

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

FINANCIAL STATEMENTS

December 31, 2020 and 2019

(With Independent Auditors' Report)

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

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Venture For America, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year 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, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of Venture For America, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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, that raise substantial doubt about Venture For America, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor’s Responsibilities for the Audit 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 auditor’s 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 audit.
- 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 Venture For America, Inc.'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, that raise substantial doubt about Venture For America, Inc.'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 audit.



Supplementary Information

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

Information for the year ended December 31, 2019 is presented for comparative purposes only and was extracted from the financial statements presented by Venture for America, Inc. for that year, on which an unqualified opinion, dated July 8, 2020 was expressed.

New York, New York
June 7, 2021

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2020
(with comparative totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Assets				
Current				
Cash and cash equivalents	\$ 1,420,585	558,000	\$ 1,978,585	\$ 1,107,092
Accounts Receivable				
Pledges Receivable	347,888	-	347,888	888,761
Placement fees receivable	105,205	-	105,205	100,671
Fellow Loans Receivable	-	-	-	2,655
Prepaid expenses	45,069	-	45,069	46,388
Investments	844,599	395,204	1,239,803	668,165
Other assets	20,433	-	20,433	22,421
Total current assets	2,783,779	953,204	3,736,983	2,836,153
Website, net of amortization	21,701	-	21,701	-
Security deposits	50,070	-	50,070	58,990
Total assets	<u>\$ 2,855,550</u>	<u>\$ 953,204</u>	<u>\$ 3,808,754</u>	<u>\$ 2,895,143</u>
Liabilities				
Current				
Accounts payable and accrued expenses	\$ 225,092	\$ -	\$ 225,092	\$ 325,972
Total current liabilities	225,092	-	225,092	325,972
Paycheck protection program loan	641,400	-	641,400	-
Deferred rent	24,786	-	24,786	26,081
Deferred revenue	62,000	558,000	620,000	641,312
Total liabilities	953,278	558,000	1,511,278	993,365
Net assets				
Total net assets	<u>1,902,272</u>	<u>395,204</u>	<u>2,297,476</u>	<u>1,901,778</u>
Total liabilities and net assets	<u>\$ 2,855,550</u>	<u>\$ 953,204</u>	<u>\$ 3,808,754</u>	<u>\$ 2,895,143</u>

The accompanying notes are an integral part of these financial statements

VENTURE FOR AMERICA, INC.
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STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Contributions	1,172,225	2,869,338	4,041,563	1,107,741	3,654,510	4,762,251
Placement fees	766,500	-	766,500	876,479	-	876,479
In-kind contributions	82,392	-	82,392	35,626	-	35,626
Miscellaneous income	60	-	60	114,199	-	114,199
Intercompany	-	-	-	22,421	-	22,421
Investment income	-	159,789	159,789	235,552	-	235,552
Net assets released from restrictions	<u>2,717,458</u>	<u>(2,717,458)</u>	<u>-</u>	<u>3,653,636</u>	<u>(3,653,636)</u>	<u>-</u>
 Total support and revenue	 4,738,635	 311,669	 5,050,304	 6,045,654	 874	 6,046,528
Operating expenses						
Program services	3,166,030	-	3,166,030	3,953,241	-	3,953,241
Management and general	454,040	-	454,040	460,873	-	460,873
Fundraising	<u>949,497</u>	<u>-</u>	<u>949,497</u>	<u>1,075,709</u>	<u>-</u>	<u>1,075,709</u>
 Total expenses	 <u>4,569,567</u>	 <u>-</u>	 <u>4,569,567</u>	 <u>5,489,823</u>	 <u>-</u>	 <u>5,489,823</u>
 Increase in net assets	 169,068	 311,669	 480,737	 555,831	 874	 556,705
Total net assets						
Beginning of year	1,123,204	778,574	1,901,778	267,373	1,077,700	1,345,073
Prior period adjustment	-	(85,039)	(85,039)	-	-	-
Non-cash adjustment to net assets	<u>610,000</u>	<u>(610,000)</u>	<u>-</u>	<u>300,000</u>	<u>(300,000)</u>	<u>-</u>
 End of year	 <u>1,902,272</u>	 <u>395,204</u>	 <u>2,297,476</u>	 <u>1,123,204</u>	 <u>778,574</u>	 <u>1,901,778</u>

