Financial Statements

Students For Liberty, Inc.

Years ended April 30, 2020 and 2019
Students For Liberty, Inc.

Years ended April 30, 2020 and 2019

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Independent Auditor’s Report

To the Board of Directors
Students For Liberty, Inc.

We have audited the accompanying financial statements of Students For Liberty, Inc., which comprise the statements of financial position as of April 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Students For Liberty, Inc. as of April 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the financial statements, the Organization has been impacted by the Coronavirus pandemic. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, as of May 1, 2019. Our opinion is not modified with respect to this matter.

September 22, 2020
## Students For Liberty, Inc.

### Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>April 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,284,034</td>
<td>$1,120,154</td>
</tr>
<tr>
<td>Digital currency</td>
<td>135</td>
<td>1,427</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>34,374</td>
<td>-</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>114,691</td>
<td>278,512</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>243,631</td>
<td>70,995</td>
</tr>
<tr>
<td>Security deposits</td>
<td>5,025</td>
<td>5,025</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$1,681,890</td>
<td>$1,476,113</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$60,376</td>
<td>$110,468</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>1,625</td>
<td>13,555</td>
</tr>
<tr>
<td>Accrued federal income taxes</td>
<td>2,972</td>
<td>-</td>
</tr>
<tr>
<td>Deferred event revenue</td>
<td>261,704</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>326,677</td>
<td>124,023</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets without donor restrictions</td>
<td>1,219,917</td>
<td>1,307,289</td>
</tr>
<tr>
<td>Net assets with donor restrictions</td>
<td>135,296</td>
<td>44,801</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>1,355,213</td>
<td>1,352,090</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$1,681,890</td>
<td>$1,476,113</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## Students For Liberty, Inc.

**Statement of Activities**  
**Year ended April 30, 2020**

<table>
<thead>
<tr>
<th>Support and revenue:</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$4,102,097</td>
<td>$130,296</td>
<td>$4,232,393</td>
</tr>
<tr>
<td>Program fees</td>
<td>89,618</td>
<td>-</td>
<td>89,618</td>
</tr>
<tr>
<td>Interest income</td>
<td>11,802</td>
<td>-</td>
<td>11,802</td>
</tr>
<tr>
<td>Change in fair value of digital currency</td>
<td>(7,039)</td>
<td>-</td>
<td>(7,039)</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>43,845</td>
<td>-</td>
<td>43,845</td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>15,152</td>
<td>-</td>
<td>15,152</td>
</tr>
<tr>
<td>Other revenue</td>
<td>11,174</td>
<td>-</td>
<td>11,174</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td><strong>4,266,649</strong></td>
<td><strong>130,296</strong></td>
<td><strong>4,396,945</strong></td>
</tr>
</tbody>
</table>

| Net assets released from restrictions | 39,801                   | (39,801)                | -           |
| Total support, revenue and reclassifications | 4,306,450               | 90,495                  | 4,396,945   |

### Expenses:

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>3,701,957</td>
<td>-</td>
<td>3,701,957</td>
</tr>
<tr>
<td>Management and general</td>
<td>336,841</td>
<td>-</td>
<td>336,841</td>
</tr>
<tr>
<td>Fundraising</td>
<td>355,024</td>
<td>-</td>
<td>355,024</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>4,393,822</strong></td>
<td>-</td>
<td><strong>4,393,822</strong></td>
</tr>
</tbody>
</table>

| Change in net assets          | (87,372)                 | 90,495                  | 3,123       |

| Net assets, beginning of year | 1,307,289                 | 44,801                  | 1,352,090   |
| Net assets, end of year       | $1,219,917                | $135,296                | $1,355,213  |

*See accompanying notes to financial statements.*
### Students For Liberty, Inc.

