

NEW HEIGHTS YOUTH, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

NEW HEIGHTS YOUTH, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Heights Youth, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New Heights Youth, Inc. (the "Organization"), which comprise the statement of financial position as of August 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.

Auditor's Responsibility

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

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

An independent member of Baker Tilly International

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Heights Youth, Inc. as of August 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.

Other Matter

The financial statements of New Heights Youth, Inc., for the year ended August 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on January 24, 2019.

MBAF CPAs, LLC

New York, NY
February 7, 2020

NEW HEIGHTS YOUTH, INC.
 STATEMENTS OF FINANCIAL POSITION
 AUGUST 31, 2019 AND 2018

ASSETS	2019	2018
Cash	\$ 87,970	\$ 199,186
Contributions and other receivables	128,336	78,184
Prepaid expenses	134,082	84,885
Security deposit	21,760	12,950
Property and equipment, net	51,280	24,019
TOTAL ASSETS	\$ 423,428	\$ 399,224
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 28,163	\$ 12,780
Deferred revenue	-	87,244
Obligation under capital lease	16,774	22,325
TOTAL LIABILITIES	44,937	122,349
NET ASSETS		
Without donor restrictions	378,491	251,875
With donor restrictions	-	25,000
TOTAL NET ASSETS	378,491	276,875
TOTAL LIABILITIES AND NET ASSETS	\$ 423,428	\$ 399,224

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

NEW HEIGHTS YOUTH, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUE WITHOUT DONOR RESTRICTIONS		
Fundraising income, net of direct expenses of \$266,385 and \$270,938 for the years ended 2019 and 2018, respectively	\$ 1,024,369	\$ 821,602
Foundation and corporate contributions	591,478	632,819
Individual and board contributions	364,428	274,563
Program fees	44,312	41,708
Net assets released from restrictions	25,000	-
	<u>2,049,587</u>	<u>1,770,692</u>
EXPENSES		
Program services	2,018,582	1,562,880
Management and general	245,701	322,137
Fundraising	277,943	170,870
	<u>2,542,226</u>	<u>2,055,887</u>
DEFICIT FROM ORGANIZATION OPERATIONS	<u>(492,639)</u>	<u>(285,195)</u>
OTHER INCOME		
In-kind contributions	618,983	258,213
Other income	-	3,696
Interest income	272	152
	<u>619,255</u>	<u>262,061</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>126,616</u>	<u>(23,134)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	25,000
Net assets released from restrictions	(25,000)	-
(DECREASE) INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(25,000)</u>	<u>25,000</u>
CHANGE IN NET ASSETS	<u>101,616</u>	<u>1,866</u>
NET ASSETS - BEGINNING OF YEAR	<u>276,875</u>	<u>275,009</u>
NET ASSETS - END OF YEAR	\$ 378,491	\$ 276,875

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

NEW HEIGHTS YOUTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019

	Program Services	Management and General	Fundraising Activities	Total
Personnel Service Costs				
Administrative staff personnel	\$ 208,423	\$ 111,749	\$ 186,514	\$ 506,686
Education program staff personnel	320,792	-	-	320,792
Athletic program staff personnel	44,642	-	-	44,642
Summer academy staff personnel	34,477	-	-	34,477
Total salaries and staff	608,334	111,749	186,514	906,597
Fringe benefits	49,522	9,097	15,183	73,802
Program expenditures	386,432	-	-	386,432
Administrative expenses	43,828	6,259	3,822	53,909
Professional services	284,121	40,574	24,777	349,472
In-kind legal services	421,933	60,254	36,796	518,983
In-kind apparel and goods	100,000	-	-	100,000
Professional development	2,155	308	188	2,651
Marketing and recruitment	8,864	1,266	773	10,903
Fundraising and development	-	-	266,385	266,385
Facilities	88,381	12,621	7,708	108,710
Miscellaneous expenses and bank charges	17,982	2,569	1,569	22,120
Depreciation and amortization	7,030	1,004	613	8,647
Total operating expenses	2,018,582	245,701	544,328	2,808,611
Less: expenses deducted directly from revenues on the statement of activities	-	-	(266,385)	(266,385)
	\$ 2,018,582	\$ 245,701	\$ 277,943	\$ 2,542,226

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

NEW HEIGHTS YOUTH, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2018

	Program Services	Management and General	Fundraising Activities	Total
Personnel Service Costs				
Administrative staff personnel	\$ 311,460	\$ 119,549	\$ 124,449	\$ 555,458
Education program staff personnel	281,321	-	-	281,321
Athletic program staff personnel	31,376	-	-	31,376
Summer academy staff personnel	28,924	-	-	28,924
Total salaries and staff	653,081	119,549	124,449	897,079
Fringe benefits	45,194	6,454	3,941	55,589
Program expenditures	403,050	-	-	403,050
Administrative expenses	45,051	6,433	3,929	55,413
Professional services	154,538	44,662	27,274	226,474
In-kind professional services	31,643	126,570	-	158,213
In-kind apparel and goods	100,000	-	-	100,000
Professional development	2,924	418	255	3,597
Marketing and recruitment	2,367	338	206	2,911
Fundraising and development	-	-	270,938	270,938
Facilities	104,095	14,865	9,078	128,038
Miscellaneous expenses and bank charges	16,241	2,177	1,328	19,746
Depreciation and amortization	4,696	671	410	5,777
Total Operating Expenses	1,562,880	322,137	441,808	2,326,825
Less: expenses deducted directly from revenues on the statement of activities	-	-	(270,938)	(270,938)
	\$ 1,562,880	\$ 322,137	\$ 170,870	\$ 2,055,887

