

**YOUTHBUILD USA, INC. AND AFFILIATES**  
**COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Combined Financial Statements**

#### ***Opinion***

We have audited the accompanying combined financial statements of YouthBuild USA, Inc. and Affiliates, a Massachusetts nonprofit organization, (the Agency), which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of YouthBuild USA, Inc. and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Combined Financial Statements***

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about YouthBuild USA, Inc. and Affiliates' ability to continue as a going concern for one year after the date the combined financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Combined financial statements***

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 combined 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 combined 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 combined 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 YouthBuild USA, Inc. and Affiliates 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about YouthBuild USA, Inc. and Affiliates' ability to continue as a going concern for a reasonable period of time.

Board of Directors  
YouthBuild USA, Inc. and Affiliates

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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
June 30, 2022

**YOUTHBUILD USA, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 14,584,043	\$ 5,092,946	\$ 19,676,989	\$ -	\$ 2,147,316	\$ 2,147,316
Short-Term Investments	3,437	-	3,437	3,433	-	3,433
Grants and Contracts Receivable	5,533,469	-	5,533,469	6,120,979	-	6,120,979
Accounts Receivable - Other, Net	12,882	-	12,882	18,525	-	18,525
Current Portion of Pledges Receivable	-	2,835,316	2,835,316	-	1,537,660	1,537,660
Prepaid Expenses, and Other	91,029	-	91,029	47,641	-	47,641
Due (to) from	-	-	-	(1,231,697)	1,231,697	-
Total Current Assets	<u>20,224,860</u>	<u>7,928,262</u>	<u>28,153,122</u>	<u>4,958,881</u>	<u>4,916,673</u>	<u>9,875,554</u>
Investments	-	10,588,768	10,588,768	-	9,197,350	9,197,350
Pledges Receivable, Net of Current Portion	-	1,000,000	1,000,000	-	1,480,000	1,480,000
Security Deposit	-	-	-	356,993	-	356,993
<b>PROPERTY AND EQUIPMENT</b>						
Buildings	1,888,556	-	1,888,556	1,638,476	-	1,638,476
Furnishings and Equipment	674,021	-	674,021	651,500	-	651,500
Total Property and Equipment	<u>2,562,577</u>	<u>-</u>	<u>2,562,577</u>	<u>2,289,976</u>	<u>-</u>	<u>2,289,976</u>
Less: Accumulated Depreciation and Amortization	<u>(644,276)</u>	<u>-</u>	<u>(644,276)</u>	<u>(395,961)</u>	<u>-</u>	<u>(395,961)</u>
Net Property and Equipment	<u>1,918,301</u>	<u>-</u>	<u>1,918,301</u>	<u>1,894,015</u>	<u>-</u>	<u>1,894,015</u>
Total Assets	<u>\$ 22,143,161</u>	<u>\$ 19,517,030</u>	<u>\$ 41,660,191</u>	<u>\$ 7,209,889</u>	<u>\$ 15,594,023</u>	<u>\$ 22,803,912</u>

See accompanying Notes to Combined Financial Statements.

**YOUTHBUILD USA, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>						
<b>LIABILITIES</b>						
Current Portion of Loan Payable	\$ 15,351	\$ -	\$ 15,351	\$ 15,707	\$ -	\$ 15,707
Accounts Payable	361,106	-	361,106	513,541	-	513,541
Grants Payable	494,154	-	494,154	441,303	-	441,303
Accrued Expenses	3,438,653	-	3,438,653	2,564,576	-	2,564,576
Deferred Revenue	637,509	-	637,509	1,051,103	-	1,051,103
Paycheck Protection Program Loan	1,395,194	-	1,395,194	1,470,400	-	1,470,400
Total Current Liabilities	<u>6,341,967</u>	<u>-</u>	<u>6,341,967</u>	<u>6,056,630</u>	<u>-</u>	<u>6,056,630</u>
Loan Payable, Net of Current Portion	700,700	-	700,700	1,171,645	-	1,171,645
Total Liabilities	<u>7,042,667</u>	<u>-</u>	<u>7,042,667</u>	<u>7,228,275</u>	<u>-</u>	<u>7,228,275</u>
<b>NET ASSETS (DEFICIT)</b>						
Without Donor Restrictions:						
Operating	182,193	-	182,193	(1,912,401)	-	(1,912,401)
Board Designated Reserve	13,000,000	-	13,000,000	-	-	-
Property and Equipment	1,918,301	-	1,918,301	1,894,015	-	1,894,015
Total Without Donor Restrictions	<u>15,100,494</u>	<u>-</u>	<u>15,100,494</u>	<u>(18,386)</u>	<u>-</u>	<u>(18,386)</u>
With Donor Restrictions	-	19,517,030	19,517,030	-	15,594,023	15,594,023
Total Net Assets (Deficit)	<u>15,100,494</u>	<u>19,517,030</u>	<u>34,617,524</u>	<u>(18,386)</u>	<u>15,594,023</u>	<u>15,575,637</u>
 Total Liabilities and Net Assets (Deficit)	 <u>\$ 22,143,161</u>	 <u>\$ 19,517,030</u>	 <u>\$ 41,660,191</u>	 <u>\$ 7,209,889</u>	 <u>\$ 15,594,023</u>	 <u>\$ 22,803,912</u>

