YOUTH, IMPROVING NON-PROFITS FOR CHILDREN

Audited Financial Statements

December 31, 2022

Independent Auditor's Report

To the Board of Directors of
Youth, Improving Non-Profits for Children

Opinion

We have audited the accompanying financial statements of Youth, Improving Non-Profits for Children ("Youth INC"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Youth INC as of December 31, 2022, and the changes in 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 ("GAAS"). 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 Youth 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 Youth 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these 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 Youth 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 Youth 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.

Report on Summarized Comparative Information

The financial statements of Youth INC as of and for the year ended December 31, 2021, were audited by other auditors whose report dated September 22, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects with the audited financial statements from which it was derived.

Sax CPAs LLP

New York, NY
June 13, 2023

YOUTH, IMPROVING NON-PROFITS FOR CHILDREN
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2022
(With comparative totals at December 31, 2021)

	12/31/22	12/31/21
Assets		
Cash and cash equivalents	$3,757,221	$4,273,796
Contributions receivable, net (Note 3)	1,120,671	1,527,514
Prepaid expenses and other assets	60,789	72,593
Fixed assets, net (Note 4)	69,251	66,779
Security deposit	115,843	115,843
Total assets	$5,123,775	$6,056,525
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$479,953	$892,155
Grant expense payable	58,000	8,000
Conditional contributions	0	125,000
Total liabilities	537,953	1,025,155
Net assets:		
Without donor restrictions:		
For operations	2,284,130	2,309,436
Board designated operating reserve	1,809,000	1,674,000
Total without donor restrictions	4,093,130	3,983,436
With donor restrictions (Note 5)	492,692	1,047,934
Total net assets	4,585,822	5,031,370
Total liabilities and net assets	$5,123,775	$6,056,525

The attached notes and auditor's report are an integral part of these financial statements.

YOUTH, IMPROVING NON-PROFITS FOR CHILDREN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/22	Total 12/31/21
Public support and revenue:				
Contributions and special events (net of expenses with a direct benefit to donors)	$5,326,352	$12,692	$5,339,044	$6,899,499
In-kind contributions (Note 2k)	819,838		819,838	1,079,747
Paycheck Protection Program loan (Note 6)			0	403,540
Interest and dividends	5,252		5,252	1,524
Net assets released from restrictions	567,934	(567,934)	0	0
Total public support and revenue	6,719,376	(555,242)	6,164,134	8,384,310
Expenses:				
Program services	4,947,374		4,947,374	5,049,046
Management and general	1,011,544		1,011,544	1,158,649
Fundraising	650,764		650,764	570,291
Total expenses	6,609,682	0	6,609,682	6,777,986
Change in net assets	109,694	(555,242)	(445,548)	1,606,324
Net assets - beginning of year	3,983,436	1,047,934	5,031,370	3,425,046
Net assets - end of year	$4,093,130	$492,692	$4,585,822	$5,031,370

The attached notes and auditor's report are an integral part of these financial statements.

YOUTH, IMPROVING NON-PROFITS FOR CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	Program Services	Management and General	Fundraising	Total Expenses 12/31/22	Total Expenses 12/31/21
Salaries, payroll taxes and benefits	$2,357,297	$500,517	$513,781	$3,371,595	$3,312,796
Professional fees	52,614	307,027	11,497	371,138	351,061
Consultants	514,964	9,386	19,782	544,132	354,038
Grant expenses	1,039,000			1,039,000	1,236,530
Office expenses	84,597	37,983	22,273	144,853	119,723
Occupancy	64,404	14,659	14,073	93,136	103,641
Travel and meetings	6,802	27,127	9,762	43,691	8,829
Insurance	16,726	3,808	3,655	24,189	18,133
Production costs	43,140	400	82,039	125,579	38,427
In-kind professional expenses	706,665	87,438	23,815	817,918	1,079,747
In-kind use of facilities		1,920		1,920	0
Other expenses	42,117	16,943	16,665	75,725	62,487
Bad debt expenses				0	48,564
Depreciation	19,048	4,336	4,162	27,546	44,010
Total expenses	4,947,374	1,011,544	721,504	6,680,422	6,777,986
Less: direct special event expenses netted with revenue			(70,740)	(70,740)	0
Total expenses for statement of activities	$4,947,374	$1,011,544	$650,764	$6,609,682	$6,777,986

The attached notes and auditor's report are an integral part of these financial statements.

