

YOUTHBUILD USA, INC. AND AFFILIATES
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019



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**YOUTHBUILD USA, INC. AND AFFILIATES
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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
YouthBuild USA, Inc. and Affiliates
Roxbury, Massachusetts

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of YouthBuild USA, Inc. and Affiliates, a Massachusetts nonprofit organization, (the Agency) which comprise the combined statement of financial position as of December 31, 2020, and the related combined statements of activities, functional expenses, 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 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.

Auditors' 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 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 auditors' 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 entity'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 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 audit opinion.

Board of Directors
YouthBuild USA, Inc. and Affiliates

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2019 financial statements of YouthBuild USA, Inc. and Affiliates were audited by other auditors whose report dated June 19, 2020, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
June 30, 2021

YOUTHBUILD USA, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ -	\$ 2,147,316	\$ 2,147,316	\$ -	\$ 2,757,694	\$ 2,757,694
Funds Held for Others	-	-	-	42,627	-	42,627
Short Term Investments	3,433	-	3,433	14,528	-	14,528
Grants and Contracts Receivable	6,120,979	-	6,120,979	5,408,257	-	5,408,257
Accounts Receivable - Other, Net	18,525	-	18,525	26,093	-	26,093
Current Portion of Pledges Receivable	-	1,537,660	1,537,660	-	1,431,383	1,431,383
Notes Receivable, Net	-	-	-	35,351	-	35,351
Prepaid Expenses, and Other	47,641	-	47,641	254,862	-	254,862
Due (to) from	(1,231,697)	1,231,697	-	(2,430,397)	2,430,397	-
Total Current Assets	<u>4,958,881</u>	<u>4,916,673</u>	<u>9,875,554</u>	<u>3,351,321</u>	<u>6,619,474</u>	<u>9,970,795</u>
Investments	-	9,197,350	9,197,350	-	8,919,474	8,919,474
Pledges Receivable, Net of Current Portion	-	1,480,000	1,480,000	-	880,000	880,000
Security Deposit	356,993	-	356,993	405,078	-	405,078
PROPERTY AND EQUIPMENT						
Buildings	1,638,476	-	1,638,476	54,103	-	54,103
Furnishings and Equipment	651,500	-	651,500	761,997	-	761,997
Leasehold Improvements	-	-	-	461,738	-	461,738
Construction in Progress	-	-	-	141,435	-	141,435
Total Property and Equipment	<u>2,289,976</u>	<u>-</u>	<u>2,289,976</u>	<u>1,419,273</u>	<u>-</u>	<u>1,419,273</u>
Less: Accumulated Depreciation and Amortization	<u>(395,961)</u>	<u>-</u>	<u>(395,961)</u>	<u>(1,156,861)</u>	<u>-</u>	<u>(1,156,861)</u>
Net Property and Equipment	<u>1,894,015</u>	<u>-</u>	<u>1,894,015</u>	<u>262,412</u>	<u>-</u>	<u>262,412</u>
Total Assets	<u>\$ 7,209,889</u>	<u>\$ 15,594,023</u>	<u>\$ 22,803,912</u>	<u>\$ 4,018,811</u>	<u>\$ 16,418,948</u>	<u>\$ 20,437,759</u>

See accompanying Notes to Combined Financial Statements.

YOUTHBUILD USA, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
LIABILITIES AND NET ASSETS						
LIABILITIES						
Current Portion of Loan Payable	\$ 15,707	\$ -	\$ 15,707	\$ -	\$ -	\$ -
Accounts Payable	513,541	-	513,541	1,003,724	-	1,003,724
Grants Payable	441,303	-	441,303	1,589,685	-	1,589,685
Funds Held for Others	-	-	-	42,627	-	42,627
Accrued Expenses	2,564,576	-	2,564,576	1,694,602	-	1,694,602
Deferred Revenue	1,051,103	-	1,051,103	255,821	-	255,821
Paycheck Protection Program Loan	1,470,400	-	1,470,400	-	-	-
Total Current Liabilities	<u>6,056,630</u>	<u>-</u>	<u>6,056,630</u>	<u>4,586,459</u>	<u>-</u>	<u>4,586,459</u>
Loan Payable, Net of Current Portion	1,171,645	-	1,171,645	-	-	-
Total Liabilities	<u>7,228,275</u>	<u>-</u>	<u>7,228,275</u>	<u>4,586,459</u>	<u>-</u>	<u>4,586,459</u>
NET ASSETS (DEFICIT)						
Without Donor Restrictions:						
Operating	(1,912,401)	-	(1,912,401)	(830,060)	-	(830,060)
Property and Equipment	1,894,015	-	1,894,015	262,412	-	262,412
Total Without Donor Restrictions	<u>(18,386)</u>	<u>-</u>	<u>(18,386)</u>	<u>(567,648)</u>	<u>-</u>	<u>(567,648)</u>
With Donor Restrictions						
Total Net Assets (Deficit)	<u>-</u>	<u>15,594,023</u>	<u>15,594,023</u>	<u>-</u>	<u>16,418,948</u>	<u>16,418,948</u>
Total Net Assets (Deficit)	<u>(18,386)</u>	<u>15,594,023</u>	<u>15,575,637</u>	<u>(567,648)</u>	<u>16,418,948</u>	<u>15,851,300</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 7,209,889</u>	<u>\$ 15,594,023</u>	<u>\$ 22,803,912</u>	<u>\$ 4,018,811</u>	<u>\$ 16,418,948</u>	<u>\$ 20,437,759</u>

See accompanying Notes to Combined Financial Statements.

