

VENTURE FOR AMERICA, INC.
(A Not-for-Profit Organization)

FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(With Independent Auditors' Report)

VENTURE FOR AMERICA, INC.
(A Not-for-Profit Organization)

For the Years Ended December 31, 2021 and 2020

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Independent Auditors' Report

To the Board of Directors of
Venture for America, Inc.:

Opinion

We have audited the accompanying financial statements of Venture for America, Inc. (the “Organization”), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Venture for America, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Spielman Koenigsberg & Parker LLP

New York, New York
July 7, 2022

VENTURE FOR AMERICA, INC.
(A Not-for-Profit Organization)

STATEMENTS OF FINANCIAL POSITION

December 31, 2021
(with summarized comparative information as of December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total, restated
Assets				
Current				
Cash and cash equivalents	\$ 1,584,616	\$ 706,350	\$ 2,290,966	\$ 1,978,585
Accounts receivable, net of allowance for doubtful accounts				
Pledges receivable	100,031	-	100,031	145,421
Placement fees receivable	5,546	-	5,546	105,205
Prepaid expenses	57,792	-	57,792	45,069
Investments	(30,247)	984,599	954,352	839,087
Other assets, net	24,933	-	24,933	20,433
Total current assets	1,742,671	1,690,949	3,433,620	3,133,800
Website, net of amortization	69,083	-	69,083	21,701
Software rebuild	56,000	-	56,000	-
Security deposits	47,270	-	47,270	50,070
Total assets	<u>\$ 1,915,024</u>	<u>\$ 1,690,949</u>	<u>\$ 3,605,973</u>	<u>\$ 3,205,571</u>
Liabilities and Net Assets				
Liabilities				
Current				
Accounts payable and accrued expenses	\$ 232,886	\$ -	\$ 232,886	\$ 225,092
Rent payable	49,954	-	49,954	-
Total current liabilities	282,840	-	282,840	225,092
Paycheck Protection Program loan	-	-	-	641,400
Deferred rent	25,435	-	25,435	24,786
Rent payable, net of current portion	64,931	-	64,931	-
Deferred revenue	-	-	-	558,000
Total liabilities	373,206	-	373,206	1,449,278
Net assets				
With donor restrictions	-	1,690,949	1,690,949	844,599
Without donor restrictions	1,541,818	-	1,541,818	911,694
Total net assets	<u>1,541,818</u>	<u>1,690,949</u>	<u>3,232,767</u>	<u>1,756,293</u>
Total liabilities and net assets	<u>\$ 1,915,024</u>	<u>\$ 1,690,949</u>	<u>\$ 3,605,973</u>	<u>\$ 3,205,571</u>

The accompanying notes are an integral part of these financial statements

VENTURE FOR AMERICA, INC.
(A Not-for-Profit Organization)

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions, restated	With Donor Restrictions	Total
Support and revenue						
Contributions	\$ 885,823	\$ 3,914,000	\$ 4,799,823	\$ 969,758	\$ 2,869,338	\$ 4,041,563
Placement fees	756,500	-	756,500	766,500	-	766,500
In-kind contributions	118,221	-	118,221	82,392	-	82,392
Miscellaneous income	1,192,061	-	1,192,061	60	-	60
Investment income (loss)	(24,735)	-	(24,735)	(3,466)	-	159,789
Net assets released from restrictions	<u>3,067,650</u>	<u>(3,067,650)</u>	<u>-</u>	<u>2,717,458</u>	<u>(2,717,458)</u>	<u>-</u>
Total support and revenue	5,995,520	846,350	6,841,870	4,532,702	151,880	5,050,304
Expenses						
Program services	3,740,083	-	3,740,083	3,166,030	-	3,166,030
Management and general	526,927	-	526,927	454,040	-	454,040
Fundraising	<u>1,098,386</u>	<u>-</u>	<u>1,098,386</u>	<u>949,497</u>	<u>-</u>	<u>949,497</u>
Total expenses	<u>5,365,396</u>	<u>-</u>	<u>5,365,396</u>	<u>4,569,567</u>	<u>-</u>	<u>4,569,567</u>
Change in net assets	630,124	846,350	1,476,474	(36,865)	151,880	480,737
Net Assets, beginning of year, restated	<u>911,694</u>	<u>844,599</u>	<u>1,756,293</u>	<u>947,743</u>	<u>778,574</u>	<u>1,726,317</u>
Prior period adjustment	-	-	-	-	(85,039)	(85,039)
Non-cash adjustment to net assets, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>816</u>	<u>(816)</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,541,818</u>	<u>\$ 1,690,949</u>	<u>\$ 3,232,767</u>	<u>\$ 911,694</u>	<u>\$ 844,599</u>	<u>\$ 1,756,293</u>