YOUTH, IMPROVING NON-PROFITS FOR CHILDREN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	12/31/22	12/31/21
Cash flows from operating activities:		
Change in net assets	($445,548)	$1,606,324
Adjustments to reconcile change in net assets		
to net cash (used for)/provided by operating activities:		
Depreciation	27,546	44,010
Bad debt	0	48,564
Changes in assets and liabilities:		
Contributions receivable	406,843	(988,896)
Prepaid expenses and other assets	11,804	(41,243)
Accounts payable and accrued expenses	(412,202)	362,854
Grant expense payable	50,000	(452,291)
Conditional contributions	(125,000)	125,000
Deferred rent	0	(5,740)
Total adjustments	(41,009)	(907,742)
Net cash (used for)/provided by operating activities	(486,557)	698,582
Cash flows from investing activities:		
Purchases of fixed assets	(30,018)	(33,350)
Net cash used for investing activities	(30,018)	(33,350)
Net (decrease)/increase in cash and cash equivalents	(516,575)	665,232
Cash and cash equivalents - beginning of year	4,273,796	3,608,564
Cash and cash equivalents - end of year	$3,757,221	$4,273,796
Supplemental information:		
Interest and taxes paid	$0	$0

The attached notes and auditor's report are an integral part of these financial statements.

YOUTH, IMPROVING NON-PROFITS FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Nature of the Organization

Youth, Improving Non-Profits for Children (d/b/a "Youth INC") is a nonprofit organization that seeks to transform the lives of NYC youth through its unique venture philanthropy model that empowers the nonprofits that serve them. Since its founding in 1995, Youth INC has taken a uniquely holistic approach to address the many different needs of nonprofits, from improving fundraising and governance practices and building boards, to funding critical elements of infrastructure and evaluating impact. By applying the best practices from the corporate, academic, and nonprofit sectors, Youth INC empowers its partner nonprofits with the tools to achieve sustainable growth and maximize impact on youth served. Youth INC currently partners with over 75 youth development nonprofits that collectively champion over 250,000 young people each year.

Our Venture Philanthropy Model
Our program model is to build knowledge of best practices along with the leadership skills and behaviors that move organizations forward. We do this by meeting our nonprofit partners where they are with a flexible core of programs designed to accelerate organizations to not only survive but thrive. We work with our nonprofit partners through three main avenues of support:

Coaching
We provide best practices and individualized coaching to help teams implement strong practices in key elements of organizational thriving/strength:

- Fund Development: Developing an intentional and thoughtful revenue strategy by assessing the revenue model, strategy, organizational design, resource allocation and revenue culture needed to accomplish revenue goals.
- Governance: Boards build effective oversight and accountability for growth as organizations evolve to the next phase of maturity.
- Leadership: Executive Directors, senior, and emerging leaders build the leadership skills, organizational design, and culture needed to deepen their impact and sustainability over time.
- Impact Evaluation: Measure the impact of our partners' programs on the character - or 'Social and Emotional Learning' ('SEL') - growth of young people served and use data and evidence-based best practices to inform program design decisions.
- Strategy and Operational Effectiveness: Strategy planning lab develops strategic plans along with one year implementation support to sustain monitoring, evaluation, communication and change management.

Capital
- BridgeFund Grants: In 2020, we pivoted our traditional capacity-building cash grants to COVID-19 Response & Recovery grants for our nonprofit partners. The grants were unrestricted capital investments to support capacity-building.
- Corporate-Sponsored Grants: Funding from corporate partners to support capacity-building.