**Statement of Activities**  
Year ended April 30, 2019

<table>
<thead>
<tr>
<th>Support and revenue:</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$4,312,218</td>
<td>$44,801</td>
<td>$4,357,019</td>
</tr>
<tr>
<td>Program fees</td>
<td>626,529</td>
<td>626,529</td>
<td></td>
</tr>
<tr>
<td>Gain on investments</td>
<td>9,945</td>
<td>-</td>
<td>9,945</td>
</tr>
<tr>
<td>Change in fair value of digital currency</td>
<td>(7,206)</td>
<td>-</td>
<td>(7,206)</td>
</tr>
<tr>
<td>Rental income</td>
<td>9,047</td>
<td>-</td>
<td>9,047</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>107,750</td>
<td>-</td>
<td>107,750</td>
</tr>
<tr>
<td>Other revenue</td>
<td>7,900</td>
<td>-</td>
<td>7,900</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td><strong>5,066,183</strong></td>
<td><strong>44,801</strong></td>
<td><strong>5,110,984</strong></td>
</tr>
</tbody>
</table>

| Net assets released from restrictions    | 20,450                     | (20,450)                | -         |

| Total support, revenue and reclassifications | 5,086,633 | 24,351 | 5,110,984 |

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>3,893,454</td>
<td>-</td>
<td>3,893,454</td>
</tr>
<tr>
<td>Management and general</td>
<td>326,223</td>
<td>-</td>
<td>326,223</td>
</tr>
<tr>
<td>Fundraising</td>
<td>380,972</td>
<td>-</td>
<td>380,972</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>4,600,649</strong></td>
<td>-</td>
<td><strong>4,600,649</strong></td>
</tr>
</tbody>
</table>

| Change in net assets                      | 485,984       | 24,351     | 510,335   |

| Net assets, beginning of year             | 821,305       | 20,450     | 841,755   |

| Net assets, end of year                   | $1,307,289    | $44,801    | $1,352,090|

See accompanying notes to financial statements.
### Students For Liberty, Inc.

**Statement of Functional Expenses**  
**Year ended April 30, 2020**

<table>
<thead>
<tr>
<th>Item</th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$915,161</td>
<td>$125,914</td>
<td>$169,624</td>
<td>$1,210,699</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>47,791</td>
<td>5,829</td>
<td>6,675</td>
<td>60,295</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>20,739</td>
<td>2,853</td>
<td>3,844</td>
<td>27,436</td>
</tr>
<tr>
<td>Accounting and legal</td>
<td></td>
<td>15,375</td>
<td>-</td>
<td>15,375</td>
</tr>
<tr>
<td>Advertising</td>
<td>136,508</td>
<td>312</td>
<td>616</td>
<td>137,436</td>
</tr>
<tr>
<td>Bank fees</td>
<td>1,481</td>
<td>27,520</td>
<td>50</td>
<td>29,051</td>
</tr>
<tr>
<td>Bad debt</td>
<td></td>
<td>35,599</td>
<td>-</td>
<td>35,599</td>
</tr>
<tr>
<td>Conferences and travel</td>
<td>853,184</td>
<td>3,516</td>
<td>73,863</td>
<td>930,563</td>
</tr>
<tr>
<td>Consultants and contractors</td>
<td>1,422,545</td>
<td>43,964</td>
<td>63,127</td>
<td>1,529,636</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>99,194</td>
<td>15,465</td>
<td>16,582</td>
<td>131,241</td>
</tr>
<tr>
<td>In-kind expenses</td>
<td>43,845</td>
<td>-</td>
<td>-</td>
<td>43,845</td>
</tr>
<tr>
<td>Income taxes</td>
<td></td>
<td>2,972</td>
<td>-</td>
<td>2,972</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>9,647</td>
<td>-</td>
<td>9,647</td>
</tr>
<tr>
<td>Office supplies</td>
<td>2,850</td>
<td>10,274</td>
<td>3,935</td>
<td>17,059</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>2,063</td>
<td>651</td>
<td>1,524</td>
<td>4,238</td>
</tr>
<tr>
<td>Printing</td>
<td>41,537</td>
<td>369</td>
<td>12,539</td>
<td>54,445</td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td>10,370</td>
<td>-</td>
<td>10,370</td>
</tr>
<tr>
<td>Scholarships and stipends</td>
<td>4,988</td>
<td>9,113</td>
<td>1,997</td>
<td>16,098</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>5,820</td>
<td>7,731</td>
<td>-</td>
<td>13,551</td>
</tr>
<tr>
<td>Technology</td>
<td>97,916</td>
<td>3,417</td>
<td>30</td>
<td>101,363</td>
</tr>
<tr>
<td>Utilities</td>
<td>5,692</td>
<td>4,024</td>
<td>105</td>
<td>9,821</td>
</tr>
<tr>
<td>Workers compensation</td>
<td></td>
<td>1,214</td>
<td>-</td>
<td>1,214</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>643</td>
<td>712</td>
<td>513</td>
<td>1,868</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,701,957</strong></td>
<td><strong>$336,841</strong></td>
<td><strong>$355,024</strong></td>
<td><strong>$4,393,822</strong></td>
</tr>
</tbody>
</table>

*See accompanying notes to financial statements.*
Students For Liberty, Inc.

