



South Asian Youth Action

Audited Financial Statements

June 30, 2019

Independent Auditor's Report

To the Board of Directors of
South Asian Youth Action, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of South Asian Youth Action, Inc. ("SAYA"), which comprise the statement of financial position as of June 30, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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

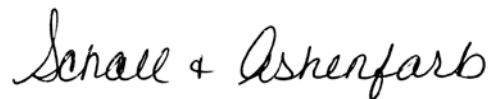
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Asian Youth Action, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally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

Emphasis of Matter

As discussed in Note 2 to the financial statements, SAYA adopted Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the SAYA's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

November 11, 2019

SOUTH ASIAN YOUTH ACTION, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019
(With comparative totals at June 30, 2018)

	<u>6/30/19</u>	<u>6/30/18</u>
Assets		
Cash and cash equivalents	\$1,125,943	\$1,310,388
Investments (Note 3)	392,451	370,497
Pledges receivable	10,641	53,792
Government grants receivable	766,305	573,499
Contract fees receivable	60,269	60,476
Prepaid expenses and other assets	93,522	62,375
Fixed assets, net (Note 4)	6,213	13,548
Security deposit	4,750	4,750
	<u> </u>	<u> </u>
Total assets	<u><u>\$2,460,094</u></u>	<u><u>\$2,449,325</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$242,518	\$127,112
Deferred revenue	30,000	73,260
Total liabilities	<u>272,518</u>	<u>200,372</u>
Net assets:		
Without donor restrictions:		
Operations	1,478,240	1,528,750
Board designated (Note 5)	693,201	636,497
Total unrestricted	<u>2,171,441</u>	<u>2,165,247</u>
With donor restrictions (Note 6)	<u>16,135</u>	<u>83,706</u>
Total net assets	<u><u>2,187,576</u></u>	<u><u>2,248,953</u></u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$2,460,094</u></u>	<u><u>\$2,449,325</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

SOUTH ASIAN YOUTH ACTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/19	Total 6/30/18
Public support and revenue:				
Government grants	\$2,633,100		\$2,633,100	\$2,588,986
Foundation contributions	100,250	\$10,000	110,250	213,100
Corporation contributions	52,113		52,113	33,380
Individual contributions	21,912	10,790	32,702	25,532
Contract services	90,625		90,625	86,426
Special event income (net of expenses with a direct benefit to donor) (Note 7)	990,289		990,289	1,055,112
Investment income/losses (Note 3)	20,544		20,544	(1,168)
Other income	25,603		25,603	6,937
Net assets released from restrictions	88,361	(88,361)	0	0
Total public support and revenue	<u>4,022,797</u>	<u>(67,571)</u>	<u>3,955,226</u>	<u>4,008,305</u>
Expenses:				
Program services	<u>3,301,082</u>		<u>3,301,082</u>	<u>3,305,110</u>
Supporting services:				
Management and general	343,612		343,612	258,846
Fundraising	371,909		371,909	318,909
Total supporting services	<u>715,521</u>	<u>0</u>	<u>715,521</u>	<u>577,755</u>
Total expenses	<u>4,016,603</u>	<u>0</u>	<u>4,016,603</u>	<u>3,882,865</u>
Change in net assets	6,194	(67,571)	(61,377)	125,440
Net assets - beginning of year	<u>2,165,247</u>	<u>83,706</u>	<u>2,248,953</u>	<u>2,123,513</u>
Net assets - end of year	<u><u>\$2,171,441</u></u>	<u><u>\$16,135</u></u>	<u><u>\$2,187,576</u></u>	<u><u>\$2,248,953</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