YOUTHBUILD USA, INC. AND AFFILIATES
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND OTHER SUPPORT			
Grant and Contract Income	\$ 14,761,329	\$ 4,182,905	\$ 18,944,234
Training, Consulting and Conference Fees	146,163	-	146,163
Contributions	747,704	-	747,704
Donated Goods and Services	538,451	-	538,451
Products and Other Income	1,162	-	1,162
Affiliation Fees	71,628	-	71,628
Investment Earnings	86,451	-	86,451
Investment Gain - Endowment Designated for Operations			
Current Operations, Net of Fees	411,458	-	411,458
Net Assets Released from Purpose Donor Restrictions	<u>5,424,773</u>	<u>(5,424,773)</u>	<u>-</u>
Total Revenue, Support, and Gains	22,189,119	(1,241,868)	20,947,251
EXPENSES			
Program Services Expense:			
Domestic Grants to Sites	6,477,618	-	6,477,618
Training and Technical Assistance	5,900,603	-	5,900,603
Youth on Board	720,439	-	720,439
Advocacy	382,404	-	382,404
International	<u>3,746,403</u>	<u>-</u>	<u>3,746,403</u>
Total Program Expenses	17,227,467	-	17,227,467
Supporting Services Expense:			
Management and General	4,122,353	-	4,122,353
Fundraising and Development	<u>262,245</u>	<u>-</u>	<u>262,245</u>
Total Supporting Services Expenses	4,384,598	-	4,384,598
Total Expenses and Losses	<u>21,612,065</u>	<u>-</u>	<u>21,612,065</u>
CHANGE IN NET ASSETS FROM OPERATIONS	577,054	(1,241,868)	(664,814)
NONOPERATING REVENUE (EXPENSE)			
Investment Gain - Endowment, Net of			
Endowment Designated for Current Operations	-	416,943	416,943
Loss on Disposal of Property and Equipment	<u>(27,792)</u>	<u>-</u>	<u>(27,792)</u>
Total Nonoperating Revenues	<u>(27,792)</u>	<u>416,943</u>	<u>389,151</u>
CHANGE IN NET ASSETS	549,262	(824,925)	(275,663)
Net Assets (Deficit) - Beginning of Year	<u>(567,648)</u>	<u>16,418,948</u>	<u>15,851,300</u>
NET ASSETS - END OF YEAR	<u>\$ (18,386)</u>	<u>\$ 15,594,023</u>	<u>\$ 15,575,637</u>

See accompanying Notes to Combined Financial Statements.

**YOUTHBUILD USA, INC. AND AFFILIATES
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND OTHER SUPPORT			
Grant and Contract Income	\$ 16,383,814	\$ 6,376,367	\$ 22,760,181
Training, Consulting and Conference Fees	444,331	-	444,331
Investment Gain on Endowment Designated for Current Operations	394,261	-	394,261
Contributions	407,312	-	407,312
Donated Goods and Services	293,623	-	293,623
Investment Earnings	241,042	-	241,042
Products and Other Income	91,335	-	91,335
Affiliation Fees	92,028	-	92,028
Net Assets Released from Purpose Donor Restrictions	<u>6,863,327</u>	<u>(6,863,327)</u>	<u>-</u>
 Total Revenue, Support, and Gains	 25,211,073	 (486,960)	 24,724,113
EXPENSES			
Program Services Expense:			
Domestic Grants to Sites	8,599,829	-	8,599,829
Training and Technical Assistance	6,714,726	-	6,714,726
Youth on Board	660,113	-	660,113
Advocacy	644,907	-	644,907
International	<u>5,157,277</u>	<u>-</u>	<u>5,157,277</u>
Total Program Expenses	21,776,852	-	21,776,852
Supporting Services Expense:			
Management and General	4,115,303	-	4,115,303
Fundraising and Development	<u>301,761</u>	<u>-</u>	<u>301,761</u>
Total Supporting Services Expenses	<u>4,417,064</u>	<u>-</u>	<u>4,417,064</u>
 Total Expenses and Losses	 <u>26,193,916</u>	 <u>-</u>	 <u>26,193,916</u>
 CHANGE IN NET ASSETS FROM OPERATIONS	 (982,843)	 (486,960)	 (1,469,803)
NONOPERATING REVENUE (EXPENSE)			
Investment Gain - Endowment, Net of Endowment Designated for Current Operations	-	1,238,992	1,238,992
Loss on Disposal of Property and Equipment	<u>(136,504)</u>	<u>-</u>	<u>(136,504)</u>
Total Nonoperating Revenues (Expenses)	<u>(136,504)</u>	<u>1,238,992</u>	<u>1,102,488</u>
 CHANGE IN NET ASSETS	 (1,119,347)	 752,032	 (367,315)
 Net Assets - Beginning of Year	 <u>551,699</u>	 <u>15,666,916</u>	 <u>16,218,615</u>
 NET ASSETS (DEFICIT) - END OF YEAR	 <u>\$ (567,648)</u>	 <u>\$ 16,418,948</u>	 <u>\$ 15,851,300</u>

See accompanying Notes to Combined Financial Statements.