See accompanying Notes to Combined Financial Statements.

**YOUTHBUILD USA, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND OTHER SUPPORT</b>			
Grant and Contract Income	\$ 17,435,763	\$ 7,886,823	\$ 25,322,586
Training, Consulting and Conference Fees	150,475	-	150,475
Nonrecurring Contribution	13,000,000	-	13,000,000
Contributions	1,014,174	-	1,014,174
Donated Goods and Services	353,281	-	353,281
Products and Other Income	-	-	-
Affiliation Fees	106,774	-	106,774
Investment Earnings	116,155	-	116,155
Investment Gain - Endowment Designated for Current Operations, Net of Fees	429,169	-	429,169
Net Assets Released from Donor Restrictions	4,809,382	(4,809,382)	-
Total Revenue, Support, and Gains	37,415,173	3,077,441	40,492,614
<b>EXPENSES</b>			
Program Services Expenses:			
Domestic Grants to Sites	8,961,985	-	8,961,985
Training and Technical Assistance	6,353,207	-	6,353,207
Youth on Board	312,454	-	312,454
Advocacy	291,005	-	291,005
International	4,140,950	-	4,140,950
Total Program Services Expenses	20,059,601	-	20,059,601
Supporting Services Expenses:			
Management and General	3,323,642	-	3,323,642
Fundraising and Development	383,050	-	383,050
Total Supporting Services Expenses	3,706,692	-	3,706,692
Total Expenses	23,766,293	-	23,766,293
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	13,648,880	3,077,441	16,726,321
<b>NONOPERATING REVENUES</b>			
Investment Gain - Endowment, Net of Endowment Designated for Current Operations, Net of Fees	-	845,566	845,566
Loss on Disposal of Property and Equipment	-	-	-
Forgiveness of Paycheck Protection Plan Loan	1,470,000	-	1,470,000
Total Nonoperating Revenues	1,470,000	845,566	2,315,566
<b>CHANGE IN NET ASSETS</b>	15,118,880	3,923,007	19,041,887
Net Assets (Deficit) - Beginning of Year	(18,386)	15,594,023	15,575,637
<b>NET ASSETS - END OF YEAR</b>	\$ 15,100,494	\$ 19,517,030	\$ 34,617,524

See accompanying Notes to Combined Financial Statements.