Statement of Functional Expenses
Year ended April 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$ 876,944</td>
<td>$ 123,334</td>
<td>$ 150,792</td>
<td>$ 1,151,070</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>68,112</td>
<td>9,350</td>
<td>12,677</td>
<td>90,139</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>35,119</td>
<td>5,083</td>
<td>6,007</td>
<td>46,209</td>
</tr>
<tr>
<td>Accounting and legal</td>
<td>-</td>
<td>48,461</td>
<td>-</td>
<td>48,461</td>
</tr>
<tr>
<td>Advertising</td>
<td>105,577</td>
<td>30</td>
<td>847</td>
<td>106,454</td>
</tr>
<tr>
<td>Bank fees</td>
<td>1,738</td>
<td>35,163</td>
<td>-</td>
<td>36,901</td>
</tr>
<tr>
<td>Conferences and travel</td>
<td>1,269,708</td>
<td>12,349</td>
<td>89,283</td>
<td>1,371,340</td>
</tr>
<tr>
<td>Consultants and contractors</td>
<td>1,217,546</td>
<td>15,045</td>
<td>66,742</td>
<td>1,299,333</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>80,458</td>
<td>12,812</td>
<td>8,034</td>
<td>101,304</td>
</tr>
<tr>
<td>In-kind expenses</td>
<td>107,750</td>
<td>-</td>
<td>-</td>
<td>107,750</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>11,382</td>
<td>-</td>
<td>11,382</td>
</tr>
<tr>
<td>Office supplies</td>
<td>1,257</td>
<td>11,857</td>
<td>5,269</td>
<td>18,383</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>4,468</td>
<td>151</td>
<td>19,999</td>
<td>24,618</td>
</tr>
<tr>
<td>Printing</td>
<td>48,557</td>
<td>2,262</td>
<td>20,140</td>
<td>70,959</td>
</tr>
<tr>
<td>Rent</td>
<td>-</td>
<td>20,542</td>
<td>-</td>
<td>20,542</td>
</tr>
<tr>
<td>Scholarships and stipends</td>
<td>19,516</td>
<td>10,021</td>
<td>-</td>
<td>29,537</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>5,140</td>
<td>4,411</td>
<td>-</td>
<td>9,551</td>
</tr>
<tr>
<td>Technology</td>
<td>47,092</td>
<td>839</td>
<td>925</td>
<td>48,856</td>
</tr>
<tr>
<td>Utilities</td>
<td>3,147</td>
<td>3,253</td>
<td>84</td>
<td>6,484</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,325</td>
<td>(122)</td>
<td>173</td>
<td>1,376</td>
</tr>
<tr>
<td>Total</td>
<td>$ 3,893,454</td>
<td>$ 326,223</td>
<td>$ 380,972</td>
<td>$ 4,600,649</td>
</tr>
</tbody>
</table>

*See accompanying notes to financial statements.*
Students For Liberty, Inc.
Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>Year ended April 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ 3,123</td>
<td>$ 510,335</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in fair value of digital currency</td>
<td>7,039</td>
<td>7,206</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital currency</td>
<td>(5,747)</td>
<td>(8,565)</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(34,374)</td>
<td>-</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>163,821</td>
<td>(95,717)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(172,636)</td>
<td>(54,614)</td>
</tr>
<tr>
<td>Security deposits, net</td>
<td>-</td>
<td>22,690</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(50,092)</td>
<td>24,283</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(11,930)</td>
<td>(380)</td>
</tr>
<tr>
<td>Accrued federal income taxes</td>
<td>2,972</td>
<td>-</td>
</tr>
<tr>
<td>Deferred event revenue</td>
<td>261,704</td>
<td>(1,924)</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>160,757</td>
<td>(107,021)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>163,880</td>
<td>403,314</td>
</tr>
</tbody>
</table>

| **Investing activities**       |                      |    |
| Proceeds from sales of investments | -                    | 345,750 |
| Net increase in cash           | 163,880              | 749,064 |
| Cash, beginning of year        | 1,120,154            | 371,090 |
| Cash, end of year              | $1,284,034           | $1,120,154 |