YOUTHBUILD USA, INC. AND AFFILIATES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

Program Services									
	Domestic Grants to Sites	Training and Technical Assistance	Youth on Board	Advocacy	International	Total	General and Administrative	Fundraising and Development	Total
Salaries and Wages	\$ -	\$ 3,028,251	\$ 235,081	\$ 234,122	\$ 979,339	\$ 4,476,793	\$ 1,278,251	\$ 205,261	\$ 5,960,305
Payroll Taxes and Fringe Benefits	-	909,942	74,452	49,232	300,226	1,333,852	568,448	32,675	1,934,975
Site Grants	6,477,618	12,000	-	-	1,784,965	8,274,583	-	10,000	8,284,583
Consulting	-	737,485	284,361	78,170	581,327	1,681,343	552,868	850	2,235,061
Travel, Seminars and Workshops	-	122,592	8,306	4,297	55,444	190,639	9,924	1,712	202,275
Vista Stipends, Net of Cost Share	-	831,111	13,500	-	-	844,611	-	-	844,611
Occupancy	-	-	-	-	-	-	533,501	-	533,501
Bad Debt Expense	-	-	-	-	-	-	72,729	-	72,729
Professional Fees	-	75,329	-	-	-	75,329	570,347	-	645,676
Miscellaneous	-	95,702	40,800	16,219	24,534	177,255	95,987	5,140	278,382
Office Supplies and Minor Equipment	-	17,424	1,064	-	935	19,423	93,043	3,921	116,387
Temporary Employment	-	-	-	-	374	374	43,274	-	43,648
Depreciation and Amortization	-	-	-	-	-	-	95,202	-	95,202
Telephone and Electronic Communication	-	9,218	4,264	355	15,612	29,449	42,411	133	71,993
Interest, Fees and Charges	-	25	-	-	1,614	1,639	77,123	2,553	81,315
Gifts to Youth	-	1,000	55,314	-	-	56,314	-	-	56,314
Program and Construction tools and Supplies	-	53,569	2,900	-	234	56,703	20,000	-	76,703
Equipment Rental	-	4,999	-	-	-	4,999	18,040	-	23,039
Insurance	-	-	-	-	1,285	1,285	37,136	-	38,421
Copying, Printing, Publications and Other Materials	-	253	-	-	-	253	2,531	-	2,784
Postage	-	1,703	212	9	514	2,438	6,423	-	8,861
Advertising	-	-	185	-	-	185	5,115	-	5,300
Total Expenses by Function	\$ 6,477,618	\$ 5,900,603	\$ 720,439	\$ 382,404	\$ 3,746,403	\$ 17,227,467	\$ 4,122,353	\$ 262,245	\$ 21,612,065

See accompanying Notes to Combined Financial Statements.

YOUTHBUILD USA, INC. AND AFFILIATES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services						General and Administrative	Fundraising and Development	Total
	Domestic Grants to Sites	Training and Technical Assistance	Youth on Board	Advocacy	International	Total			
Salaries and Wages	\$ -	\$ 3,122,206	\$ 239,527	\$ 334,964	\$ 1,068,585	\$ 4,765,282	\$ 961,308	\$ 216,097	\$ 5,942,687
Payroll Taxes and Fringe Benefits	-	837,895	59,475	90,784	299,550	1,287,704	575,415	55,434	1,918,553
Site Grants	8,599,829	-	-	-	2,848,787	11,448,616	-	-	11,448,616
Consulting	-	798,634	181,153	124,516	546,493	1,650,796	375,530	1,150	2,027,476
Travel, Seminars and Workshops	-	939,142	87,218	66,661	269,362	1,362,383	43,928	13,578	1,419,889
Vista Stipends, Net of Cost Share	-	693,309	5,000	-	-	698,309	-	-	698,309
Occupancy	-	-	-	-	-	-	705,415	-	705,415
Bad Debt Expense	-	-	-	-	-	-	634,351	-	634,351
Professional Fees	-	46,795	2,564	2,073	29,819	81,251	345,204	-	426,455
Miscellaneous	-	70,224	17,332	17,206	3,253	108,015	63,463	7,907	179,385
Office Supplies and Minor Equipment	-	32,172	1,515	1,360	9,872	44,919	102,838	-	147,757
Temporary Employment	-	73,452	5,408	4,374	57,801	141,035	1,511	-	142,546
Depreciation and Amortization	-	-	-	-	-	-	124,633	-	124,633
Telephone and Electronic Communication	-	12,051	2,338	559	2,031	16,979	74,587	403	91,969
Interest, Fees and Charges	-	23,966	1,683	1,354	18,580	45,583	23,039	1,379	70,001
Gifts to Youth	-	-	54,248	-	-	54,248	-	-	54,248
Program and Construction tools and Supplies	-	47,804	1,902	167	91	49,964	268	-	50,232
Equipment Rental	-	10,619	-	-	385	11,004	31,944	-	42,948
Insurance	-	-	-	-	1,396	1,396	29,643	-	31,039
Copying, Printing, Publications and Other Materials	-	841	51	59	-	951	10,776	5,418	17,145
Postage	-	5,616	-	830	1,272	7,718	5,813	395	13,926
Advertising	-	-	699	-	-	699	5,637	-	6,336
Total Expenses by Function	\$ 8,599,829	\$ 6,714,726	\$ 660,113	\$ 644,907	\$ 5,157,277	\$ 21,776,852	\$ 4,115,303	\$ 301,761	\$ 26,193,916

See accompanying Notes to Combined Financial Statements.