The accompanying notes are an integral part of these financial statements

VENTURE FOR AMERICA
(A Not-for-Profit Organization)

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2021 and 2020

	2021				2020			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 1,781,974	\$ 306,277	\$ 696,084	\$ 2,784,335	\$ 1,651,731	\$ 283,891	\$ 645,207	\$ 2,580,829
Travel	16,163	158	1,194	17,514	76,237	744	5,630	82,611
Payroll taxes and benefits	347,843	74,920	112,380	535,143	309,750	66,715	100,073	476,539
Other program costs	292,780	3,650	9,325	305,755	256,692	3,200	8,176	268,068
Meals	40,541	448	1,322	42,311	26,349	291	859	27,499
Professional fees	690,739	26,417	95,225	812,380	370,876	14,184	51,129	436,188
Occupancy	102,520	21,130	31,694	155,344	118,419	24,406	36,609	179,435
Event costs	31,544	26	5,944	37,514	44,966	36	8,474	53,476
Grants to fellows	48,776	490	734	50,000	58,531	588	881	60,000
Office supplies and expenses	132,968	21,290	36,556	190,814	120,769	19,337	33,203	173,308
Dues and subscriptions	121,707	13,049	33,169	167,925	77,119	8,269	21,017	106,405
Marketing	25,351	1,648	13,484	40,483	8,757	569	4,658	13,984
Bad debt	51,668	50,149	50,149	151,966	29,360	28,496	28,496	86,353
Amortization	19,738	-	-	19,738	-	-	-	-
Insurance	27,998	6,029	9,043	43,070	9,515	2,049	3,073	14,637
Telephone/internet	5,582	1,198	1,797	8,578	5,760	1,236	1,855	8,851
Shipping	2,191	50	285	2,526	1,200	27	156	1,384
Total expenses	<u>\$ 3,740,083</u>	<u>\$ 526,927</u>	<u>\$ 1,098,386</u>	<u>\$ 5,365,396</u>	<u>\$ 3,166,030</u>	<u>\$ 454,040</u>	<u>\$ 949,497</u>	<u>\$ 4,569,567</u>

The accompanying notes are an integral part of these financial statements

VENTURE FOR AMERICA, INC.
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STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2021
(with summarized comparative information for the year ended December 31, 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Cash flows from operating activities				
Change in net assets	\$ 630,124	\$ 846,350	\$ 1,476,474	\$ 480,737
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:				
Forgiveness of Paycheck Protection Program	(641,400)	-	(641,400)	-
Investment income (loss)	24,735	-	24,735	(159,789)
Depreciation	(56,000)	-	(56,000)	-
Decrease (increase) in operating assets:				
Contributions receivable	45,390	-	45,390	(61,141)
Placement fees receivable	99,659	-	99,659	(4,534)
Fellow loans receivable	-	-	-	2,655
Prepaid expenses	(12,723)	-	(12,723)	1,319
Security deposits	2,800	-	2,800	8,920
Other assets	(4,500)	-	(4,500)	1,988
(Decrease) increase in operating liabilities:				
Accounts payable and accrued expenses	7,794	-	7,794	(105,231)
Deferred rent	649	-	649	(1,295)
Rent payable	114,885	-	114,885	-
Deferred revenue	(558,000)	-	(558,000)	258,000
Net cash (used in) provided by operating activities	(346,587)	846,350	499,763	421,629
Cash flows from investing activities				
Cash paid for investments in VFA Create entities	-	(140,000)	(140,000)	(169,835)
Cash paid for purchase of website	(47,382)	-	(47,382)	(21,701)
Net cash used in investing activities	(47,382)	(140,000)	(187,382)	(191,536)
Net change in cash	(393,969)	706,350	312,381	230,093
Cash, restricted cash, and cash equivalents, beginning of year	<u>1,978,585</u>	<u>-</u>	<u>1,978,585</u>	<u>1,107,092</u>
Cash, restricted cash, and cash equivalents, end of year	<u>\$ 1,584,616</u>	<u>\$ 706,350</u>	<u>\$ 2,290,966</u>	<u>\$ 1,978,585</u>