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

NEW HEIGHTS YOUTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 101,616	\$ 1,866
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	8,647	5,777
Changes in operating assets and liabilities:		
Contributions and other receivables	(50,152)	16,209
Prepaid expenses	(49,197)	(39,487)
Security deposit	(8,810)	-
Accounts payable and accrued expenses	15,383	(21,384)
Deferred revenue	<u>(87,244)</u>	<u>76,912</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(69,757)</u>	<u>39,893</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(35,908)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments under capital lease	<u>(5,551)</u>	<u>(5,281)</u>
NET (DECREASE) INCREASE IN CASH	(111,216)	34,612
CASH - BEGINNING OF YEAR	<u>199,186</u>	<u>164,574</u>
CASH - END OF YEAR	<u>\$ 87,970</u>	<u>\$ 199,186</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 1,905</u>	<u>\$ 1,527</u>

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

NEW HEIGHTS YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2019 AND 2018

1. NATURE OF THE ORGANIZATION

New Heights Youth, Inc. (the "Organization") was organized under Section 402 of the New York State Not-For-Profit Corporation Law. The Organization develops youth as student athletes and leaders and prepares them to be successful in high school, college and life. Through synergistic programming that weaves together education, athletics and leadership, the Organization creates opportunities and provides support for urban youth to fulfill their potential in the classroom, on the court, and in the community.

The Organization's primary sources of income are from fundraising events and donor contributions.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization's 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 classification of the Organization's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets – with donor restrictions or without donor restrictions – be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions.

Contributions and Other Receivables

Contributions and other receivables represent unconditional promises to give. Contributions and other receivables that are expected to be collected within one year and recorded at net realizable value are \$128,336 and \$78,184 at August 31, 2019 and 2018, respectively. The Organization evaluates the collectability of the receivables and employs the allowance method. The Organization has determined that no allowance for uncollectible accounts for contributions and other receivables is necessary as of August 31, 2019 and 2018. Such estimate is based on management's assessments of the creditworthiness of its grantors, the age of its receivables, as well as current economic conditions. Bad debt expense totaled \$1,297 and \$0 for the years ended August 31, 2019 and 2018, respectively.

Revenue Recognition

Contributions received are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

NEW HEIGHTS YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2019 AND 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. If a donor-imposed restriction is fulfilled in the same period in which it is received, the contribution is reported as an increase in net assets without donor restrictions. 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 and reported in the statement of activities as net assets released from restrictions.

Funds received in advance for which athletic or education expenditures have not been incurred, which amounted to \$87,244 at August 31, 2018, are included as deferred revenue in the accompanying statement of financial position.

Donated Goods and Services

Donations of goods and services are recorded as contributions in-kind, at their fair value, provided the goods and services received create or enhance non-financial assets, require specified skills provided by individuals possessing those skills, and typically need to be purchased, if not provided by donation. The Organization receives contributed goods and services that are an integral part of its operations. Donated goods consist of athletic apparel, footwear, accessories, and equipment. Donated goods are estimated at \$100,000 for each of the years ended August 31, 2019 and 2018.

The Organization received in-kind legal services during the year ended August 31, 2019 of \$518,983 for lease negotiations with Bedford Courts I. LLC (Note 6). For the year ended August 31, 2018, the Organization received in-kind legal services of \$126,777 and travel and architectural services of \$31,436.

Property and Equipment

Property and equipment are stated at cost and being depreciated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the asset or the life of the lease. Capital lease assets are amortized over the life of the lease (Note 4). The Organization has established a \$1,000 threshold above which assets are evaluated to be capitalized. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

Impairment

The Organization reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the Organization recognizes an impairment loss. No impairment losses were recognized for the years ended August 31, 2019 and 2018.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Other expenses are allocated among program and supporting services based upon benefits received.

NEW HEIGHTS YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2019 AND 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated events through February 7, 2020, which is the date the financial statements were available to be issued.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, disclosure and transition.

The Organization files informational returns in the federal jurisdiction. With few exceptions, the Organization is no longer subject to federal income tax examinations for fiscal years 2016.

The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the Organization would classify it as interest expense. The Organization would classify penalties in connection with underpayments of income tax as other expense.

Adopted Accounting Pronouncement

Financial Statement Presentation

During the year ended June 30, 2019, the Organization adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include, but are not limited to: (a) requiring the presentation of two classes of net assets now titled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations on gifts used to acquire or construct long-lived assets absent explicit donor restrictions otherwise, (d) requiring the presentation of an analysis of expenses by function and nature, (e) requiring the disclosure of information regarding liquidity and availability of resources, and (f) presenting investment return net of external and direct internal investment expenses. In addition, the update removes the requirement that statements of cash flows using the direct method also present a reconciliation consistent with the indirect method. The Organization has applied the update retrospectively to all periods presented and adjusted the presentation of these financial statements accordingly.

