Youth, Improving Non-Profits for Children

Audited Financial Statements

December 31, 2023

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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, 2023, 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, 2023, 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 GAAS 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 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 GAAS, 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

We have previously audited Youth INC's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax CPAs LLP
New York, NY
June 13, 2024

Youth, Improving Non-Profits for Children

Statement of Financial Position

As of December 31, 2023
(With comparative totals as of December 31, 2022)

	December 31, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	$ 2,827,827	$ 3,757,221
Contributions receivable, net	1,202,614	1,120,671
Prepaid expenses and other assets	214,683	60,789
Fixed assets, net	46,649	69,251
Security deposit	119,143	115,843
TOTAL ASSETS	**$ 4,410,916**	**$ 5,123,775**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 65,385	$ 479,953
Grant expense payable	8,000	58,000
Total liabilities	73,385	537,953
NET ASSETS		
Without donor restrictions		
For operations	1,927,450	2,284,130
Board designated operating reserve	1,755,000	1,809,000
Total without donor restrictions	3,682,450	4,093,130
With donor restrictions	655,081	492,692
Total net assets	4,337,531	4,585,822
TOTAL LIABILITIES AND NET ASSETS	**$ 4,410,916**	**$ 5,123,775**

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, 2023
(With comparative totals for the year ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/23	Total 12/31/22
PUBLIC SUPPORT AND REVENUE				
Contributions and special events (net of expenses with a direct benefit to donors)	$ 3,603,006	$ 430,000	$ 4,033,006	$ 5,339,044
Government grants	296,850	-	296,850	-
In-kind contributions	802,532	-	802,532	819,838
Interest income	51,975	-	51,975	5,252
Net assets released from restrictions	267,611	(267,611)	-	-
Total public support and revenue	5,021,974	162,389	5,184,363	6,164,134
EXPENSES				
Program services	3,398,028	-	3,398,028	4,947,374
Supporting services:				
Management and general	1,161,109	-	1,161,109	1,011,544
Fundraising	873,517	-	873,517	650,764
Total supporting services	2,034,626	-	2,034,626	1,662,308
Total expenses	5,432,654	-	5,432,654	6,609,682
Change in net assets	**(410,680)**	**162,389**	**(248,291)**	**(445,548)**
NET ASSETS, *beginning of year*	4,093,130	492,692	4,585,822	5,031,370
NET ASSETS, *end of year*	**$ 3,682,450**	**$ 655,081**	**$ 4,337,531**	**$ 4,585,822**

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, 2023
(With comparative totals for the year ended December 31, 2022)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total Expenses 12/31/23	Total Expenses 12/31/22
Salaries, payroll taxes and benefits	$ 1,920,417	$ 573,902	$ 651,607	$ 1,225,509	$ 3,145,926	$ 3,371,595
Professional fees	22,402	312,077	5,190	317,267	339,669	371,138
Consultants	502,690	27,183	75,787	102,970	605,660	544,132
Grant expenses	116,164	-	-	-	116,164	1,039,000
Office expenses	70,058	39,733	33,653	73,386	143,444	144,853
Occupancy	53,076	22,105	18,898	41,003	94,079	93,136
Travel and meetings	40,015	23,571	10,213	33,784	73,799	43,691
Insurance	15,485	4,498	5,528	10,026	25,511	24,189
Production costs	13,670	-	-	-	13,670	125,579
In-kind professional expenses	603,578	134,888	49,626	184,514	788,092	817,918
In-kind use of facilities	10,600	3,840	-	3,840	14,440	1,920
Other expenses	11,559	13,894	16,477	30,371	41,930	75,725
Bad debt expenses	-	99	-	99	99	-
Depreciation	18,314	5,319	6,538	11,857	30,171	27,546
Total expenses	3,398,028	1,161,109	873,517	2,034,626	5,432,654	6,680,422
Less: direct special event expenses netted with revenue	-	-	-	-	-	(70,740)
Total expenses	**$ 3,398,028**	**$ 1,161,109**	**$ 873,517**	**$ 2,034,626**	**$ 5,432,654**	**$ 6,609,682**

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, 2023
(With comparative totals for the year ended December 31, 2022)