The accompanying notes are an integral part of these financial statements

VENTURE FOR AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Description of the Organization

Venture for America, Inc. (the “Organization”), is a non-profit organization that is creating the economic opportunity for American cities by mobilizing the next generation of entrepreneurs and equipping them with the skills and resources they need to create jobs.

The Organization operates a 2-year fellowship program that recruits, trains, places, and invests in top graduates (“Fellows”) by placing them at startups in emerging US cities and helping them launch their own high-impact businesses.

The Organization was incorporated in the State of Delaware and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). The Organization is located in New York, NY. The major sources of revenues are from contributions from corporations, and individuals.

The Organization’s hosts the following efforts with the intention of accomplishing their mission:

Fellow Experience - Recruitment and Selection

VFA draws diverse talent from a high-caliber, diverse, national pool representing more than 450 colleges and universities across the country. We select a diverse and representative class of talented recent college graduates based on a consistent and equitable criterion and provide them with resume support, interview skill building, and coaching, in preparation for a potential employment opportunity with a partner within the business network that the organization manages ongoing.

Company Partners

Annually, VFA partners with more than 200 entrepreneurs and hiring managers in 13 US cities to support early-stage career placements and pathways for its fellows. The organization has a team that manages a platform for fellows and partners to connect, schedule interviews, and confirm job placements. Upon accepting a job, Fellows move to one of the thirteen cities and begin working.

Community Partnerships & City Engagement

VFA directors in each market assist Fellows navigate their cities, both providing information about the city at large, and supporting them as they access the network the organization manages. The resulting impact of local support the organization provides leads to high civic engagement, immersive experiences in the startup ecosystem, and strong relationships with other Fellow and Alumni peers living in the city.

Fellow Programming

VFA offers each fellow within a given cohort a two-year curriculum to support becoming a startup leader or startup founder. VFA employs directors in each city to regularly plan informational and networking events, info sessions with economic development agencies and engagement with local civic leaders. Directors also provide fellows with 1:1 coaching during the two-year fellowship and other activities to encourage entrepreneurial thinking.

VENTURE FOR AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Description of the Organization (continued)

Fellow Education - Training Camp

All Incoming Fellows experience the VFA Training Camp, our version of a two-week job-preparedness program. The program design for the training camp consists of weekly challenges, like a Website Challenge with Rebrand Cities, the Design Thinking Challenge with IDEO; participation in elective sessions on topics like SEO, public speaking, fostering an inclusive company culture, project management, market sizing, and negotiation skills; and sessions on work life balance, community building, and civic engagement. To support the knowledge we impart on our Fellows, we leverage a network of regional and national leaders who volunteer their time to help ensure fellows are more aware, have a deeper understanding of the culture of entrepreneurship as they seek to be start-up ready on day one.

Entrepreneurial Activities

VFA provides ongoing support for fellows to expand entrepreneurship skills; exploring, initiating, developing, and pitching ideas. Fellows that have interest in becoming a founder of a company are additionally able to participate in national entrepreneurship programs, including quarterly Validation Challenges, and a Side-project-a-thon. Both fellow and alum who are founders of companies are also provided the opportunity to present their company to experts in the field during Demo Days, Catalyst Awards, and BrainTrusts, where they receive feedback, coaching, and capital for their businesses. The organization also operates a business accelerator to give VFA Alumni support needed to turn side projects and business concepts into full-time ventures. The organization raises charitable support to provide both living and business stipends during the 4-month program.