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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND OTHER SUPPORT</b>			
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 Current Operations, Net of Fees	411,458	-	411,458
Net Assets Released from Donor Restrictions	5,424,773	(5,424,773)	-
Total Revenue, Support, and Gains	<u>22,189,119</u>	<u>(1,241,868)</u>	<u>20,947,251</u>
<b>EXPENSES</b>			
Program Services Expenses:			
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	3,746,403	-	3,746,403
Total Program Services Expenses	<u>17,227,467</u>	<u>-</u>	<u>17,227,467</u>
Supporting Services Expenses:			
Management and General	4,122,353	-	4,122,353
Fundraising and Development	262,245	-	262,245
Total Supporting Services Expenses	<u>4,384,598</u>	<u>-</u>	<u>4,384,598</u>
Total Expenses and Losses	<u>21,612,065</u>	<u>-</u>	<u>21,612,065</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	577,054	(1,241,868)	(664,814)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Gain - Endowment, Net of Endowment Designated for Current Operations, Net of Fees	-	416,943	416,943
Loss on Disposal of Property and Equipment	(27,792)	-	(27,792)
Total Nonoperating Revenues (Expenses)	<u>(27,792)</u>	<u>416,943</u>	<u>389,151</u>
<b>CHANGE IN NET ASSETS</b>	549,262	(824,925)	(275,663)
Net Assets (Deficits) - Beginning of Year	<u>(567,648)</u>	<u>16,418,948</u>	<u>15,851,300</u>
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<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 FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	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	\$ -	\$ 3,378,162	\$ 93,723	\$ 143,034	\$ 869,186	\$ 4,484,105	\$ 1,125,647	\$ 231,310	\$ 5,841,062
Payroll Taxes and Fringe Benefits	-	1,195,268	2,961	45,198	275,133	1,518,560	356,449	98,685	1,973,694
Site Grants	8,961,985	-	-	-	2,292,238	11,254,223	-	10,738	11,264,961
Consulting	-	820,672	133,718	78,500	652,582	1,685,472	160,303	3,765	1,849,540
Travel, Seminars and Workshops	-	50,545	4,126	25	26,631	81,327	1,395	7,687	90,409
Vista Stipends, Net of Cost Share	-	678,885	-	-	-	678,885	-	-	678,885
Occupancy	-	-	-	-	-	-	559,162	-	559,162
Professional Fees	-	13,062	-	-	-	13,062	448,211	-	461,273
Miscellaneous	-	58,949	8,311	24,011	13,933	105,204	26,910	9,839	141,953
Office Supplies and Minor Equipment	-	103,450	132	-	909	104,491	94,426	13,563	212,480
Temporary Employment	-	476	-	-	-	476	6,262	-	6,738
Depreciation and Amortization	-	-	-	-	-	-	248,315	-	248,315
Telephone and Electronic Communication	-	16,645	902	237	253	18,037	31,138	-	49,175
Interest, Fees and Charges	-	1,555	-	-	1,752	3,307	193,666	3,530	200,503
Gifts to Youth	-	-	67,705	-	-	67,705	-	-	67,705
Program and Construction tools and Supplies	-	26,638	851	-	6,631	34,120	-	-	34,120
Equipment Rental	-	6,043	-	-	-	6,043	14,733	-	20,776
Insurance	-	-	-	-	-	-	42,128	-	42,128
Copying, Printing, Publications and Other Materials	-	185	-	-	135	320	32	3,834	4,186
Postage	-	2,672	25	-	1,567	4,264	5,451	99	9,814
Advertising	-	-	-	-	-	-	9,414	-	9,414
Total Expenses by Function	<u>\$ 8,961,985</u>	<u>\$ 6,353,207</u>	<u>\$ 312,454</u>	<u>\$ 291,005</u>	<u>\$ 4,140,950</u>	<u>\$ 20,059,601</u>	<u>\$ 3,323,642</u>	<u>\$ 383,050</u>	<u>\$ 23,766,293</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						General and Administrative	Fundraising and Development	Total
	Domestic Grants to Sites	Training and Technical Assistance	Youth on Board	Advocacy	International	Total			
Salaries and Wages	\$ -	\$ 3,028,251	\$ 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
<b>Total Expenses by Function</b>	<b>\$ 6,477,618</b>	<b>\$ 5,900,603</b>	<b>\$ 720,439</b>	<b>\$ 382,404</b>	<b>\$ 3,746,403</b>	<b>\$ 17,227,467</b>	<b>\$ 4,122,353</b>	<b>\$ 262,245</b>	<b>\$ 21,612,065</b>

See accompanying Notes to Combined Financial Statements.