See accompanying notes to financial statements.
Note A—Summary of Accounting Policies

Organization

Students For Liberty, Inc. (the "Organization"), located in Arlington, VA, is a not-for-profit organization whose mission is to provide a unified, student-driven forum of support for students and student organizations dedicated to liberty. The Organization endorses the principles that comprise liberty: economic freedom to choose how to provide for one’s life; social freedom to choose how to live one’s life; and intellectual and academic freedom.

Basis of Accounting

The accompanying financial statements of the Organization are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization follows net asset accounting methods, whereby revenues are classified for accounting and reporting purposes into one of two net asset classes:

- Net assets without donor restrictions—net assets available for use in general operations which are not subject to donor-imposed restrictions.

- Net assets with donor restrictions—net assets subject to donor-imposed restrictions that may be temporary in nature, such as those that will be met either by actions of the Organization, the passage of time, or both. Other donor-imposed restrictions are perpetual in nature and require those resources be maintained permanently by the Organization. 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.

Use of Estimates

Management uses estimates and assumptions in preparing the Organization’s financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.
Note A—Summary of Accounting Policies (continued)

Digital Currencies Translations and Remeasurements

The Organization uses digital currency, primarily Bitcoin, for certain operations abroad. The Organization classifies digital currency as an operating asset, which initially is translated to US dollars and recorded at cost, and subsequently remeasured at each reporting date based on the current fair value. The Organization considers this a Level 1 determination of fair value as the equivalency rate represents a generally well recognized quoted price in an active market for Bitcoins, which is accessible to the Organization on an ongoing basis. Realized gains and losses are determined on the basis of the cost of specific units sold and are presented net with unrealized gains and losses in the change in fair value of digital currency in the accompanying statements of activities.

In addition, the Organization maintains a Coinbase USD Wallet Account, which is linked to one of the Organization’s bank accounts and enables the Organization to store US dollar balances on Coinbase for instant Bitcoin transactions. At April 30, 2020 and 2019, the Coinbase USD Wallet Account balance was $1,682 and $57, respectively, which is included in cash and cash equivalents in the accompanying statements of financial position.

Pledges Receivable

Pledges receivable are stated at amounts management expects to collect from outstanding balances. Management believes all balances are collectible and accordingly has not recorded a valuation allowance.

Property and Equipment

Property and equipment valued at greater than $500 with a useful life of more than one year is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs that do not extend the useful life of the equipment are expensed when incurred. All assets as of April 30, 2020 and 2019 have been fully depreciated.
Students For Liberty, Inc.

Notes to Financial Statements (continued)

Note A—Summary of Accounting Policies (continued)

Revenue Recognition

Contributions are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. 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 fiscal year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this time cannot be determined objectively and therefore is not reflected in the accompanying financial statements.

Foreign Currency Transactions

The Organization has certain contracts that are denominated in foreign currencies. The net foreign currency transaction gains or losses resulting from exchange rate fluctuations on transactions denominated in a currency other than the US dollar are included in the accompanying statements of activities. The Organization had a net foreign currency transaction loss of $7,039 and $7,206 for the years ended April 30, 2020 and April 30, 2019, respectively.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated are compensation and benefits which are allocated on the basis of management’s estimate of time and effort. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.
Note A—Summary of Accounting Policies (continued)

Income Tax Status

The Internal Revenue Service has determined that the Organization is exempt from income tax under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies as a charitable organization as described in Section 170(c) and has been classified under Section 170(b)(1)(A)(vi) as an organization that is not a private foundation.

Advertising revenues are not directly related to the Organization’s tax exempt purpose and are subject to taxation as unrelated business income.

Accounting Change

During the year ended April 30, 2020, the Organization adopted the provisions of the Financial Accounting Standards Board Accounting Update No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08). ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The adoption of this ASU did not have a significant impact on the Organization’s financial statements.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic”. First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations.