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VENTURE FOR AMERICA, INC.
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STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Cash flows from operating activities				
Increase in net assets	\$ 169,068	\$ 311,669	\$ 480,737	\$ 556,705
Adjustment to reconcile increase in net assets to net cash provided by operating activities:				
Investment income	-	(159,789)	(159,789)	(235,580)
Increase (decrease) in:				
Contributions receivable	(64,600)	3,459	(61,141)	(38,775)
Placement fees receivable	(4,534)	-	(4,534)	(40,096)
Fellow loans receivable	2,655	-	2,655	6,600
Prepaid expenses	1,319	-	1,319	(32,655)
Security deposits	8,920	-	8,920	52,720
Other assets	1,988	-	1,988	(2,337)
(Decrease) increase in:				
Accounts payable and accrued expenses	(105,231)	-	(105,231)	(31,865)
Deferred rent	(1,295)	-	(1,295)	19,955
Deferred revenue	<u>558,000</u>	<u>(300,000)</u>	<u>258,000</u>	<u>300,000</u>
Net cash provided by operating activities	566,290	(144,661)	421,629	554,672
Cash flows from investing activities:				
Cash paid for investments in VFA Create entities	-	(169,835)	(169,835)	-
Cash paid for purchase of website	<u>(21,701)</u>	<u>-</u>	<u>(21,701)</u>	<u>-</u>
Net cash provided by investing activities	(21,701)	(169,835)	(191,536)	-
Cash flows from financing activities:				
Cash proceeds from PPP Loan	<u>641,400</u>	<u>-</u>	<u>641,400</u>	<u>-</u>
Net cash provided by financing activities	641,400	-	641,400	-
Net increase in cash and cash equivalents	1,185,989	(314,496)	871,493	554,672
Cash and cash equivalents, beginning of year	<u>234,596</u>	<u>872,496</u>	<u>1,107,092</u>	<u>552,420</u>
End of year	<u>\$ 1,420,585</u>	<u>\$ 558,000</u>	<u>\$ 1,978,585</u>	<u>\$ 1,107,092</u>

The accompanying notes are an integral part of these financial statements

VENTURE FOR AMERICA
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STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 1,651,731	\$ 283,891	\$ 645,207	\$ 2,580,829	\$ 1,840,166	\$ 316,278	\$ 718,815	\$ 2,875,259
Travel	76,237	744	5,630	82,611	544,586	5,317	40,217	590,120
Payroll taxes and benefits	309,750	66,715	100,073	476,539	306,050	65,918	98,878	470,846
Other program costs	256,692	3,200	8,176	268,068	115,317	1,438	3,673	120,428
Meals	26,349	291	859	27,499	196,244	2,167	6,398	204,809
Professional fees	370,876	14,184	51,129	436,188	178,637	6,832	24,627	210,096
Occupancy	118,419	24,406	36,609	179,435	125,712	25,909	38,864	190,485
Event costs	44,966	36	8,474	53,476	351,672	285	66,271	418,228
Grants to fellows	58,531	588	881	60,000	39,334	395	592	40,321
Office supplies and expenses	120,769	19,337	33,203	173,308	109,414	17,519	30,081	157,014
Dues and subscriptions	77,119	8,269	21,017	106,405	81,278	8,715	22,151	112,144
Marketing	8,757	569	4,658	13,984	22,452	1,459	11,943	35,854
Bad debt	29,360	28,496	28,496	86,353	-	-	-	-
Insurance	9,515	2,049	3,073	14,637	32,302	6,955	10,433	49,691
Telephone/internet	5,760	1,236	1,855	8,851	5,908	1,268	1,902	9,078
Shipping	1,200	27	156	1,384	2,495	57	324	2,876
Miscellaneous	-	-	-	-	1,673	360	541	2,574
	<u>\$ 3,166,030</u>	<u>\$ 454,040</u>	<u>\$ 949,497</u>	<u>\$ 4,569,567</u>	<u>\$ 3,953,241</u>	<u>\$ 460,873</u>	<u>\$ 1,075,709</u>	<u>\$ 5,489,823</u>