	December 31, 2023	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (248,291)	$ (445,548)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	30,171	27,546
Changes in assets and liabilities:		
Contributions receivable	(81,943)	406,843
Prepaid expenses and other assets	(153,894)	11,804
Security deposit	(3,300)	-
Accounts payable and accrued expenses	(414,568)	(412,202)
Grant expense payable	(50,000)	50,000
Conditional contributions	-	(125,000)
Total adjustments	(673,534)	(41,009)
Net cash used for operating activities	(921,825)	(486,557)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(7,569)	(30,018)
Net cash used for investing activities	(7,569)	(30,018)
Net decrease in cash and cash equivalents	**(929,394)**	**(516,575)**
CASH AND CASH EQUIVALENTS, *beginning of year*	3,757,221	4,273,796
CASH AND CASH EQUIVALENTS, *end of year*	**$ 2,827,827**	**$ 3,757,221**
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest and taxes expense	**$ -**	**$ -**

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, 2023

Note 1 - Nature of the Organization

Youth, Improving Non-Profits for Children (doing business as "Youth INC") is a nonprofit organization with a unique venture philanthropy model that equips hundreds of nonprofit professionals each year with the skills and resources needed to create and sustain positive change in their community. Since its founding in 1995, Youth INC has taken a uniquely holistic approach to address the many different needs of nonprofit leaders, 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 business, academic, and nonprofit sectors, Youth INC provides nonprofit leaders with the tools to achieve sustainable growth and improve youth outcomes. Youth INC currently partners with over 80 youth development nonprofits that collectively champion over 250,000 young people each year.

Venture Philanthropy Model
Youth INC's program model is to build knowledge of best practices and create space to develop the leadership skills and behaviors that move organizations forward. Youth INC meets nonprofit partners where they are with a flexible core of programs designed to accelerate organizations to not only survive but thrive. Youth INC's venture philanthropy model has three core components, Coaching, Capital & Connections:

Coaching: Youth INC provides individualized coaching to help nonprofit leaders and their teams implement exemplary practices in key elements of organizational capacity:

- Leadership: Executive Directors, senior leaders, and emerging leaders build the leadership skills, organizational design, and culture needed to deepen their impact and sustainability over time.
- Governance: Boards build effective oversight and accountability for growth as organizations evolve to the next phase of maturity.
- Impact Evaluation: Program staff leverage data and evidence-based best practices to inform program design and improve youth outcomes in Social and Emotional Learning ("SEL"), which has been proven to drive academic, career and life success.
- Strategy: Executive Directors and senior leaders develop strategic plans and receive implementation support to sustain monitoring, evaluation, communication and change management effectiveness.
- Operational Effectiveness: Executive Directors, senior leaders and emerging leaders learn about timely and relevant topics to advance their organizations, including leadership, management, staffing, culture, organizational values, marketing and communications, and change management.
- Fund Development: Executive Directors and development staff develop an intentional and thoughtful revenue strategy by assessing their revenue model, strategy, organizational design, resource allocation and revenue culture needed to accomplish revenue goals.

Capital:

- Youth INC Grantmaking: Since 2020, Youth INC shifted its grantmaking practices from restricted funding for infrastructure to issuing unrestricted funding to our Nonprofit Partners.
- Sponsored Grantmaking: In addition to raising funds for its own grantmaking, Youth INC also receives funds to directly support some of our Nonprofit Partners.
- Program Completion Grants: Youth INC also provides program completion stipends to nonprofits when leaders complete our programs.

Note 1 - Nature of the Organization - Continued

Connections:

- Board Placements: Youth INC trains corporate professionals on nonprofit board service and offers bespoke matching to the boards of its Nonprofit Partners.
- Advisory: Pro-bono partnerships between corporate and nonprofit partners leverage business best practices and provide financial, strategic, and organizational improvement.
- Partner Network: Peer exchange opportunities to strengthen best practices through a cohort-based program model and partner network-wide events.

Youth, INC's major source of revenue is contributions.

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 when received or paid.

b. Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statements of Not-For-Profit Entities*. FASB ASC 958 requires Youth INC to report information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets without Donor Restrictions* - represents all activity without donor-imposed restrictions. 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 7).