**YOUTHBUILD USA, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (275,663)	\$ (367,315)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Investment Gain - Endowment	(416,943)	(1,238,992)
Depreciation	95,202	124,633
Bad Debt	37,378	634,351
Loss on Loan Receivable	35,351	-
Loss on Disposal of Property and Equipment	27,792	136,504
Changes in Operating Assets and Liabilities:		
Grants and Contracts Receivables	(750,100)	(301,694)
Accounts Receivable - Other, Net	7,568	46,990
Pledges Receivable	(706,277)	1,567,386
Prepaid Expenses and Other Assets	255,306	81,499
Accounts Payable	(490,183)	656,730
Grants Payable	(1,148,382)	1,562,316
Accrued Expenses and Other Liabilities	869,974	(1,960,243)
Deferred Revenue	752,655	255,821
Net Cash Provided (Used) by Operating Activities	(1,706,322)	1,197,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(7,508,844)	(1,362,957)
Proceeds from Sales of Investments	7,659,006	1,332,479
Purchases of Property and Equipment	(1,754,597)	(141,435)
Assets Held in Trust by Others	-	586
Net Cash Used by Investing Activities	(1,604,435)	(171,327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program	1,470,400	-
Proceeds from Loan Payable	1,187,352	-
Net Cash Provided (Used) by Financing Activities	2,657,752	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(653,005)	1,026,659
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	2,800,321	1,773,662
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 2,147,316	\$ 2,800,321
SUPPLEMENTAL DISCLOSURES OF RECONCILIATION OF CASH AND RESTRICTED CASH REPORTED WITHIN THE COMBINED STATEMENTS OF FINANCIAL POSITION		
Cash	\$ 2,147,316	\$ 2,757,694
Funds Held for Others	-	42,627
Total	\$ 2,147,316	\$ 2,800,321

See accompanying Notes to Combined Financial Statements.

YOUTHBUILD USA, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 OPERATIONS AND PRINCIPAL ACTIVITY

With love and respect, YouthBuild partners with opportunity youth to build the skillsets and mindsets that lead to lifelong learning, livelihood, and leadership. At nearly 300 YouthBuild programs across the United States and around the world, students reclaim their education, gain job skills, and become leaders in their communities. To date, YouthBuild has partnered with more than 180,000 young people to dedicate over 50 million hours of service benefitting urban, rural and tribal communities. YouthBuild strives to create a world where all young people are seen for their potential, and power to transform themselves and their communities. YouthBuild USA – the support center for the YouthBuild movement – strengthens YouthBuild programs through technical assistance, leadership development, innovative program enhancements, and advocacy. YouthBuild programs located outside of the United States are supported by YouthBuild USA’s international division, YouthBuild International.

Combined Entities

In July 2013, YBUSA created Mexico Youth Ventures LLC, a limited liability corporation, with YBUSA as its sole member. Mexico Youth Ventures LLC operates as a disregarded entity under YBUSA’s nonprofit 501(c)(3) status. The mission of Mexico Youth Ventures LLC is to hold a membership interest in a Mexican nonprofit, YouthBuild International Mexico, A.C. (YBI Mexico), in furtherance of those nonprofit purposes of its member.

In December 2013, YBUSA created YBI Mexico, a Mexican nonprofit organization, with YBUSA and Mexico Youth Ventures LLC as its members. The mission of YBI Mexico is to provide training, technical assistance and consultation to create viable, sustainable livelihoods for all young people, through training, education, employment, and self-employment. All activity is recorded by YBUSA and is immaterial to the accompanying combined financial statements.

YBUSA, YBLF, Mexico Youth Ventures LLC and YBI Mexico (collectively, the Agency) are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Agency is also exempt from state income taxes. Donors may deduct contributions made to the Agency within the IRC regulations.

Other Related Entities

YouthBuild Charter School of California (YCSC) is a California nonprofit public benefit corporation formed on March 8, 2007, to provide education based on the educational and other aspects of the YouthBuild program design and philosophy (also referred to as the "YouthBuild USA Model"). YCSC is a separate 501(c)(3) corporation with YBUSA as its sole statutory member. In accordance with generally accepted accounting standards and principles (U.S. GAAP), YCSC is not included in the accompanying combined financial statements as YBUSA does not have common control or an economic interest in YCSC. No funds were received or expended by YBUSA for YCSC in 2020 or 2019.

YOUTHBUILD USA, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 OPERATIONS AND PRINCIPAL ACTIVITY (CONTINUED)

Other Related Entities (Continued)

In July 2014, YBUSA and Jobs for the Future (JFF) created MyBestBet Solutions LLC (MBB), a Massachusetts limited liability corporation, with YBUSA and JFF as its members, and with JFF as the resident agent. MBB has its own Federal identification number. The mission of MBB is to benefit and support the charitable and educational activities of its members; specifically to develop an innovative, effective and scalable technology-enabled website platform that is designed for young people to make informed decisions about science, technology, engineering, and mathematics careers and postsecondary training pathways. YBUSA and JFF were equal members in MBB until May 2020 when YBUSA sold its interest for \$171,656.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The Agency prepares its combined financial statements in accordance with generally accepted accounting standards and principals (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Standards Codification (ASC).