The accompanying notes are an integral part of these financial statements

VENTURE FOR AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

1. 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 is incorporated in the State of Delaware and is exempt from income taxes under Section 501(c)(3) of the internal revenue code. The Organization is located in New York, NY. The major sources of revenues are from contributions from foundations, corporations, and individuals.

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:

The preparation of financial statements in accordance with the accrual basis of accounting 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.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. The Organization capitalizes property and equipment with a useful life of two years or more and a cost of \$2,000 or more.

Basis of Accounting

The Organization prepares its financial statements utilizing the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

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NOTES TO FINANCIAL STATEMENTS

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: Without Donor Restriction net assets and With Donor Restrictions net assets. In addition, the Organization is required to present a statement of cash flows.

Fund Balances

The Organization's fund balances are classified as follows:

a. Without Donor Restrictions

The General Fund includes all resources of the Organization which are expendable without restriction in carrying out its operations.

b. With Donor Restriction

This include funds, which donors have stipulated, are to be used for specific purposes. The restricted balance was \$953,204 and \$1,360,896 as of December 31, 2020 and 2019, respectively.

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.

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 year ended December 31, 2020 and 2019, there were \$82,392 and \$35,626, respectively, of In-Kind Contributions.

VENTURE FOR AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS

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.

Revenue Recognition

Placement fees are recorded at a point in time as income within the period that a fellow is placed with a corporation.

Tax Exempt Status

The Organization's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

Fair Value Measurements

Assets and liabilities are measured at fair value. The standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. It also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the hierarchy are defined as follows:

Level 1 Inputs	Investments consist of common stock and mutual funds which are valued using unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. No level one investments exist as of December 31, 2020.
Level 2 Inputs	Investments consist of preferred securities, corporate bonds/notes, asset backed securities and government securities which are valued by independent quotation bureaus that use computerized valuation formulas to calculate current values. No level two investments exist as of December 31, 2020.
Level 3 Inputs	Unobservable inputs in which there is little or no market data, which require management to develop their own assumptions.

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NOTES TO FINANCIAL STATEMENTS

The following table set forth the financial assets of the Organization, by level, within the fair value hierarchy as of December 31, 2020:

Asset Category	Total	Fair Value as of December 31, 2020		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in subsidiaries				
VFA Create, LLC	\$ 702,048	\$ -	\$ -	\$ 702,048
VFA Create, Inc.	142,551	-	-	142,551
Equity securities:				
Common stock	395,204	-	-	395,204
Total investments measured	<u>\$ 1,239,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,239,803</u>

The following is a reconciliation of changes in the fair value of investments classified as Level 3 for the year ended December 31, 2020:

Balance at January 1, 2020	\$ 668,165
Prior period adjustment	242,014
Investment income	159,789
Contribution to investments	169,835
Balance at December 31, 2020	<u>\$ 1,239,803</u>

3. Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less. The Organization maintains its bank deposits with high credit quality financial institutions. At times, such investments may be in excess of federally insured limits. The Organization has not experienced any losses in excess of federally insured limits.

VENTURE FOR AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS

4. Accounts Receivable

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 \$115,912 as of December 31, 2020 and \$29,559 for December 31, 2019.