SOUTH ASIAN YOUTH ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/19	Total Expenses 6/30/18
	Program Services	Management and General	Fundraising			
Salaries	\$2,091,952	\$198,095	\$251,662	\$449,757	\$2,541,709	\$2,447,083
Payroll taxes and benefits	383,496	29,349	46,769	76,118	459,614	472,844
Professional fees	251,230	59,119	3,378	62,497	313,727	351,747
Supplies	103,268	19,911	4,280	24,191	127,459	115,621
Telephone and telecommunications	3,920	2,116		2,116	6,036	7,959
Postage and mailing	416	203	79	282	698	810
Occupancy	46,740	4,560	5,700	10,260	57,000	55,080
Equipment rental, repairs and maintenance	7,485	5,468		5,468	12,953	11,000
Travel	34,489	55	268	323	34,812	43,901
Development expenses			17,848	17,848	17,848	16,612
Staff and board trainings and meetings	40,284	5,414	3,029	8,443	48,727	21,639
Printing and copying	13,830	138		138	13,968	15,610
Dues, fees and subscriptions	60	1,322	1,664	2,986	3,046	6,296
Marketing and recruitment	1,448	2,645	1,098	3,743	5,191	6,436
Insurance	21,131	2,061	2,579	4,640	25,771	20,856
Program expenses	158,687	989	81	1,070	159,757	144,444
Scholarships	133,250			0	133,250	96,000
Special event expenses			186,500	186,500	186,500	206,150
Bank and investment fees	30	204	10	214	244	213
Depreciation	6,015	586	734	1,320	7,335	9,054
Miscellaneous	3,351	11,377	110	11,487	14,838	11,787
Total expenses	3,301,082	343,612	525,789	869,401	4,170,483	4,061,142
Less: direct special event expenses netted with revenue			(153,880)	(153,880)	(153,880)	(178,277)
Total expenses for statement of activities	\$3,301,082	\$343,612	\$371,909	\$715,521	\$4,016,603	\$3,882,865

The attached notes and auditor's report are an integral part of these financial statements.

SOUTH ASIAN YOUTH ACTION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	6/30/19	6/30/18
Cash flows from operating activities:		
Change in net assets	(\$61,377)	\$125,440
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	7,335	9,054
Realized loss on investments	2,725	7,423
Unrealized (gain)/loss on investments	(12,173)	4,095
Changes in assets and liabilities:		
Pledges receivable	43,151	14,308
Government grants receivable	(192,806)	(26,922)
Contract fees receivable	207	(15,431)
Prepaid expenses and other assets	(31,147)	(14,367)
Accounts payable and accrued expenses	115,406	(126,974)
Deferred revenue	(43,260)	48,260
Total adjustments	(110,562)	(100,554)
Net cash flows (used for)/provided by operating activities	(171,939)	24,886
 Cash flows from investing activities:		
Sale of investments	38,437	25,200
Purchases of investments	(50,943)	(48,293)
Net cash flows used for investing activities	(12,506)	(23,093)
 Net (decrease)/increase in cash and cash equivalents	(184,445)	1,793
 Cash and cash equivalents - beginning of year	1,310,388	1,308,595
 Cash and cash equivalents - end of year	\$1,125,943	\$1,310,388
 Supplemental disclosures:		
Interest and taxes paid	\$0	\$0

The attached notes and auditor's report are an integral part of these financial statements.

**SOUTH ASIAN YOUTH ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 - Organization

South Asian Youth Action, Inc. ("SAYA") is a youth development organization in New York City for students ranging in age from first graders to college students. Established in 1996, SAYA is South Asian focused, inclusive and committed to connecting youth from all backgrounds to opportunities. SAYA's mission is to foster a strong sense of belonging in youth and provide them with tools to thrive academically, professionally, and personally. SAYA participants are recent immigrants and face challenges that can hinder their chances to be academically successful, graduate high school and go to college. SAYA's holistic and comprehensive programming includes free leadership and identity development; academic support, career exploration, college access and success; and sports, arts and STEM instruction. SAYA provides an accessible, safe and culturally affirming space for youth and offers mentorship beyond the classroom so they confidently grow into engaged community members ready for college, career and personal success. In the 2018-19 school year, over 1,500 youth benefited from SAYA's services across 10 locations.

SAYA's revenue is primarily from public support and contributions.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

Effective July 1, 2018, SAYA adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU No. 2016-14). This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU No. 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 10).