  Activity of the board designated fund was as follows:

	December 31,	
	2023	2022
Balance - beginning of year	$ 1,809,000	$ 1,674,000
Transfers in	(54,000)	135,000
Board desginated fund - end of year	$ 1,755,000	$ 1,809,000

- *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.

Note 2 - Summary of Significant Accounting Policies - Continued

c. Revenue Recognition

Youth INC follows the requirements of FASB ASC 958-605 for recording contributions, which are recognized when considered unconditional in nature. 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 may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or releases from obligations, and are recognized as income once the conditions have been substantially met.

Contributions expected to be received within one year are recorded at net realizable value.

Government grants have been evaluated and are considered to be non-reciprocal; therefore, they are also treated as contributions under FASB ASC 958-605. In addition, government grants meet the criteria of being conditional. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of the conditions being met are treated as liabilities.

Special event revenue is comprised of payments received from third parties to support and/or attend fundraising events. Special event revenue includes an exchange transaction component for the value of the goods or services rendered, which follows revenue recognition guidance under FASB ASC 606. The amount paid by third parties that is above the value of the goods or services is considered a contribution. Revenue is recognized at the time the fundraising event occurs.

d. 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.

e. 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. Youth INC maintains its cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000 each. 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.

f. 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 $15,000 has been established for potential uncollectible receivables as of December 31, 2023 and 2022.

Note 2 - Summary of Significant Accounting Policies - Continued

g. Capitalization Policy

Property and equipment that exceed $1,000 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.

h. Leases

Youth INC determines if an arrangement is or contains a lease at inception. Right-of-use "(ROU") assets and lease liabilities would be reflected at 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 a coworking space in New York under an operating lease that expires December 1, 2024. 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 the short-term nature of the lease. Future remaining minimum lease payments total $36,300.

i. 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.

j. 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 $788,092 and $819,838 during the years ended December 31, 2023 and 2022 respectively. Contributed services are valued at the estimated fair value based on current rates for similar services.

Note 2 - Summary of Significant Accounting Policies - Continued

k. 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, 2022, from which the summarized information was derived.

l. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of Youth INC.

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.

m. Advertising

The cost of advertising is expensed as incurred.

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, 2020 and later are subject to examination by applicable taxing authorities

Note 3 - Contributions Receivable

Contributions receivable are expected in the following periods:

Year ending:	
December 31, 2024	$ 900,614
December 31, 2025	173,000
December 31, 2026	48,000
December 31, 2027	48,000
December 31, 2028	48,000
	1,217,614
Less: allowance for uncollectible receivables	(15,000)
Total	$ 1,202,614

Contributions 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:

	December 31,	
	2023	2022
Furniture and equipment	$ 58,943	$ 442,194
Software	41,895	168,562
	100,838	610,756
Less: accumulated depreciation	(54,189)	(541,505)
Total fixed assets, net	$ 46,649	$ 69,251

Note 5 - Net Assets with Donor Restrictions

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

	December 31, 2023			
	Beginning Balance 1/1/23	Contributions	Released from Restrictions	Ending Balance 12/31/23
Program restricted:				
Rise Academy	$ 400,000	$ -	$ (125,000)	$ 275,000
Time restricted	92,692	430,000	(142,611)	380,081
Total	$ 492,692	$ 430,000	$ (267,611)	$ 655,081

Note 5 - Net Assets with Donor Restrictions - Continued

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

Note 6 - Allocation of Joint Costs

In 2022, 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. There were no allocated joint costs in 2023. The expenses for 2022 were allocated as follows:

	12/31/22
Program services	$ 330,112
Fundraising	245,796
Total	$ 575,908

Note 7 - Availability and Liquidity

The following reflects Youth INC's financial assets at December 31, 2023, that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	$ 2,827,827	
Contributions receivable - due within one year, net of allowance for uncollectible	885,614	
Total financial assets		$ 3,713,441
Less amounts not available for general expenditures within one year:		
Program restrictions	(275,000)	
Board designated funds	(1,755,000)	
Total restricted funds		(2,030,000)
Financial assets available to meet cash needs for general expenditures within one year		$ 1,683,441

Note 7 - Availability and Liquidity - Continued

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 8 - 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 $72,005 and $75,462 in 2023 and 2022, respectively.

Note 9 - Subsequent Events

Subsequent events have been evaluated through June 13, 2024, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.