Principles of Combination

The combined financial statements include the accounts of the Agency due to common Board of Director membership. All significant transactions between classes of net assets and intercompany balances and transactions have been eliminated in the accompanying combined financial statements.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying combined financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Cash and Cash Equivalents

The Agency considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and Cash Equivalents in the accompanying combined financial statements consist of checking and savings accounts. Cash and Cash Equivalents held in the investment portfolio are not included in Cash and Cash Equivalents for the combined statements of cash flows. Funds held for others are included in Cash and Restricted Cash in the accompanying combined statements of cash flow.

Accounts Receivables and Allowance for Doubtful Accounts

Accounts receivable consist primarily of noninterest-bearing amounts. The allowance for uncollectible accounts receivable is based on historical experience and management's estimate of the amount of probable credit losses in accounts receivable. As of December 31, 2020 and 2019, management believes all amounts are collectible.

**YOUTHBUILD USA, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses and Loan Loss Reserves

The Agency's method of accounting for loan loss reserves on loans is determined based on a specific range for risk ratings. Loan loss reserves on all other loans are determined by estimating the expected loan losses of each loan based on a specific rating system and establishing a specific allowance for loan losses.

The allowance for loan losses is expensed and the notes receivable are reduced by the amount of the allowance. As of December 31, 2020 and 2019, there were no loan reserves; however, a loan was determined to be uncollectible and recorded as a loss in 2020.

Investments

Investment earnings are reported as an increase in net assets without donor restrictions except for investment earnings on specific endowment funds, which are restricted by donor stipulations. These amounts are recorded as net assets with donor restrictions and are released to operations as they are spent in accordance with the Agency's spending policy. Gains on investments without donor restrictions are included in investment earnings in the accompanying combined statements of activities and changes in net assets for the years ended December 31, 2020 and 2019.

Interest and dividends are recognized when earned. Gains and losses are recognized as incurred upon sale or maturity of investments or based on market value changes during the period.

Property and Equipment

Property and equipment are recorded at cost. Assets with an estimated useful life of more than one year and a historical cost of \$1,500 are considered for capitalization under the Agency's policy. Gifts of long-lived assets are reported at fair value as net assets without donor restrictions unless explicit donor stipulations specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor-restricted support. Absent explicit donor stipulation about how long those assets must be maintained, expiration of donor restrictions are reported when the donated or acquired long-lived assets are placed into service. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. The useful lives of property and equipment for the purposes of computing depreciation are as follows:

Buildings	40 Years
Furnishings and Equipment	3-7 Years
Computer Software	3 Years
Leasehold Improvements	Remaining Term of Lease

YOUTHBUILD USA, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2020 or 2019.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets (Deficit) Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Operating net assets (deficit) represent the portion available for operations. Property and equipment net assets represent resources available and amounts expended for property and equipment.

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. Endowment gains and losses are transferred to net assets without donor restrictions in accordance with the Agency's spending policy (See Note 6). Investment earnings earned on the endowment are recorded as net assets without donor restrictions. All unspent realized and unrealized appropriation (depreciation) on the endowment is classified as net assets with donor restrictions.

Revenue and Revenue Recognition

The Agency generally measures revenue for qualifying exchange transactions based on the amount of consideration the Agency expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Agency satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Agency evaluates its revenue recognition based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

YOUTHBUILD USA, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

In accordance with ASC Sub Topic 958-605, Revenue Recognition, the Agency must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Agency should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Grant and contract income are recorded over the period covered as services are provided under the terms of the contract. Contributions without donor restrictions are recorded as revenue when received or unconditionally committed. Grants designated by the donor for a specific time period or purpose are recognized as revenue and net assets with donor restrictions when received or committed. Transfers are made to revenue and net assets without donor restrictions as program restrictions are met, costs are incurred, or pro-rata over the period covered by the grant as time restrictions lapse. Net assets with donor restrictions received and spent in the same year are recorded as revenue without donor restrictions. Pledged grants to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. There was no discount as of December 31, 2020 and 2019.

Training, consulting, and conference fees are recognized as services are provided. Each fee is considered a single performance obligation as each fee is distinct. Revenue associated with products sold is recognized as products are delivered. Affiliation fees are recognized when earned. Cash received in advance of the services being provided is shown as deferred revenue. All other revenue is recognized when earned.

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

YOUTHBUILD USA, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and In-Kind Contributions

Donated legal (see Note 3), web-hosting services, travel, and consulting are recorded based on pro-bono invoices or statements submitted from the relevant service providers. The Agency received donated services totaling \$538,451 and \$293,623 for the years ended December 31, 2020 and 2019, respectively. These expenses are included in professional fees, telephone and electronic communication, travel, seminars and workshops, and consulting in the combined statements of functional expenses. In 2020, the Agency received \$20,000 of donated materials valued at fair value that is included in building.

In 2020 and 2019, the Agency received donated stocks valued at \$11,191 and \$20,794, respectively, on the date of receipt. The Agency's policy is to sell these stocks as soon as practical. All of those stocks were sold during 2020 and 2019.

Grants to Sites

Grants to sites are recorded when expenses are incurred and supporting documentation has been received.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$185 and \$5,300 during the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

Expenses related directly to a program are charged to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and telephone, electronic communications, program and office supplies, which are allocated based on usage studies conducted annually.

Combined Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and expenses in the accompanying combined statements of activities and changes in net assets. Nonoperating revenues (expenses) include investment and capital activity.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

YOUTHBUILD USA, INC. AND AFFILIATES
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DECEMBER 31, 2020 AND 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates (Continued)

Actual results could differ from those estimates, and those differences could be material.