Connections

- Advisory: Pro-bono partnerships between corporate and nonprofit partners to leverage business best practices and provide financial, strategic, and organizational improvement.
- Board Placements: Bespoke matching between corporate professionals and nonprofit partners' boards.
- Partner Network community: Peer exchange opportunities to strengthen best practices through cohort-based program model and partner network-wide events.

Youth INC is a nonprofit organization and has been notified by the Internal Revenue Service that they are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Recently Adopted Accounting Standards

Effective January 1 2022, Youth INC adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements.

Effective January 1, 2022, Youth INC adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures. See Note 2k for more details.

c. Basis of Presentation

Youth INC reports information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use. Youth INC's Board of Directors established an operating reserve fund and designated a minimum of four and a half months of operating expenses of unrestricted resources which are held in cash and cash equivalents (Note 8).

  Activity of the board designated fund was as follows:

	12/31/22	12/31/21
Balance – beginning of year	$1,674,000	$1,919,000
Transfers in/(out)	135,000	(245,000)
Board designated fund – end of year	$1,809,000	$1,674,000

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

d. Revenue Recognition

Youth INC follows the requirements of FASB's Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recognized when considered unconditional. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the class of net assets without donor restrictions.

Contributions expected to be received within one year are recorded at net realizable value. Conditional contributions are recognized as income when the conditions have been substantially met.

e. Cash and Cash Equivalents

Youth INC considers all liquid investments available for current use and with an initial maturity of three months or less to be cash and cash equivalents.

f. Concentration of Credit Risk

Financial instruments, which potentially subject Youth INC to a concentration of credit risk consist of cash and money market accounts which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. While at year end Youth INC had material uninsured balances, management feels they have little risk and has not experienced any losses due to bank failure.

g. Allowance for Doubtful Accounts

Youth INC evaluates receivables for collectability based on historical experience and a review of activity subsequent to the statement of financial position date. An allowance of approximately $15,000 and $17,000 has been established for potential uncollectible receivables as of December 31, 2022 and 2021, respectively.

h. Capitalization Policy

Property and equipment that exceed pre-determined amounts and have a useful life of greater than one year are recorded at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful life of the respective asset as follows:

- Furniture and fixtures – *5 to 7-year life*
- Computers and software – *3 to 5-year life*

Maintenance and repairs, which neither materially add to the value of the asset nor appreciably prolong its life are charged to expenses as incurred.

i. Leases

Youth INC determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term.

Youth INC does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less).

Youth INC occupies space in New York under an operating lease that expires December 31, 2023. This lease term expires within twelve months of the statement of financial position date. Youth INC is not reporting an ROU asset or lease liability for this lease due to immaterial nature of the ROU asset and lease liability as of December 31, 2022. Future remaining minimum lease payments total $90,000.

j. Grant Expenses

Grants authorized but unpaid at year end are reported as liabilities. All grants outstanding are due to be paid within the following year.

k. In-Kind Contributions and Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their fair value on the date of donation. Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of services that assist Youth INC. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

Youth INC received donated professional services valued at $819,838 and $1,079,747 during the years ended December 31, 2022 and 2021, respectively. Contributed services are valued at the estimated fair value based on current rates for similar services.

l. Prior-Year Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Youth INC's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

m. Functional Allocation of Expenses

The financial statements contain certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently and equitably applied.

The following expenses were allocated using estimates of time and effort as the basis:

- Salaries
- Payroll taxes
- Benefits
- Office expenses
- Occupancy
- Insurance
- Other expenses
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

n. Use of Estimates
In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

o. Accounting for Uncertainty of Income Taxes
Youth INC does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2019 and later are subject to examination by applicable taxing authorities.

Note 3 - Contributions Receivable

Contributions receivable are anticipated to be collected in the following periods:

Year ending:	December 31, 2023	$864,171
	December 31, 2024	136,500
	December 31, 2025	135,000
		1,135,671
Less: allowance for uncollectible		(15,000)
Total		$1,120,671

Pledges receivable have not been discounted using present value techniques due to the immaterial nature of the discount.

