

EDUCATIONAL STUDENT TOURS, INC.
(A California Not-for-Profit Corporation)

AUDITED FINANCIAL STATEMENTS
For the year ended
DECEMBER 31, 2019

EDUCATIONAL STUDENT TOURS, INC.

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JEFFREY A. HILL CPA, INC.

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To the Board of Directors of
Educational Student Tours, Inc.
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of **Educational Student Tours, Inc.** which comprise the statement of financial position as of December 31, 2019, and the related statements of activities 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 the 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 risk of material misstatement of the financial statements due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Educational Student Tours, Inc.** as of December 31, 2019, and the changes in their net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeffrey A. Hill CFA

Carson, California
April 5, 2021

EDUCATIONAL STUDENT TOURS, INC.
STATEMENT OF FINANCIAL POSITION
At December 31, 2019

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ <u>243,373</u>
Total current assets	<u>243,373</u>
Total assets	<u><u>\$ 243,373</u></u>
 LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ <u>-</u>
Total liabilities	<u>-</u>
Net Assets	
Without donor restrictions	<u>243,373</u>
Total net assets	<u>243,373</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 243,373</u></u>

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

EDUCATIONAL STUDENT TOURS, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

	<u>Without donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:		
Contributions and donations	\$ <u>1,079,650</u>	\$ <u>1,079,650</u>
Total support and revenues	<u>1,079,650</u>	<u>1,079,650</u>
EXPENSES:		
Program expense-other	48,514	48,514
Program expense-food and dining	62,332	62,332
Program expense-lodging	195,395	195,395
Program expense-travel	447,824	447,824
Salaries and wages	197,562	197,562
Payroll taxes	15,114	15,114
Professional fees	80,448	80,448
Tuition assistance	25,507	25,507
Refunds	5,098	5,098
Insurance	7,008	7,008
Other	<u>5,018</u>	<u>5,018</u>
Total expenses	<u>1,089,820</u>	<u>1,089,820</u>
Decrease in net assets	(10,170)	(10,170)
Net assets, beginning of the year	<u>253,543</u>	<u>253,543</u>
Net assets, end of the year	<u>\$ <u>243,373</u></u>	<u>\$ <u>243,373</u></u>

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

EDUCATIONAL STUDENT TOURS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2019

Cash flows from operating activities:	
Decrease in net assets	\$ (10,170)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Increase (decrease) in liabilities:	
	<hr/>
Net cash used by operating activities	<u>(10,170)</u>
Net decrease in cash	(10,170)
Cash and cash equivalents - beginning of the year	<u>253,543</u>
Cash and cash equivalents - end of the year	<u><u>\$ 243,373</u></u>

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

EDUCATIONAL STUDENT TOURS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES

Educational Student Tours, Inc. (EST) is a California not-for-profit organization whose mission is to increase access, retention, and the graduation of youth from the foster care system and low-income communities at four-year Historically Black Colleges and Universities (HBCUs) in order to transform their lives. Our mission is met through the following program activities:

College Counseling and Preparation-We ensure that students are completing and passing the A-G courses (classes required for college entrance), help students identify and tour the colleges that will best suit them, guide them through their college essays and applications and assist them with scholarship applications. Our students take part in a 12-week ACT prep course to help them achieve the highest score possible. Students also take part in a seven-week Personal Statement Boot Camp. The Boot camp is designed to assist students in writing their college personal statements required by colleges participating in the Common Application program. While at the Boot Camp, students brainstorm, draft, examine successful essays, revise, and complete college essays that stand out from the crowd and get noticed by admissions officials.

Mentoring and Networks of Support-Monthly mentoring sessions begin during students' first days with the program and continue all the way through college. Research shows that mentorship is a highly effective non-academic strategy to support the success of foster youth. The strong bonds that our students and mentors develop facilitate trust and open communication. Students know that they don't need to wait for the next mentoring session, they can reach out to their mentor whenever they need help. Once a student has started college, their mentor will help them navigate campus resources, connect with other EST students, and develop a positive, supportive network on campus. Our students know they are never alone.

Financial Literacy and Support-As early as their junior year of high school, our scholarship writing coaches help students identify and apply for scholarships. We also help students complete the Free Application for Federal Student Aid (FAFSA), which establishes eligibility for Pell grants, and the California Chafee Grant for Foster Youth application. Our students learn how to read a financial aid award letter so that they understand the cost of attendance and any funding gaps. A seven-week financial literacy course taught by Loyola Marymount University ensures our students have the skills to manage a tight budget, avoid credit card debt in college, save money and even invest. Along with financial coaching and education, we award emergency support when needed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations" which require EST to report information regarding its financial position and activities according to the following net asset classifications:

These notes are an integral part of the preceding financial statements.

EDUCATIONAL STUDENT TOURS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(continued)

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 EST. These net assets may be used at the discretion of EST's management and the board of directors. Also, contributions that are restricted by the donor are reported as increases in net assets Without Donor Restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Net assets with Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. EST had no net assets with donor restriction at December 31, 2019.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, EST considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

INCOME TAXES

EST is a not-for-profit organization that is exempt from Federal and state income taxes under the Internal Revenue Code Section 501(c) (3) and the California State Revenue and Taxation Code 23701 (d) except on net income derived from unrelated business activities. EST's management believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

EST's Forms 990, Return of Organization Exempt from Income Tax for the years ending December 31, 2019, 2018, 2017 and 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

EDUCATIONAL STUDENT TOURS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(continued)

NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. EST has begun the implementation of the new standard.

NOTE 3 - SUBSEQUENT EVENTS

EST has evaluated subsequent events for the period from December 31, 2019 through April 5, 2021, the date the financial statements were available to be issued. Management identified the following event that require disclosure or that would have an impact on the financial statements.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared states of emergency. It is anticipated that these impacts will continue for some time. EST has begun to see a fiscal impact due to COVID-19 with decreased revenue and increased operating costs. Future potential impacts to EST include disruptions or restrictions on our employees' ability to work which may impact our ability to provide services to our clients. Changes to the operating environment may also be impacted. These changes may increase operating costs. The future effects of these issues are unknown at this time.