Income Taxes

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, Income Taxes. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at December 31, 2020 and 2019. The Agency's information returns are subject to examination by the Federal and state jurisdictions.

Fair Value Measurements

The Agency follows the accountings and disclosure standards pertaining to ASC Topic, Fair Value Measurements, for qualifying assets and liabilities. Fair value is defined as the price that the Agency would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Agency uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Agency. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

YOUTHBUILD USA, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

The Agency values all of its investments (see Note 7) using Level 1 inputs.

Subsequent Events

Subsequent events have been evaluated through June 30, 2021, which is the date the combined financial statements were available to be issued. See Note 14 for subsequent events that met the criteria for disclosure.

NOTE 3 RELATED PARTY TRANSACTIONS

The Agency had the following related party transactions:

An employee of the Agency was a partner at Goulston and Storrs, which provided the Agency with pro-bono legal services of \$457,226 and \$293,623 for the years ended December 31, 2020 and 2019, respectively, which are included in professional fees in the accompanying combined statements of functional expenses.

During 2020 and 2019, the Agency made grants in the amount of \$56,730 and \$190,750, respectfully, to YCSC. The Agency is the sole statutory member of YCSC. The former President of the Agency is the Chair of the Board of Directors of YCSC. She is not involved in decisions regarding grant making or contracting for services or leasing of space between the two organizations. The Agency owed \$9,000 to YCSC as of December 31, 2020, which is included in accounts payable in the accompanying combined statement of financial position.

YOUTHBUILD USA, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 NOTES RECEIVABLE

The Agency makes secured and unsecured loans to other nonprofit organizations. The annual interest rate charged by the Agency is 6%. There was no outstanding balance as of December 31, 2020. As of December 31, 2019, there was one loan receivable due from an organization amounting to \$35,351.

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable at December 31, 2020 and 2019 were due as follows:

	2020	2019
Due Within One Year	\$ 1,537,660	\$ 1,431,383
Due Within Two to Five Years	1,480,000	880,000

For the year ended December 31, 2020, three donors represented 95% of the total outstanding pledge balance. For the year ended December 31, 2019, four donors represented 92% of the total outstanding pledge balance. The agency determined that the discount on the pledges receivable would be immaterial.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS AND ENDOWMENT

As of December 31, net assets with donor restrictions is comprised of the following:

	2020	2019
Net Assets With Donor Restrictions		
Restricted for Program Purposes	\$ 6,305,492	\$ 7,547,359
Appreciation on Endowment	3,788,531	3,371,589
Perpetual Endowment	5,500,000	5,500,000
Total	15,594,023	16,418,948
Total Net Assets with Donor Restrictions	\$ 15,594,023	\$ 16,418,948

During the years ended December 31, 2020 and 2019, net assets released from restrictions in satisfaction of purpose and/or time restrictions amounted to \$5,424,773 and \$6,863,327, respectively.

YOUTHBUILD USA, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS AND ENDOWMENT (CONTINUED)

A reconciliation of endowment activity for 2020 and 2019 is as follows:

	Appreciation (Depreciation)	In Perpetuity	Total Endowment
Endowment Net Assets - December 31, 2018	\$ 2,132,597	\$ 5,500,000	\$ 7,632,597
Investment Return:			-
Net Unrealized Gain	1,162,567	-	1,162,567
Net Realized Gain	470,686	-	470,686
Spending Designated for Current Operations	(394,261)	-	(394,261)
Total Investment Change	<u>1,238,992</u>	<u>-</u>	<u>1,238,992</u>
Endowment Net Assets - December 31, 2019	<u>3,371,589</u>	<u>5,500,000</u>	<u>8,871,589</u>
Investment Return:			
Net Unrealized loss	(406,599)	-	(406,599)
Net Realized Gain	1,234,999	-	1,234,999
Spending Designated for Current Operations	(411,458)	-	(411,458)
Total Investment Change	<u>416,942</u>	<u>-</u>	<u>416,942</u>
Endowment Net Assets - End of Year	<u>\$ 3,788,531</u>	<u>\$ 5,500,000</u>	<u>\$ 9,288,531</u>

Interpretation of Relevant Law

Massachusetts adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective June 30, 2009. Subject to the intent of a donor, the Agency may appropriate for expenditure or accumulate so much of an endowment fund as the Agency determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Agency.

Return Objectives and Risk Parameters

The Agency's investment objectives, as established in the Investment Policy Statement approved by the board of directors include the following objectives:

To maintain the purchasing power of the restricted assets and all future contributions in order to provide distributions per annum from the portfolio of no more than 5% of the average portfolio market value on December 31, of the trailing 36-month period, without specific action by the board of directors for support of services and programs.

To maintain an appropriate asset allocation based on a total return policy that is compatible with the spending policy noted below, while still having the potential to produce positive real returns.