Commitment to diverse and inclusive communities:

VFA is committed to empowering, providing opportunities, and creating supporting Fellows and Alumni who identify with groups that are underrepresented in entrepreneurial and innovation communities. VFA dedicates employees to serve as direct liaisons with eight (8) groups supported by Fellows and Alumni to empower, provide opportunities, and create a formal community space for Fellows and Alumni who identify with groups that are underrepresented in entrepreneurial and innovation communities.

Build21:	for Fellows/Alumni of African American, Afro-Caribbean & African
Antha Prerna:	for Fellows and Alums who identify as South Asian or South Asian American
Latinx:	for Fellows/Alumni who identify as Latino/Latina/Latinx
VFAAsians:	for Fellows/Alumni who identify as Asian or Asian-American
VentureOut:	for LGBTQ Fellows/Alumni and allies
VFA WMN:	for Fellows/Alumni who identify as women
MEDAN:	for Fellows/Alumni who identify as Middle Eastern or North African
Venture First:	for Fellows/Alumni who identify as first-generation college graduates and/or low-income individuals

VENTURE FOR AMERICA, INC.
(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2. Summary of Significant Accounting Policies

The major accounting and reporting policies which have been followed in preparing the accompanying financial statements are set forth below:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (“U.S GAAP”).

Use of Estimates

The preparation of accounting statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. There were net assets with donor restrictions of \$1,650,949 and \$844,599 for the year ended December 31, 2021 and 2020, respectively.

Revenue from contracts with Customers

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (ASC Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaced most existing revenue recognition guidance in U.S. GAAP when it became effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In June 2020, the FASB issued ASU 2020-05, which deferred the effective date of ASU 2014-09 one year, making it effective for years beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. The Organization adopted ASC Topic 606 with a date of initial application on January 1, 2021.

VENTURE FOR AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2. Summary of Significant Accounting Policies (continued)

The Organization determines revenue by applying the following 5-step model:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognized revenue as the performance obligations are satisfied.

Disaggregation of Revenue: Management disaggregated revenue based off the nature of the revenue source, including type of customer, type of contract and services provided, to account for the uncertainty of revenue and cash flows. Consequently, revenue is disaggregated based off the timing of the transfer of goods and services, whether they are at a point in time or over a period of time.

Performance Obligations:

Placement Fees: Contracts are established on payment, for which the Organization provides services to recommend Fellows to the company for employment. Depending on the type of organization or the type of agreement the fee can be \$5,000 or \$7,500. The Organization recognizes the revenue once the service has been provided. Refunds are provided on demand. There were refunds in the amount of \$5,000 for the year ended December 31, 2021.

Significant Judgments: The board of directors and management of the Organization determine the transaction prices of the services provided on an annual basis. In addition, the timing of satisfaction of performance obligations is determined on a case-by-case basis.

Contributions

The Organization complies with the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (ASC Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (an exchange transaction) or nonreciprocal (a contribution) and for distinguishing between conditional and unconditional contributions.

All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions that increases those net asset classes. When a restriction expires, the with donor restriction net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions. Revenues representing contributions are recognized when the contribution is received at fair value of the contribution.

VENTURE FOR AMERICA, INC.
(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. For the years ended December 31, 2021 and 2020, there were \$118,221 and \$82,392, respectively, of in-kind contributions.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

The Organization files annual information returns to the Internal Revenue Service (IRS) (Form 990) and the Office of the Attorney General of the state of New York. The Organization has not been informed of any tax examinations by either the IRS or the State. Its tax returns for the last three years remain subject to examination.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less.

Pledges Receivable

Pledges receivable, which consist of unconditional promises to give, are recognized in the time period(s) the donor is funding. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value.