**YOUTHBUILD USA, INC. AND AFFILIATES  
COMBINED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 19,041,887	\$ (275,663)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Investment Gain - Endowment	(1,301,658)	(416,943)
Depreciation	248,315	95,202
Forgiveness of Paycheck Protection Plan	(1,470,000)	-
Bad Debt Expense	-	37,378
Loss on Loan Receivable	-	35,351
Loss on Disposal of Property and Equipment	-	27,792
Changes in Operating Assets and Liabilities:		
Grants and Contracts Receivables	587,510	(750,100)
Accounts Receivable - Other, Net	5,643	7,568
Pledges Receivable	(817,656)	(706,277)
Prepaid Expenses and Other Assets	313,605	255,306
Accounts Payable	(152,435)	(490,183)
Grants Payable	52,851	(1,148,382)
Accrued Expenses and Other Liabilities	874,077	869,974
Deferred Revenue	(413,594)	752,655
Net Cash Provided (Used) by Operating Activities	16,968,545	(1,706,322)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(1,198,775)	(7,508,844)
Proceeds from Sales of Investments	1,109,011	7,659,006
Purchases of Property and Equipment	(272,601)	(1,754,597)
Net Cash Used by Investing Activities	(362,365)	(1,604,435)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program	1,395,194	1,470,400
Proceeds on Loan Payable	-	1,187,352
Payments on Loan Payable	(471,701)	-
Net Cash Provided by Financing Activities	923,493	2,657,752
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	17,529,673	(653,005)
Cash and Cash Equivalents - Beginning of Year	2,147,316	2,800,321
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 19,676,989	\$ 2,147,316

See accompanying Notes to Combined Financial Statements.

**YOUTHBUILD USA, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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 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 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. See Note 3 for related party transactions.

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.

**YOUTHBUILD USA, INC. AND AFFILIATES**  
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**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.

**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, 2021 and 2020, management believes all amounts are collectible.

**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, 2021 and 2020, 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, 2021 and 2020.

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.

**YOUTHBUILD USA, INC. AND AFFILIATES**  
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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 to 7 Years
Computer Software	3 Years
Leasehold Improvements	Remaining Term of Lease

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, 2021 or 2020.

**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. As of December 31, 2021, the board of directors has designated from net assets without donors restrictions a reserve of \$13,000,000.

**YOUTHBUILD USA, INC. AND AFFILIATES**  
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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

*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.

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, 2021 and 2020.



**YOUTHBUILD USA, INC. AND AFFILIATES**  
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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue and Revenue Recognition (Continued)**

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.

**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 \$353,281 and \$538,451 for the years ended December 31, 2021 and 2020, 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 2021 and 2020, the Agency received donated stocks valued at \$9,789 and \$11,191, 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 2021 and 2020.

**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 \$9,414 and \$185 during the years ended December 31, 2021 and 2020, 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.

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

**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. 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, 2021 and 2020. 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.

**YOUTHBUILD USA, INC. AND AFFILIATES**  
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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

*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.

*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, 2022, which is the date the combined financial statements were available to be issued. The following subsequent event was identified by the Agency:

- Recent market conditions after December 31, 2021 have resulted in an unusually high degree of volatility which affected the fair value associated with certain investments held by the Agency. Because the values of individual investments fluctuate with market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined as of June 30, 2022.

**NOTE 3 RELATED PARTY TRANSACTIONS**

The Agency had the following related party transactions:

A board member of the Agency was a partner at Goulston and Storrs, which provided the Agency with pro bono legal services of \$330,881 and \$457,226 for the years ended December 31, 2021 and 2020, respectively, which are included in professional fees in the accompanying combined statements of functional expenses.

During 2021 and 2020, the Agency made grants in the amount of \$39,660 and \$56,730, 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 \$1,440 and \$9,000 to YCSC as of December 31, 2021 and 2020, respectively, which is included in accounts payable in the accompanying combined statements of financial position.

**YOUTHBUILD USA, INC. AND AFFILIATES**  
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**NOTE 4 PLEDGES RECEIVABLE**

Pledges receivable at December 31, 2021 and 2020 were due as follows:

	<u>2021</u>	<u>2020</u>
Due Within One Year	\$ 2,835,316	\$ 1,537,660
Due Within Two to Five Years	1,000,000	1,480,000

For the year ended December 31, 2021, five donors represented 96% of the total outstanding pledge balance. For the year ended December 31, 2020, three donors represented 95% of the total outstanding pledge balance. The agency determined that the discount on the pledges receivable would be immaterial.