**YOUTHBUILD USA, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS AND ENDOWMENT (CONTINUED)

Strategies Employed for Achieving Objectives

Endowment assets are invested in a well-diversified asset mix in order to reduce risk and to comply with current regulations, unless the Agency reasonably determines, because of special circumstances, that the purposes of the portfolio are better served without diversification.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Agency's board of directors established an investment spending policy in accordance with Massachusetts law. Under the policy, investment earnings are recognized as net assets without donor restrictions. Spending on the endowment appreciation shall not exceed 5% of the average portfolio market value over a trailing thirty-six month period. During 2020, the Agency appropriated \$411,458 of the endowment gains to without donor restricted net assets. During 2019, the Agency appropriated \$394,261 of the endowment gains to without donor restricted net assets. The Agency recognized in operations the net interest and dividends earned on the endowment, which totaled \$86,451 and \$241,042 for the years ended December 31, 2020 and 2019, respectively.

Appreciation on the restricted endowment is included in net assets with donor restrictions and is released in accordance with the Agency's spending policy. Total investment gains net of endowment designated for current operations on the restricted endowment were \$416,943 and \$1,238,992 for the years ended December 31, 2020 and 2019, respectively See Note 7.

NOTE 7 INVESTMENTS

Investments are recorded at market value and consist of money market funds, government bonds with maturities of more than three months, common stocks, and equity securities. These investments are uninsured and are subject to market fluctuations. Investments held for long-term purposes are classified as noncurrent assets.

The following tables present the investments by level within the valuation framework as of December 31:

	2020			Total
	Level 1	Level 2	Level 3	
Investment Cash and Cash Equivalents	\$ 254,211	\$ -	\$ -	\$ 254,211
Government and Corporate Bonds:				
Publicly Traded	2,288,674	-	-	2,288,674
Equities:				
Publicly Traded - Domestic	5,412,938	-	-	5,412,938
Publicly Traded - International	1,160,017	-	-	1,160,017
Mutual Funds	84,943	-	-	84,943
Total	<u>\$ 9,200,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,200,783</u>

YOUTHBUILD USA, INC. AND AFFILIATES
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NOTE 7 INVESTMENTS (CONTINUED)

	2019			Total
	Level 1	Level 2	Level 3	
Investment Cash and Cash Equivalents	\$ 147,542	\$ -	\$ -	\$ 147,542
Government and Corporate Bonds:				
Publicly Traded	2,021,194	-	-	2,021,194
Equities:				
Publicly Traded - Domestic	2,467,385	-	-	2,467,385
Publicly Traded - International	864,764	-	-	864,764
Mutual Funds	3,433,117	-	-	3,433,117
Total	<u>\$ 8,934,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,934,002</u>

Investment earnings pertaining to net assets without donor restrictions for the years ended December 31, 2020 and 2019, consist of interest and dividends of \$126,492 and \$241,042, respectively, which is earned on endowment funds and operating money market accounts. Investment gain pertaining to the endowment fund for the years ended December 31, 2020 and 2019, consists of the following:

	2020	2019
Realized Gain on Investments - Endowment	\$ 1,234,999	\$ 1,162,567
Unrealized (Loss) Gain on Investments - Endowment	(406,599)	470,686
Endowment Designated for Current Operations	(411,458)	(394,261)
Total	<u>\$ 416,942</u>	<u>\$ 1,238,992</u>

NOTE 8 LINE OF CREDIT

The Agency had a secured \$2,000,000 line of credit agreement with a bank. Borrowings under this agreement were due on demand with no maturity date. Interest accrued at the thirty-day London Interbank Offered Rate (LIBOR) Advantage rate, plus 350 basis points (6.00% at December 31, 2019). The line of credit was closed in September 2019.

On May 10, 2021, the Agency entered into a revolving line of credit agreement with a bank in the amount of \$1,000,000, secured by a first priority security interest in certain assets of the Agency. The line of credit bears interest monthly at a variable rate of the LIBOR 30 day rate plus 2.5 per annum, subject to a floor of 3.75%. The rate was 3.75% at the date of the agreement. The line of credit is subject to a facility fee of 1% upon closing and 1% annually thereafter. The line of credit expires in 12 months with a renewal option for an additional 12 months, and the agreement includes certain financial covenants and financial reporting requirements.

YOUTHBUILD USA, INC. AND AFFILIATES
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NOTE 9 LOAN PAYABLE

The Agency entered into a new lease in February 2020 as described in Note 10. As part of the agreement, the Agency entered into a loan agreement to pay an unrelated third-party in the form of a secured loan for a \$1,187,352 for a tenant improvement allowance. The principal balance of the loan shall be paid by the Agency to the Landlord in full upon the expiration of or earlier termination of the Lease, with interest accrued through the date of such payment. The repayment terms include annual payments of \$165,000 per year (\$13,750 per month) for the next 25 years with a stated interest rate of 10%. The loan is secured by the improvements and repayment of the loan began in December 2020. Future minimum payments under the loan are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 15,707
2022	17,352
2023	19,169
2024	21,176
2025	23,393
Thereafter	1,090,555
Total	<u><u>\$ 1,187,352</u></u>

NOTE 10 OPERATING LEASES

The Agency entered into a noncancellable operating lease agreement for office space in Somerville, Massachusetts that expired in April 2020, with monthly lease payments of \$56,492. This lease was extended through December 2020 with monthly lease payments of \$40,000 commencing on April 1, 2020, but can be terminated at any point after October 31, 2020 with 30 days written notice. The Agency terminated the lease as of October 31, 2020. Rent expense under the lease was \$425,968 and \$677,903 for the years ended December 31, 2020 and 2019, respectively, and is included in occupancy in the accompanying combined statements of functional expenses.

