supplemental cash flow information		
Cash paid for interest during period	\$ 4,543	\$ 4,899

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

Note 1: DESCRIPTION OF THE 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.

Note 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 accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

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

Financial Statement Presentation

YLC classifies resources for accounting and reporting purposes into two net asset categories as follows:

- **Net Assets Without Donor Restrictions** – These net assets generally result from revenues generated by investment income and contributions that have no donor restrictions less expenses incurred for investment management and administrative functions. Included in Net Assets Without Donor Restrictions are Board Designated Funds.

Net Assets With Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires; that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. YLC had donor restricted net assets of \$28,355 and \$28,910 as of December 31, 2019 and 2018, respectively.

As permitted by accounting standards, YLC does not use fund accounting.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, 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.

Accounts Receivable

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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

YLC uses the direct write-off method to provide for uncollectible accounts. Management believes use of this method does not result in a material difference from the valuation method required by U.S. GAAP. During the year ended December 31, 2019 and 2018, management determined that accounts receivable totaling \$21,137 and \$11,612, respectively, would not be collectible and wrote-off the accounts.

Investments

Investments are recorded at fair market value based on market quotations and consist of equity securities as described in Note 6. Realized and unrealized gains and losses are included in the statements of activities.

YLC records investments in accordance with the provision of the Not-for Profit Entities – Investments – Debt and Equity Securities section of FASB ASC 958. This statement establishes standards for the recognition of fair value of investments in certain equity and debt securities with gains and losses included in the statement of activities. Purchases and sales of investments are recorded on the trade date. YLC records investments at fair value. The estimated fair value of its investments is based on quoted market prices, except for certain investments for which quoted market prices are not available. Where fair values are not determinable through market quotations, estimates are supplied by external investment managers which includes reviewing audited and unaudited financial information, holding discussions with external investment fund managers and general partners, and evaluating investment returns in light of current conditions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 or 2018.

Deferred Revenue and Deferred Dues

Membership dues are collected throughout the year and recognized in revenue in the year for which the dues apply.

Revenue Recognition

Membership dues are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, YLC recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities 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. The expenses that are estimated include depreciation and amortization, occupancy, facility fees, and insurance, which are allocated on a square footage basis, as well as compensation and related expenses, professional and technical services, miscellaneous expenses, and supplies and printing, which are allocated on the basis of estimates of time and effort.

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 with or without donor restrictions depending on the existence or nature of any restrictions placed on the gift by the contributor.

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 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 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, 2019 or 2018.

Note 2: 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 has evaluated its tax positions and has determined that there are no uncertain tax positions that require adjustments to or disclosure in the financial statements. YLC believes it is no longer subject to income tax examinations for years prior to 2017.

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, 2019, and 2018.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 2, 2020. See Note 14 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

New Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance specifies 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. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. Effective January 1, 2019, YLC adopted Topic 606, using full retrospective method which would require YLC to restate each prior reporting year presented. The adoption of this ASU was not significant to YLC and had no material effect on how YLC recognizes revenue; therefore, it did not result in any presentation changes to the financial statements.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which YLC serves as a resource recipient for fiscal years beginning after December 15, 2018. Thus, on January 1, 2019 the provisions of this ASU were applied on a modified retrospective basis.

Note 3: CONCENTRATION OF CREDIT RISK

Deposits held in Federal Deposit Insurance Corporation (FDIC) member banks 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, 2019 and 2018 YLC's cash balance did not exceed the FDIC insurance coverage.

Note 4: 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 5: ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2019 consisted of \$1,120 due within one year. As of December 31, 2018 accounts receivable consisted of \$46,951 due within one year, and \$6,554 due in 1-5 years of which the majority relates to the Legacy Campaign.

Note 6: INVESTMENTS - BOARD DESIGNATED AND FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Note 6: INVESTMENTS - BOARD DESIGNATED AND FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by YLC are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by YLC are deemed to be actively traded.

Greater New Orleans Foundation: Represents a pooled account which is valued at YLC's portion of the total pool. The value of the total pool is determined by a culmination of the fair value or net asset value of the underlying securities held by the fund.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although YLC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Young Leadership Council, Inc.
Notes To Financial Statements

Note 6: INVESTMENTS - BOARD DESIGNATED AND FAIR VALUE MEASUREMENTS (Continued)

The following tables summarize the valuation of YLC's investments and financial instruments according to the aforementioned descriptions as of December 31:

2019	Level 1 (Quoted prices in active markets)	Level 2 (Significant Observable inputs)	Level 3 (Significant Unobservable inputs)	Total
Cash	\$ 30,475	\$ -	\$ -	\$ 30,475
Common Stocks	1,327,532	-	-	1,327,532
Mutual Funds	471,303	-	-	471,303
Greater New Orleans Foundation	-	23,369	-	23,369
Total Investments	\$ 1,829,310	\$ 23,369	\$ -	\$ 1,852,679

2018	Level 1 (Quoted prices in active markets)	Level 2 (Significant Observable inputs)	Level 3 (Significant Unobservable inputs)	Total
Cash	\$ 39,639	\$ -	\$ -	\$ 39,639
Common Stocks	1,100,518	-	-	1,100,518
Mutual Funds	433,959	-	-	433,959
Greater New Orleans Foundation	-	22,058	-	22,058
Total Investments	\$ 1,574,116	\$ 22,058	\$ -	\$ 1,596,174

Investment fees reported net of investment return were \$27,498 and \$27,936, respectively, for the years ended December 31, 2019 and 2018.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended December 31, 2019 or 2018, there were no significant transfers in or out of Levels 1, 2 or 3.