Pledges 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 temporarily or permanently restricted net assets depending on nature of restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

VENTURE FOR AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable without donor restrictions represents amounts due for events otherwise not covered by restricted donations, including earned revenue from Company Partner Placement Fees and some large unrestricted grants. An allowance for uncollectible accounts, if necessary, is generally determined based upon an account-by-account review. Accounts are charged off when collection efforts have failed, and the account is deemed uncollectible. Interest is not charged on the receivables. Accounts receivable with donor restrictions represents legally enforceable pledges and contributions, less an allowance for uncollectible amounts. The allowance was \$133,529 and \$115,912 as of December 31, 2021 and 2020, respectively.

Investments in VFA Create, LLC and VFA Create, INC.

The Organization maintains two subsidiary for-profit entities for the purposes of hosting restricted funds to a specific program, Evergreen. All funds are passed through the Organization and transferred to the subsidiaries. All amounts are reported at cost. The value of the investments as of December 31, 2021 and 2020 are \$984,599 and \$844,599.

Banza Investment

The Organization maintains a donated investment for profit interest in Banza, LLC. The amounts are retained on the balance sheet at net book value, based off K-1's provided by the entity on an annual basis. The current net book value of the Banza investment as of December 31, 2021 and 2020 is \$(30,247) and \$(5,512).

Property and Equipment

Property and equipment are stated at cost at the date of purchase. Significant additions or improvements extending asset lives are capitalized; normal maintenance and repair costs are expensed as incurred. Property and equipment are depreciated using the straight-line method over estimated useful lives of three to ten years, as applicable (See breakdown in Note 10).

Deferred Items

Receipts and expenses received or paid in the current year relating to events to be held in the following year are reported as deferred items. Dues are recorded as revenue during the applicable membership period.

Rental Income

The Organization records rental income on a straight-line method whereby the difference between rent received and the aggregate rental income over the life of the lease is recognized as either an asset or liability.

VENTURE FOR AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2. Summary of Significant Accounting Policies (continued)

Grant Expenditures

Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to significant future Conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current presentation for Net Assets with and without Donor Restriction.

3. Concentration of Credit Risk

The Organization maintains its bank deposits with high credit quality financial institutions. Concentration of credit risks includes cash on deposit with two financial institutions amounting to \$500,000, for both years ended December 31, 2021 and December 31, 2020. Accounts at these financial institutions are insured by the Federal Deposit Insurance Company (“FDIC”) to \$250,000 per depositor. At December 31, 2021 and December 31, 2020, the Organization had \$1,519,839 and \$1,284,396, respectively, in cash on deposit that was in excess of the insurance guaranteed by the FDIC.

4. Revenue Concentration

Concentration of revenue exists when the top few sources of revenue constitute a significant portion of the Organization’s total revenue. For the years ended December 31, 2021 and 2020, the top 5 grantors constituted \$1,977,550 or 41% and \$1,440,784 or 41% of the Organization’s contribution revenue.

5. Placement fees Receivable

Placement fee receivable consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	\$ 5,546	\$ 169,980
Less: allowance for doubtful accounts	<u>-</u>	<u>(64,775)</u>
	<u>\$ 5,546</u>	<u>\$ 105,205</u>

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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

6. Fellow Loans Receivable

The Organization occasionally grants hardship loans to fellows demonstrating significant financial need.

Fellow loan receivable consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	\$ 6,760	\$ 7,426
Less: allowance for doubtful accounts	<u>(6,760)</u>	<u>(7,426)</u>
	<u>\$ -</u>	<u>\$ -</u>

7. Risks and Uncertainties

Investment securities 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 those changes could materially affect the Organization's investment balance reported in the statement of financial position.

8. Functional Expenses

The Organization allocates its expenses on a functional basis among its program and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification. Other expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, travel, payroll taxes and benefits, other program costs, meals, professional fees, occupancy, event costs, grants to fellows, offices supplies and expenses, dues and subscriptions, marketing, bad debt, amortization, insurance, telephone/internet, and shipping, which are allocated based on estimates of time and effort.