Implementation of ASU No. 2016-14 did not require any reclassification or restatement of any opening balances related to the periods presented.

b. Basis of Presentation

As a not-for-profit organization, SAYA reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represent those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – relates to contributions of cash or other assets with donor stipulations that make clear the assets' restriction, either due to a program nature or by the passage of time.

c. Cash and Cash Equivalents

SAYA considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash maintained in the investment portfolio.

d. Concentration of Credit

Financial instruments which potentially subject SAYA to concentration of credit risk consist of cash and investment accounts which have been placed with financial institutions that management deems to be creditworthy. At year end and at various points throughout the year, material cash balances were uninsured, however, management feels they have little risk and SAYA has not experienced any losses from the default of any financial institution.

e. Investments

Investments with readily available market prices are carried at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in income on the statement of activities. See Note 3 for additional information.

f. Fixed Assets

Fixed assets are stated at cost or at the fair value on the date of gift, if donated. SAYA capitalizes fixed assets in excess of pre-defined amounts that have a useful life of more than one year. Depreciation is charged using the straight-line method over the estimated useful life of the asset.

g. Contributions

Contributions recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk-adjusted discount rate. Conditional contributions are recognized as income when the conditions have been substantially met. All pledges are due within one year. Based on the short-term

nature of these receivables and SAYA's historical experience, management feels that no allowance for doubtful accounts is necessary as of June 30, 2019.

h. Government Grants

Government grants are recognized as revenue in the period earned, which is typically when the expense allowed under the grant is incurred. The difference between cash received and amounts recognized as government income is recorded as government receivables or advances.

i. Other Contract Services

Program revenue is recognized as income when earned. The difference between revenue recognized and cash received is reflected as contract fees receivable.

j. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

SAYA pays for most services requiring specific expertise. Board members and other individuals volunteer their time to support the organization's mission and accomplish its programmatic goals. These services do not meet the criteria for recognition as outlined above and have not been recorded in the financial statements.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated by time and effort:

- Salaries
- Payroll taxes and employee benefits
- Occupancy
- Insurance

All other costs have been charged directly to the applicable program or supporting services.

l. 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 in the financial statements. Actual results could differ from those estimates.

m. Income Tax Status

SAYA is a non-profit organization and has been notified by the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

n. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with SAYA's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

o. Accounting for Uncertainty in Income Taxes

SAYA does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2016 and later are subject to examination by applicable taxing authorities.

p. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through November 11, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

q. New Accounting Pronouncement

On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the December 31, 2019 year, provides guidance on whether a receipt from a third-party resource provider should be accounted for as a contribution (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the December 31, 2019 fiscal year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the December 31, 2020 fiscal year, requires the full obligation of long term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

SAYA has not yet evaluated the impact this standard will have on future financial statements.

Note 3 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that SAYA has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All investments are considered to be level 1 securities and consist of the following:

	<u>6/30/19</u>	<u>6/30/18</u>
Money funds	\$103,052	\$54,400
U.S. government obligations	130,859	126,775
Corporate bonds	158,540	179,246
Equities	<u>0</u>	<u>10,076</u>
Total	<u>\$392,451</u>	<u>\$370,497</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on.

Investment income consists of the following:

	<u>6/30/19</u>	<u>6/30/18</u>
Interest and dividends	\$11,096	\$10,350
Realized loss	(2,725)	(7,423)
Unrealized gain/(loss)	<u>12,173</u>	<u>(4,095)</u>
Total	<u>\$20,544</u>	<u>(\$1,168)</u>

Note 4 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/19</u>	<u>6/30/18</u>
Computers and equipment – 3 years	\$1,995	\$6,228
Furniture and fixtures – 5 years	20,775	20,775
Leasehold improvements – 3 years	<u>11,050</u>	<u>11,050</u>
	33,820	38,053
Less: accumulated depreciation	<u>(27,607)</u>	<u>(24,505)</u>
Total fixed assets - net	<u>\$6,213</u>	<u>\$13,548</u>

Note 5 - Board Designated Net Assets

The board of directors has appropriated funds for specific purposes, as follows:

	<u>6/30/19</u>	<u>6/30/18</u>
Board Designated Reserve	\$392,451	\$370,497
Scholarship Fund	<u>300,750</u>	<u>266,000</u>
Total	<u>\$693,201</u>	<u>\$636,497</u>

During the year ended June 30, 2019, the board of directors allocated \$168,000 (including \$10,000 of donor restricted contributions) to a board designated scholarship fund, out of which \$133,250 was paid out. Additionally, investment of \$21,954 was added to the board designated reserve.