During September 2018, the Agency entered into a noncancellable operating lease agreement for office space in Boston, Massachusetts that commenced in December 2020 and expires in November 2030 with options to extend up to an additional 15 years. Base rent for the initial five years is \$412,020 annually and will escalate annually after year five under the agreement. Rent expense under the lease was \$48,085 for the year ended December 31, 2020 and is included in occupancy in the accompanying combined statements of functional expenses.

YOUTHBUILD USA, INC. AND AFFILIATES
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NOTE 10 OPERATING LEASES (CONTINUED)

The Agency leased office equipment under a noncancellable operating agreement that expired in June 2020 with monthly payments of approximately \$1,042. This agreement was terminated in February 2020, and the Agency entered into a new noncancellable office equipment lease that expires in January 2025 with monthly payments of \$1,646. Expenses incurred under these agreements totaled \$23,039 and \$37,512 for the years ended December 31, 2020 and 2019, respectively. These expenses are included in equipment rental in the accompanying combined statements of functional expenses.

Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	Facility Leases	Equipment Leases
2021	\$ 412,020	\$ 19,752
2022	412,020	19,752
2023	412,020	19,752
2024	412,020	19,752
2025	413,136	1,646
Thereafter	2,225,509	-
Total Minimum Lease Payments	<u>\$ 4,286,725</u>	<u>\$ 80,654</u>

NOTE 11 CONCENTRATIONS AND RISKS

Funding Sources

Approximately 57% and 36% of the Agency's grant and contract income without donor restrictions, including releases from restrictions, for the years ended December 31, 2020 and 2019, respectively, was from one funding source.

Approximately 92% and 89% of the Agency's grants and contracts receivable at December 31, 2020 and 2019, respectively, are due from two funding sources. Of the Agency's total 2020 grant and contract income without donor restrictions, including releases from restrictions, totaling \$20,186,102, approximately 70% was from public sources and 30% was from private sources. Of the Agency's total 2019 grant and contract income without donor restrictions, including releases from restrictions, totaling \$23,247,141, approximately 70% was from public sources and 30% was from private sources.

Contributions without donor restrictions in the accompanying combined statements of activities and changes in net assets for the years ended December 31, 2020 and 2019, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Individuals	\$ 293,268	\$ 208,994
Corporations	150,750	164,841
Foundations	303,686	33,477
Total	<u>\$ 747,704</u>	<u>\$ 407,312</u>

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NOTE 11 CONCENTRATIONS AND RISKS (CONTINUED)

Funding Sources (Continued)

The Agency receives significant assistance from numerous government agencies in the form of contracts and grants. Expenditures of these funds require compliance with the agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the Agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Agency as of December 31, 2020 and 2019.

Cash and Cash Equivalents

The Agency maintains its cash balances in banks in Massachusetts and is insured within limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances exceeded the insured amounts. The Agency has not experienced any losses in such accounts. The Agency's management believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 12 CONDITIONAL GRANTS

During 2020, the Organization received a total of 23 grants and advanced payments amounting to approximately \$2,000,976 which were conditional upon specific and measurable barriers and contained the right of return if the funds were not spent on the criteria of the grants. During the year, \$949,873 of the funds were spent according to the conditions of the grants. As of December 31, 2020, conditional grants totaling \$1,051,103 remained in deferred revenue and will be released into revenue in future years as the conditions and barriers are met. As of December 31, 2020, conditional contributions related to federal grants of approximately \$4,955,000 have not yet been recognized in the financial statements.

NOTE 13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the Agency within one year are as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 2,147,316	\$ 2,757,694
Short-Term Investments	3,433	14,528
Grants and Contracts Receivable	6,120,979	5,408,257
Accounts Receivable - Other	18,525	26,093
Current Portion of Pledges Receivable	1,537,660	1,431,383
Total	<u>9,827,913</u>	<u>9,637,955</u>
Less: Amounts Subject to Donor Restrictions	<u>(3,697,208)</u>	<u>(6,619,474)</u>
Financial Assets Available for Use	<u>\$ 6,130,705</u>	<u>\$ 3,018,481</u>

The Agency reviews its cash position and cash flow projections on a weekly basis to ensure that adequate funds are on hand to meet expenses.

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NOTE 14 PAYCHECK PROTECTION PROGRAM

Paycheck Protection Program Loans

On April 15, 2020, the Agency received a loan from Boston Private Bank & Trust Company in the amount of \$1,470,400 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Agency fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period, which is the 24 week period beginning on the date of the loan, is the time that a business has to spend their PPP Loan funds.

Subsequent to December 31, 2020, the Agency received a Second Draw PPP Loan of \$1,394,794 as part of the Paycheck Protection Program. These funds must be used in accordance with the program requirements. Additionally, some or all of the funds may be forgiven based on compliance with program requirements and approval by the U.S. Small Business Administration.

NOTE 15 YOUTH ON BOARD PROGRAM

One of the Agency's programs, Youth on Board (YOB), was established as an independent entity in Massachusetts in 2021.

NOTE 16 RETIREMENT PLAN

The Agency sponsors a retirement plan qualified under Section 401(k) of the Internal Revenue Code covering eligible employees. The board of directors may authorize a discretionary match at year-end for eligible employees. Temporary employees are not eligible to receive a match due to their temporary status; however, they can contribute to their 401(k) plan. For the years ended December 31, 2020 and 2019, the Agency authorized discretionary matches of \$95,198 and \$199,776 respectively.

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