9. Employee Benefit Plan

The Organization maintains a safe harbor 401(k) plan (the "Plan") covering all eligible employees of the Organization. Participants may contribute up to 15% of eligible compensation annually to the Plan up to a maximum of \$19,500 for 2021 and 2020, respectively. No matching contributions are currently offered by the Organization.

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10. Property and Equipment

Property and equipment is included in other assets and consists of the following:

<u>Category</u>	<u>Estimated Useful Life</u>	<u>2021</u>	<u>2020</u>
Leasehold improvements	10 years	\$ 26,421	\$ 26,421
Office furniture and equipment	3-5 years	2,399	2,399
Computer equipment	3-5 years	1,088	1,088
		29,908	29,908
Less: accumulated depreciation		(29,908)	(29,908)
Property and equipment, net		<u>\$ -</u>	<u>\$ -</u>

11. Website

Website costs consists of the following:

<u>Category</u>	<u>Estimated Useful Life</u>	<u>2021</u>	<u>2020</u>
Website	5 years	\$ 249,928	\$ 182,808
Less: accumulated amortization		(180,845)	(161,107)
Website, net		<u>\$ 69,083</u>	<u>\$ 21,701</u>

12. Related Party Transactions

During 2021, the Organization had no material related party transactions, other than those identified with VFA Create, Inc and VFA Create, LLC.

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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

13. Restricted Net Assets

Restricted net assets activities for the year ended December 31, 2021 consisted of:

<u>Restriction</u>	<u>December 31,</u> <u>2020</u>	<u>Additions</u>	<u>Releases</u>	<u>December 31,</u> <u>2021</u>
Purpose				
DEI	\$ -	\$ 225,000	\$ (225,000)	\$ -
Evergreen	844,599	265,000	-	1,109,599
National Awards	-	40,000	(40,000)	-
Fellow Relocation	-	50,000	(50,000)	-
NE Ohio Fellows	-	75,000	(75,000)	-
Charlotte Welcome Weekend	-	5,000	(3,650)	1,350
Economic Cohort	-	280,000	(280,000)	-
EOY Giving	-	5,000	(5,000)	-
2019 Class Event	-	50,000	-	50,000
Location				
Birmingham	-	176,000	(176,000)	-
Detroit	-	1,238,000	(1,238,000)	-
San Antonio	-	76,000	(76,000)	-
Tulsa	-	205,000	(205,000)	-
New Orleans	-	15,000	(15,000)	-
Baltimore	-	216,500	(216,500)	-
Kansas City	-	150,000	(150,000)	-
St. Louis	-	80,000	(80,000)	-
Cleveland	-	50,000	(50,000)	-
Pittsburg	-	75,000	(75,000)	-
Philadelphia	-	105,000	(105,000)	-
Charlotte	-	2,500	(2,500)	-
Time Restricted	-	530,000	-	530,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 844,599	\$ 3,914,000	\$ (3,067,650)	\$ 1,690,949

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

14. Commitments and Contingencies

Office Lease: In October 2018, the Organization entered into agreement to move to a less expensive, new office located at 307 Seventh avenue, New York, NY. The agreement is from December 16, 2018, to November 15, 2023. Rental expense approximated \$143,000 for the year ended December 31, 2021 and 2020.

The minimum rental commitments on non-cancelable leases are summarized as follows:

Years Ending December 31,	
2022	\$ 151,612
2023	<u>148,772</u>
Total	<u>\$ 300,384</u>

The Organization records rent expense on a straight-line basis. Deferred rent amounted to \$140,320 and \$24,786 as of December 31, 2021 and 2020, respectively.

15. Line of Credit

As of December 31, 2021 and 2020, the Organization maintained a line of credit agreement with a bank to provide borrowings up to \$500,000 with a maturity date of June 24, 2021. The Credit Facility will bear interest at a variable rate equal to the Prime Rate + 0.50% and is payable. Interest is computed on the basis of actual number of days elapsed in a year of 360 day. As of December 31, 2021 and 2020, the outstanding balance on this line of credit was \$0.