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS AND ENDOWMENT**

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

	<u>2021</u>	<u>2020</u>
Net Assets With Donor Restrictions:		
Restricted for Program Purposes	\$ 8,822,605	\$ 6,305,492
Restricted for Time Purposes	500,000	\$ -
Appreciation on Endowment	4,634,097	3,788,531
Perpetual Endowment	<u>5,500,000</u>	<u>5,500,000</u>
Total	<u>19,456,702</u>	<u>15,594,023</u>
Total Net Assets with Donor Restrictions	<u>\$ 19,456,702</u>	<u>\$ 15,594,023</u>

During the years ended December 31, 2021 and 2020, net assets released from restrictions in satisfaction of purpose and/or time restrictions amounted to \$4,807,942 and \$5,424,773, respectively.

**YOUTHBUILD USA, INC. AND AFFILIATES**  
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**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS AND ENDOWMENT (CONTINUED)**

A reconciliation of endowment activity for 2021 and 2020 is as follows:

	Appreciation (Depreciation)	In Perpetuity	Total Endowment
Endowment Net Assets - December 31, 2019	\$ 3,371,589	\$ 5,500,000	\$ 8,871,589
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 - December 31, 2020	<u>3,788,531</u>	<u>5,500,000</u>	<u>9,288,531</u>
Investment Return:			
Net Unrealized Gains	1,003,082	-	1,003,082
Net Realized Gains	333,421	-	333,421
Investment Fees - Endowment	(61,768)	-	(61,768)
Spending Designated for Current Operations	(429,169)	-	(429,169)
Total Investment Change	<u>845,566</u>	<u>-</u>	<u>845,566</u>
Endowment Net Assets - End of Year	<u>\$ 4,634,097</u>	<u>\$ 5,500,000</u>	<u>\$ 10,134,097</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.

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**NOTE 5 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 36-month period. During 2021, the Agency appropriated \$429,169 of the endowment gains to without donor-restricted net assets. During 2020, the Agency appropriated \$411,458 of the endowment gains to without donor-restricted net assets. The Agency recognized in operations the interest and dividends earned on the endowment, which totaled \$115,991 and \$86,451 for the years ended December 31, 2021 and 2020, 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 \$845,566 and \$416,942 for the years ended December 31, 2021 and 2020, respectively. See Note 7.

**NOTE 6 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:

	2021			Total
	Level 1	Level 2	Level 3	
Investment Cash and Cash Equivalents	\$ 218,322	\$ -	\$ -	\$ 218,322
Government and Corporate Bonds:				
Publicly Traded	3,941,326	-	-	3,941,326
Equities:				
Publicly Traded - Domestic	5,036,897	-	-	5,036,897
Publicly Traded - International	1,020,561	-	-	1,020,561
Mutual Funds	375,099	-	-	375,099
Total	<u>\$ 10,592,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,592,205</u>

**YOUTHBUILD USA, INC. AND AFFILIATES**  
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**NOTE 6 INVESTMENTS (CONTINUED)**

	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>

Investment earnings pertaining to net assets without donor restrictions for the years ended December 31, 2021 and 2020, consist of interest and dividends of \$116,155 and \$126,492, 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, 2021 and 2020, consists of the following:

	2021	2020
Realized Gain on Investments - Endowment	333,421	\$ 1,234,999
Unrealized Gain (Loss) on Investments - Endowment	1,003,082	(406,599)
Investment Fees - Endowment	(61,768)	-
Endowment Designated for Current Operations	(429,169)	(411,458)
Total	<u>\$ 845,566</u>	<u>\$ 416,942</u>

**NOTE 7 LINE OF CREDIT**

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 expired in May of 2022 and the Agency did not renew the agreement.

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**NOTE 8 LOAN PAYABLE**

The Agency entered into an operating lease in February 2020 as described in Note 9. 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 repayment terms included annual payments of \$165,000 per year (\$13,750 per month) for the next 25 years with a stated interest rate of 10%. In October 2021, the Agency paid off the loan balance in full.