5. Pledges Receivable

Pledges receivable consist of the following at December 31, 2020:

	391,599
Less: allowance for doubtful accounts	<u>(43,711)</u>
	\$ 347,888

During 2020, the Organization received \$558,000 in regards to grants for the 2021 calendar year from UBS, Quicken Loans, Barclays and Goldsmith. These amounts have been recorded as deferred revenue. In addition, \$62,000 from the prior year deferred revenue balance are related to the 2021 calendar year.

6. Placement fees Receivable

Placement fees receivable consist of the following at December 31, 2020:

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

7. 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, 2020:

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

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NOTES TO FINANCIAL STATEMENTS

8. Property and Equipment

Property and equipment as of December 31, 2020 consists of the following:

Leasehold improvements	26,421
Office furniture and equipment	2,399
Computer equipment	1,088
	<u>29,908</u>
Less: accumulated depreciation	<u>(29,908)</u>
	<u><u>-</u></u>

9. Website

Website costs as of December 31, 2020 consists of the following:

Website	182,808
Less: accumulated amortization	(161,107)
	<u>21,701</u>

10. Retirement Plans

The Organization offers a 401(k)-retirement plan for the benefit of its employees. No matching contributions are currently offered by the Organization.

11. Investments

The organization entered into a grant agreement with UBS AG New York Branch. The dual purpose of the grant is to fund organization-wide diversity, equity and inclusion efforts as well as provide investment funding in companies founded by VFA Fellows and Alumni. As of December 31, 2020, the Organization has invested \$844,599 in VFA Fellow & Alumni funded companies. The Organization has received stock donations from Banza, LLC valued at \$395,204.

12. Concentrations of Credit Risks

The Organization maintains several bank accounts at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. As of December 31, 2020, the total uninsured balances were \$1,304,516. Management believes that credit risk related to these accounts to be minimal.

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NOTES TO FINANCIAL STATEMENTS

13. Program Expenses

Program expenses include the recruitment, training, placement, programming and support for newly accepted Fellows. Ongoing support and training are also provided for Fellows as well as Alumni.

14. Related Party Transactions

During 2020, the organization had no material related party transactions.

15. Commitments and Contingencies

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 \$143,162 for the year ended December 31, 2020.

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

2021	147,913
2022	151,612
2023	148,772
	<u>\$ 448,297</u>

The Organization records rent expense on the straight-line basis as required under accounting principles generally accepted in the United States of America. Deferred rent amounted to \$24,786 as of December 31, 2020.

16. Line of Credit

As of December 31, 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, 2020, the outstanding balance on this line of credit was \$0.

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NOTES TO FINANCIAL STATEMENTS

17. Paycheck Protection Program

On May 3, 2020, the organization was granted a loan (the “Loan”) from Citi Bank in the amount of \$641,400, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act. The PPP provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after either eight week or twenty-four weeks (the “covered period”), based upon the Foundation election. Loans are forgivable as long as the Foundation uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and the Foundation satisfies certain employee-retention criteria.

The Loan, which was in the form of a Note dated May 3, 2020 issued to the organization, matures on May 3, 2022 and bears interest at a rate of 1% per annum, with a deferral of payments until such time that the Small Business Administration (the “SBA”) remits the loan forgiveness amounts, if any, to the Foundation.

18. Liquidity

The Organization has \$2,431,678 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$1,978,585 and accounts receivable of \$453,093. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contribution receivables are subject to implied time restrictions but are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$380,836.

19. Prior period adjustment

Venture For America, Inc. restated revenue and expenses for 2019 due to improper revenue recognition. During the 2019 calendar year, \$80,688 of revenue was recorded when it should have been recognized in future periods. During the 2019 calendar year, an adjustment to account payable was incorrectly made in the amount of \$4,351.

20. Subsequent Events

The Organization has evaluated subsequent events through June 7, 2021, the date on which the financial statements were available to be issued and determined that there were no events which required disclosure.