16. Paycheck Protection Program Loan

On May 3, 2020, the Organization borrowed proceeds of \$641,400 from a Small Business Administration (“SBA”) approved bank, established through the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act – Paycheck Protection Program (“PPP”). The PPP loan was subject to a promissory note and certain qualifications as set out by the SBA lending program. As part of the program’s intent, the Organization applied for forgiveness of the loan balance, and was notified on July 13, 2021 that the full loan balance was forgiven. The SBA program relieved the Organization of the full loan because they documented the use of funds for eligible expenditures related to payroll and other expenses as described by the CARES Act provisions. Loan forgiveness is reflected within miscellaneous income in the accompanying statements of activities.

On February 23, 2021, the Organization borrowed proceeds of \$546,635 from a Small Business Administration (“SBA”) approved bank, established through the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act – Paycheck Protection Program (“PPP”). The PPP loan was subject to a promissory note and certain qualifications as set out by the SBA lending program. As part of the program’s intent, the Organization applied for forgiveness of the loan balance, and was notified on November 25, 2021 that the full loan balance was forgiven. The SBA program relieved the Organization of the full loan because they documented the use of funds for eligible expenditures related to payroll and other expenses as described by the CARES Act provisions. Loan forgiveness is reflected within miscellaneous income in the accompanying statements of activities.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

17. Liquidity

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization's goal is generally to maintain financial assets to meet 12-months of operating expenses (approximately \$6,000,000). The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, receivables, short-term investments on hand, and maintains a line of credit to provided borrowings up to \$500,000 to meet cash flow needs.

For purposes of analyzing resources available to meet general expenses over a 12-month period, the Organization considers all expenses related to its ongoing activities and those activities to be general expenses.

In addition to financial assets available to meet general expenses over the next 12- months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenses not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows net change in operating activities for fiscal year 2021.

As of December 31, 2021, the following tables show the total financial assets held by the Organization and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenses:

Financial assets at year end:	
Cash and cash equivalents	\$ 2,290,966
Accounts Receivable	105,577
Investments	<u>954,352</u>
 Total financial assets	 3,350,895
 Less: net assets with donor restrictions	 <u>(1,690,949)</u>
 Total assets available for general expenses	 <u>\$ 1,659,946</u>

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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

18. Prior Period Adjustments and Reclassifications

Amounts presented for the year ended December 31, 2020, have been reclassified and restated to conform to the current presentation for Net Assets with and without Donor Restrictions. Restatements include an adjustment to deferred revenue from 2019, the proper presentation of the Banza LLC valuation and the removal of an unidentifiable Evergreen pledge made prior to 2020. The following table provides the amounts reclassified for the year ended December 31, 2020 for adjustments made on January 1, 2020:

<u>Statement Classification</u>	<u>Previously Stated</u>	<u>Adjustment</u>	<u>Restated</u>
<u>Statements of Financial Position</u>			
Pledges Receivable	\$ 347,888	\$ (202,467)	\$ 145,421
Investments	\$ 1,239,803	\$ (400,716)	\$ 839,087
Deferred revenue	\$ 620,000	\$ (62,000)	\$ 558,000
Net assets with donor restrictions	\$ 395,204	\$ 449,395	\$ 844,599
Net assets without donor restrictions	\$ 1,902,272	\$ (990,578)	\$ 911,694
<u>Statements of Activities</u>			
Investment Income, without donor restrictions	\$ -	\$ (3,466)	\$ (3,466)
Investment Income, with donor restrictions	\$ (3,466)	\$ 3,466	\$ -
Net assets without donor restrictions, Beginning of the year	\$ 1,123,204	\$ (175,461)	\$ 947,743
Net assets without donor restrictions, Non-cash adjustment to net assets	\$ 610,000	\$ (609,184)	\$ 816
Net assets with donor restrictions, Non-cash adjustment to net assets	\$ (610,000)	\$ 609,184	\$ (816)

19. Subsequent Events

The Organization has evaluated subsequent events through July 7, 2022, the date on which the financial statements were available to be issued and determined that there were no events which required disclosure.