Note 4 - Fixed Assets

Fixed assets consist of the following:

	12/31/22	12/31/21
Furniture and equipment	$442,194	$412,176
Software	168,562	168,562
	610,756	580,738
Less: accumulated depreciation	(541,505)	(513,959)
Total fixed assets, net	$69,251	$66,779

Note 5 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	December 31, 2022			
	Beginning Balance 1/1/22	Contributions	Released from Restrictions	Ending Balance 12/31/22
Program restricted:				
Rise Academy	$832,934	$0	($432,934)	$400,000
Time restricted	215,000	12,692	(135,000)	92,692
Total	$1,047,934	$12,692	($567,934)	$492,692

	December 31, 2021			
	Beginning Balance 1/1/21	Contributions	Released from Restrictions	Ending Balance 12/31/21
Program restricted:				
Ancillary-Pilot Programs	$25,000	$0	($25,000)	$0
Rise Academy	0	1,050,000	(217,066)	832,934
Total program restricted	25,000	1,050,000	(242,066)	832,934
Time restricted	12,750	340,000	(137,750)	215,000
Total	$37,750	$1,390,000	($379,816)	$1,047,934

Note 6 - Paycheck Protection Program Loan

During the year ended December 31, 2020, Youth INC obtained a loan from the Small Business Administration ("SBA") in the amount of $403,540 through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven.

Youth INC accounted for the PPP loan in accordance with FASB ASC 958-605 as it was considered to have traits similar to a conditional contribution. As all conditions had been met in the year the funds were received, revenue for the full amount was recognized in 2021. In February 2021, full forgiveness of the loan was approved by the SBA.

Note 7 - Allocation of Joint Costs

Youth INC incurred expenses that were identifiable with a particular function but served joint purposes. Expenses related to certain events, donor call services, and program materials jointly support Youth INC's programs and fundraising. These expenses were allocated as follows:

	12/31/22	12/31/21
Program services	$330,112	$391,729
Fundraising	245,796	245,008
Total	$575,908	$636,737

Note 8 - Availability and Liquidity

The following reflects Youth INC's financial assets at December 31, 2022 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	$3,757,221	
Contributions receivable – due within one year, net of allowance for uncollectible	849,171	
Total financial assets		$4,606,392
Less amounts not available for general expenditures within one year:		
Program restrictions	(400,000)	
Board designated funds	(1,809,000)	
Total restricted funds		(2,209,000)
Financial assets available to meet cash needs for general expenditures within one year		$2,397,392

Youth INC regularly monitors liquidity required to meet its operating and grant making needs. Additionally, Youth INC's Board of Directors established an operating reserve fund, which designated a minimum of four and a half months of operating expenses of unrestricted resources to be included in reserves. The purpose of Youth INC's operating reserve fund is to help ensure the long-term financial stability of the mission, programs, employment, and ongoing operations of the organization. The operating reserve may only be spent with the prior approval of the Audit Committee of the Board of Directors.

Note 9 - Retirement Plan

Youth INC maintains a retirement plan under Internal Revenue Code section 401(k). The plan covers all employees who are at least 21 years of age. Youth INC makes a safe harbor contribution of 3% of eligible employees' salaries. Total contributions to the plan were $75,462 and $78,299 in 2022 and 2021, respectively.

Note 10 - Subsequent Events

Youth INC is eligible for the Employee Retention Credit established by the Coronavirus Relief Act issued by Congress during 2020 which allows an employer to obtain fully refundable tax credits through their payroll filings for qualified wages paid after March 13, 2020 through September 30, 2021. Subsequent to year end, Youth INC submitted its applications for the 2nd and 3rd quarters of 2021 and expects to receive $296,850. Applications have not yet been submitted for 2020 or the 1st quarter of 2021.

Subsequent events have been evaluated through June 13, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.