Note 6 - Net Assets With Donor Restrictions

The following summarizes the changes in temporarily restricted net assets:

	<u>June 30, 2019</u>			
	<u>Balance</u>		<u>Released</u>	<u>Balance</u>
	<u>7/1/18</u>	<u>Contributions</u>	<u>From</u>	<u>6/30/19</u>
			<u>Restrictions</u>	
Program restrictions:				
Young Women's Leadership	\$30,000	\$10,000	(\$35,648)	\$4,352
Coding	1,871	0	(878)	993
Financial Literacy	1,835	0	(1,835)	0
Middle to HS Transitions	25,000	0	(25,000)	0
College Access & Success	25,000	0	(25,000)	0
College Scholarships	<u>0</u>	<u>10,790</u>	<u>0</u>	<u>10,790</u>
Total	<u>\$83,706</u>	<u>\$20,790</u>	<u>(\$88,361)</u>	<u>\$16,135</u>

	<u>June 30, 2018</u>			
	<u>Balance</u>		<u>Released</u>	<u>Balance</u>
	<u>7/1/17</u>	<u>Contributions</u>	<u>From</u>	<u>6/30/18</u>
			<u>Restrictions</u>	
Program restrictions:				
Young Men's Leadership	\$20,000	\$0	(\$20,000)	\$0
Young Women's Leadership	0	60,000	(30,000)	30,000
Coding	16,021	0	(14,150)	1,871
Financial Literacy	9,154	20,000	(27,319)	1,835
College Scholarships	59,955	34,904	(94,859)	0
Middle to HS Transitions	50,000	0	(25,000)	25,000
Brooklyn Youth Program	20,000	0	(20,000)	0
College Access & Success	0	50,000	(25,000)	25,000
College Success	<u>35,000</u>	<u>0</u>	<u>(35,000)</u>	<u>0</u>
Total	<u>\$210,130</u>	<u>\$164,904</u>	<u>(\$291,328)</u>	<u>\$83,706</u>

Note 7 - Special Event

	<u>6/30/19</u>	<u>6/30/18</u>
Gross revenue	\$1,144,169	\$1,233,389
Less: expenses with a direct benefit to donor	<u>(153,880)</u>	<u>(178,277)</u>
	990,289	1,055,112
Less: other event expenses	<u>(32,620)</u>	<u>(27,873)</u>
Total revenue	<u>\$957,669</u>	<u>\$1,027,239</u>

Note 8 - Significant Concentrations

SAYA receives funding from New York City Department of Youth and Community Development (“DYCD”) and Department of Education (“DOE”) to operate its programs. Total funding from the City of New York amounted to 65% and 64% of total revenue in 2019 and 2018, respectively.

Note 9 Commitments and Contingencies

Government Grants

Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves for this. Any disallowed costs would be recorded in the period notified.

Lease Commitments

On June 6, 2019, SAYA signed a one-year extension on a non-cancellable lease agreement for its office and some program space. The extension expires on June 30, 2020. Future minimum lease payments are \$57,000 through the year ending June 30, 2020.

Note 10 Liquidity

The following reflects SAYA’s financial assets at June 30, 2019, reduced by amounts that have donor-imposed or board-designated restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$1,125,943	
Investments	392,451	
Pledges, government grants and contract fees receivable	<u>837,215</u>	
Total financial assets		\$2,355,609
Less amounts not available to be used within one year:		
Board designated reserve	(392,451)	
Board designated scholarship fund	(300,750)	
Contributions restricted – purpose restrictions	<u>(16,135)</u>	
Total amounts not available for general expenditures		<u>(709,336)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$1,646,273</u>

As part of its liquidity management, SAYA operates its programs within a balanced budget and maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for ongoing operations.