NEW HEIGHTS YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2019 AND 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adopted Accounting Pronouncement (Continued)

Financial Statement Presentation (Continued)

As a result, the Organization reclassified amounts formerly classified as unrestricted net assets to net assets without donor restrictions and temporary restricted to net assets with donor restrictions. The adoption of this update had no other material effect on the Organization's financial position and changes in net assets. In addition, the Organization has elected to continue to present the statement of cash flows consistent using the indirect method.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted but no earlier than annual reporting periods beginning after December 31, 2016. The Organization is currently evaluating the effect the update will have on its financial statements.

In June 2018, the FASB issued an accounting standards update in an effort to clarify and improve the scope and accounting guidance for contributions received and contributions made. The FASB believes the update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of not-for-profit guidance, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional or not. The update is effective on a modified prospective basis for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the potential accounting, transition, and disclosure effects the update will have on its financial statements.

In February 2016, the FASB issued an accounting standards update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. The Organization is currently evaluating the effect the update will have on its financial statements but expects upon adoption that the update will have a material effect on the Organization's financial condition due to the recognition of a right-of-use asset and related lease liability. The Organization does not anticipate the update having a material effect on the Organization's results of operations or cash flows, though such an effect is possible.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Organization's presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. The Organization is evaluating the method of adoption it will elect. The update is effective for fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021, with early application permitted.

NEW HEIGHTS YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2019 AND 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. This reclassification had no effect on the previously reported change in net assets.

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's management meets monthly to address projected cash flows to meet its operational expenditures. The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2019	2018
Cash and cash equivalents	\$ 87,970	\$ 199,186
Contributions and other receivables	128,336	78,184
Total financial assets	216,306	277,370
Less amounts unavailable for general expenditures within one year due to:		
Restricted by contract with time or purpose	-	(25,000)
Total financial assets available to management for general expenditures within one year	\$ 216,306	\$ 252,370

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of August 31:

	2019	2018	Estimated Useful Lives
Furniture, fixtures, and equipment	\$ 48,568	\$ 48,568	3 - 5 years
Computers	9,815	5,558	3 years
Vehicles	-	8,199	3 years
Construction in progress	31,651	-	-
Leashold improvements	7,017	7,017	4 years
Capital lease asset	28,885	28,885	5 years
	125,936	98,227	
Less: Accumulated depreciation and amortization (including accumulated amortization of capital lease asset of \$12,998 and \$7,221 for 2019 and 2018, respectively)	(74,656)	(74,208)	
	\$ 51,280	\$ 24,019	

Depreciation and amortization expense totaled \$8,647 and \$5,777 for the years ended August 31, 2019 and 2018 (which includes amortization of capital lease asset of \$5,777 for each year).

NEW HEIGHTS YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are both purpose and time restricted and consisted of \$25,000 for the year ended August 31, 2018. There were no net assets with donor restrictions for the year ended August 31, 2019.

6. COMMITMENTS AND CONTINGENCIES

On March 28, 2018, the Organization entered into a new lease expiring on April 30, 2021. The lease provides for increasing minimum base rent plus escalation for real estate taxes. Rent expense charged to operations totaled \$36,813 and \$35,123 for the years ended August 31, 2019 and 2018, respectively.

On August 1, 2019, the Organization entered into a new lease with Bedford Courts I, LLC. The lease is for an office space and a portion of the recreational facility at Bedford Union Armory and has a duration of ten years. The lease is divided into two separate parts for each portion of the Bedford Union Armory. The terms of the agreement have not yet been finalized as of the date the financial statements were available to be issued. At the commencement date of the lease, the Organization will pay a security deposit of \$14,000 and annual fixed rent will be \$37,788 for the office space. Each year thereafter, the annual fixed rent amount will increase by 3%. At the commencement date of the lease for the recreational facility, the Organization will pay a security deposit of \$166,000. The annual rent amount and other expense commitments are still being reviewed by the Organization as of the date of the financial statements were available to be issued.

Future minimum lease payments are as follows:

<u>August 30,</u>	
2020	\$ 37,796
2021	<u>25,696</u>
Total	<u>\$ 63,492</u>

At August 31, 2019, the future minimum lease payments under the capital lease is as follows:

August 31,	
2020	\$ 6,804
2021	6,804
2022	<u>5,071</u>
	18,679
Less amount representing interest	<u>(1,905)</u>
	<u>\$ 16,774</u>

The Organization is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Organization maintains commercial insurance to help protect itself from such risks.

NEW HEIGHTS YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

7. CONCENTRATIONS

The Organization maintains its cash balances in a high quality financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. While the Organization attempts to limit any financial exposure, its deposit balances may exceed the federally insured limit.

The Organization's receivables consist of three major contributors at August 31, 2019 and four major contributors at August 31, 2018.

The Organization's payables consist of two major vendors at August 31, 2019 and three major vendors at August 31, 2018.