As a result of COVID-19, the Organization cancelled its main annual event scheduled for April 2020. While some sponsors allowed the Organization to retain the funds and defer them until the 2021 event, a number of registrations and sponsorships were refunded prior to the end of the fiscal year. Additionally as a result of COVID-19, the Organization was notified that certain outstanding pledges were uncollectible. These amounts are included in the accompanying financial statements as bad debt expense. Additional financial impacts to the Organization are being assessed on an ongoing basis.
Students For Liberty, Inc.

Notes to Financial Statements (continued)

Note A—Summary of Accounting Policies (continued)

Subsequent Events

Subsequent events were evaluated through September 22, 2020, which is the date the financial statements were available to be issued.

Note B—Cash

The Organization maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per financial institution. The Company’s cash balances are at times in excess of the $250,000 insured limit. Management does not consider uninsured cash to be a significant risk.

Note C—Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at April 30:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program restricted—LibertyCon 2021</td>
<td>$ 5,000</td>
<td></td>
</tr>
<tr>
<td>Program restricted—LibertyCon 2020</td>
<td>—</td>
<td>5,000</td>
</tr>
<tr>
<td>Program restricted—Liberty Caravan Project</td>
<td>16,259</td>
<td>39,801</td>
</tr>
<tr>
<td>Program restricted—Learn Liberty</td>
<td>103,000</td>
<td></td>
</tr>
<tr>
<td>Program restricted—Applied Economics for Africa</td>
<td>3,893</td>
<td></td>
</tr>
<tr>
<td>Program restricted—Indiana Outreach</td>
<td>7,144</td>
<td></td>
</tr>
<tr>
<td>Total net assets with donor restrictions</td>
<td>$ 135,296</td>
<td>$ 44,801</td>
</tr>
</tbody>
</table>

Note D—Operating Leases

On April 1, 2013, the Organization entered into an operating lease agreement for office space in Washington, D.C., which expired on May 31, 2018. The lease contained rent abatement for the first five months and scheduled fixed rent increases for future periods. The Organization recorded monthly rent expense, net of deferred rent amortization, in the accompanying financial statements. From June 1, 2017 through May 31, 2018, the Organization subleased this office space to another organization. The sublease called for a monthly payment to the Organization of $9,047.
Note D—Operating Leases (continued)

On June 1, 2017, the Organization entered into an operating lease agreement for new office space in Arlington, Virginia on a month-to-month basis. The terms of the lease call for a monthly payment of $850.

Total rent expense under operating leases for the years April 30, 2020 and 2019, was $10,370 and $11,495 (net of sublease rental income of $9,047), respectively.

Note E—Advertising

Advertising costs are expensed as incurred. Advertising expense was $137,436 in 2020 and $106,454 in 2019.

Note F—Commitments

The Organization has entered into a contract with an event center for its 2021 convention. The agreement requires payment of specified amounts for any cancelation of the contract within a certain number of days prior to the event.

Note G—Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$1,284,034</td>
<td>$1,120,154</td>
</tr>
<tr>
<td>Digital currency</td>
<td>135</td>
<td>1,427</td>
</tr>
<tr>
<td>Receivables</td>
<td>149,065</td>
<td>278,512</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>1,433,234</td>
<td>1,400,093</td>
</tr>
<tr>
<td>Less those unavailable for general expenditure within one year due to donor restrictions</td>
<td>(135,296)</td>
<td>(44,801)</td>
</tr>
<tr>
<td>Financial assets available to meet cash needs for general expenditures within one year</td>
<td>$1,297,938</td>
<td>$1,355,292</td>
</tr>
</tbody>
</table>
Note H—Reclassifications

Certain amounts related to the year ended April 30, 2019 have been reclassified to conform to the presentation for the year ended April 30, 2020.

Note I—Subsequent Events

In January 2020, the Organization entered into a Memo of Understanding to spin off one of it’s programs into a separate 501(c)(4). The Understanding reflects that the new entity will receive certain intangible assets as part of this spin off from the Organization for approximately $660,000. As of May 1, 2020, the separate 501(c)(4) entity has been created, however the Organization and the new entity are in the last stages of finalizing the financial arrangements.

In June 2020, the Liberty Caravan Project ended due to COVID-19. The remaining balance of $16,259 held in net assets with donor restrictions for this project was returned to the donor.