Young Leadership Council, Inc.
Notes To Financial Statements

Note 7: PROPERTY AND EQUIPMENT

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

<i>December 31</i>	2019	2018
Land	\$ 92,500	\$ 92,500
Buildings	478,840	478,840
Office furniture and equipment	26,143	3,500
	597,483	574,840
Less: accumulated depreciation	(151,808)	(135,694)
Total	\$ 445,675	\$ 439,146

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 totaled \$16,114 and \$14,981, respectively.

Note 8: LINE OF CREDIT

YLC maintains a line of credit payable to a financial institution. This note is collateralized by the land and building used by YLC for its operations. Effective October 6, 2014, YLC entered into the original loan agreement, which was subsequently renewed on October 6, 2018, and set to mature on October 21, 2020. This line of credit is due on demand and accrues interest at a variable rate (5.75% and 6.50% at December 31, 2019 and 2018, respectively) with scheduled monthly interest only payments and a final payment equal to the outstanding principal balance due upon maturity. The balance of the line of credit at December 31, 2019 and 2018 was \$22,629 and \$0, respectively. Interest expense for the years ended December 31, 2019 and 2018 was \$646 and \$0, respectively.

Young Leadership Council, Inc.
Notes To Financial Statements

Note 9: LONG-TERM DEBT

Long-term debt consists of the following:

<i>December 31,</i>	2019	2018
Note payable to Whitney Bank; maturing January 25, 2021; with fixed interest at 4.50%	\$ 71,641	\$ 95,344
Current portion due	(24,677)	(23,581)
Long-term debt, less current portion	\$ 46,964	\$ 71,763

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 was extended through January 2021 with an interest rate of 4.50%. The scheduled monthly principal and interest payments are \$2,283 with a final payment of \$47,432 due upon maturity. Interest expense for the years ended December 31, 2019 and 2018 was \$3,897 and \$4,899, respectively.

Principal maturities for each of the remaining years follow:

<i>Year ending December 31,</i>	Amount
2020	\$ 24,677
2021	46,964
Total	\$ 71,641

Note 10: NET ASSETS

Net assets without donor restriction are funds or contributions received with no restrictions as to use by the donor. However, the Board of Directors has designated certain amounts of net assets without donor restriction for specific use or purpose. Net assets with donor restrictions result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets until the donor restriction expires; that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. The investment income from these restricted funds has been recorded as restricted for use as directed by the donor.

Young Leadership Council, Inc.
Notes To Financial Statements

Note 10: NET ASSETS (Continued)

A summary of net assets without donor restrictions follows:

<i>December 31</i>	2019	2018
Without donor restrictions:		
Board designated	\$ 1,852,679	\$ 1,596,174
Undesignated	433,532	452,543
Total net assets without donor restrictions	2,286,211	2,048,717
With donor restrictions:		
Purpose restricted:		
Where Ya' Rack?	4,201	4,756
Kicks	5,413	5,413
Inspire STEM	3,741	3,741
Perpetual in nature:		
Permanently restricted for YLC Fund	15,000	15,000
Total net assets with donor restrictions	28,355	28,910
Total net assets	\$ 2,314,566	\$ 2,077,627

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.

Note 11: 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 0.5% for each 1% employees contribute up to a 4% contribution by employer. Retirement expenses were \$3,197 and \$3,572, respectively, for the years ended December 31, 2019 and 2018.

Note 12: 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 13: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

YLC maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as YLC's expenditures come due. The following reflects YLC's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use within one year of the Statement of Financial Position date because of contractual or donor-imposed restrictions.

YLC has \$2,069,770 of financial assets available within one year of the balance sheet dated December 31, 2019 which includes cash and cash equivalents of \$179,917, \$1,852,679 of highly liquid tier 1 and tier 2 investments (see Note 6), and \$37,174 of receivables and other current assets. None of these financial assets are subject to donor restrictions that make them unavailable for general expenditures within one year of the balance sheet date. Significant disbursements from investments are subject to board approval as outlined in Note 10.

YLC has a goal to maintain a minimum cash balance in its operating account to cover all current liabilities. As of December 31, 2019, YLC's cash and cash equivalent balance would allow YLC to cover current liabilities 1.2 times.

In addition, YLC makes draws from its investments based on need and availability of resources to pay for the majority of its expenditures. Management believes it has appropriate available financial resources.

Note 14: SUBSEQUENT EVENTS

In January 2020, YLC paid off its Line of Credit and Long-term Debt as described in Notes 8 and 9, for a total disbursement of \$92,345.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, broad domestic and international stock market indices have declined and YLC's fair value of investments has declined similarly. Such declines in the fair value of investments held by YLC may materially and adversely impact YLC's ability to achieve its investment objectives and therefore, its operational objectives. In addition, the extent to which these events will affect the amounts reported in future financial statements remains uncertain. Due to the COVID-19 pandemic, YLC had to cancel its 2020 Wednesday at the Square concert series.

Note 14: SUBSEQUENT EVENTS (Continued)

In April 2020, YLC was awarded a Paycheck Protection Program (PPP) loan in the amount of \$43,482 that is expected to be forgiven at the end of the twenty-four week period.