The Agency entered into a new loan agreement in September 2021 in the amount of \$716,051. The repayment terms include monthly payments of \$6,914 beginning in October 2022 and continuing for the five years, with a stated interest rate of 3%. Future minimum payments under the loan are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 15,351
2023	62,526
2024	64,401
2025	66,441
2026	507,332
Total	<u>\$ 716,051</u>

**NOTE 9 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 could 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 \$-0- and \$425,968 for the years ended December 31, 2021 and 2020, 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 \$412,020 and \$48,085 for the years ended December 31, 2021 and 2020, respectively, and is included in occupancy in the accompanying combined statements of functional expenses.

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 noncancellable office equipment lease that expires in January 2025 with monthly payments of \$1,646. Expenses incurred under these agreements totaled \$20,776 and \$23,039 for the years ended December 31, 2021 and 2020, respectively. These expenses are included in equipment rental in the accompanying combined statements of functional expenses.



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**NOTE 9 OPERATING LEASES (CONTINUED)**

Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Facility Leases</u>	<u>Equipment Leases</u>
2022	\$ 412,020	\$ 19,752
2023	412,020	19,752
2024	412,020	19,752
2025	412,020	19,752
2026	413,136	1,646
Thereafter	2,225,509	-
Total Minimum Lease Payments	<u>\$ 4,286,725</u>	<u>\$ 80,654</u>

**NOTE 10 CONCENTRATIONS AND RISKS**

**Funding Sources – Grants and Contributions**

Approximately 48% and 57% of the Agency's grant and contract income without donor restrictions, including releases from restrictions, for the years ended December 31, 2021 and 2020, respectively, was from one funding source.

Approximately 91% and 92% of the Agency's grants and contracts receivable at December 31, 2021 and 2020, respectively, are due from two funding sources. Of the Agency's total 2021 grant and contract income without donor restrictions, including releases from restrictions, totaling \$25,322,586, approximately 58% was from public sources and 42% was from private 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.

Contributions without donor restrictions in the accompanying combined statements of activities and changes in net assets for the years ended December 31, 2021 and 2020, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Individuals	\$ 210,247	\$ 293,268
Corporations	436,088	150,750
Foundations	362,250	303,686
Total	<u>\$ 1,008,585</u>	<u>\$ 747,704</u>

In addition to the above contributions, during 2021, the Agency received a transformational, unrestricted gift totaling \$13,000,000 from the National Philanthropic Trust. This gift will help the Agency increase the quality, impact, and sustainability of YouthBuild programs, as well as drive change and innovation throughout the Agency.

**YOUTHBUILD USA, INC. AND AFFILIATES  
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**NOTE 10 CONCENTRATIONS AND RISKS (CONTINUED)**

**Funding Sources – Grants and Contributions (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, 2021 and 2020.

**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, however, the Agency invests in additional insurance to protect amounts over the limit. 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 11 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. In 2021, the Agency also received six new grants and advanced payments amounting to \$1,307,797. Funds for the 2020 and 2021 grants were spent in the current year according to the conditions of the grants in the total of \$1,711,391. \$637,509 remained in deferred revenue as of December 31, 2021 and will be released into revenue in future years as the conditions and barriers are met. As of December 31, 2021, conditional contributions related to federal grants of approximately \$23,168,980 have not yet been recognized in the combined financial statements.

**NOTE 12 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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 19,676,989	\$ 2,147,316
Short-Term Investments	3,437	3,433
Grants and Contracts Receivable	5,533,469	6,120,979
Accounts Receivable - Other	12,882	18,525
Current Portion of Pledges Receivable	2,835,316	1,537,660
Total	<u>28,062,093</u>	<u>9,827,913</u>
Less: Amounts Subject to Donor Restrictions	<u>(8,822,605)</u>	<u>(3,697,208)</u>
Financial Assets Available for Use	<u>\$ 19,239,488</u>	<u>\$ 6,130,705</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.

**YOUTHBUILD USA, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 13 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 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations superseded the loan agreement. The PPP Loan had a fixed interest rate of 1.0% per annum, had a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. In August of 2021, the Agency received full forgiveness of the loan. Forgiveness in the amount of \$1,470,000 was shown as an increase in net assets on the combined statement of activities.

In March 2021, 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 (SBA). Subsequent to December 31, 2021, the Agency received notification of forgiveness for the Second Draw of PPP for the entire amount. The amount will be included as an increase in net assets in 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Agency's financial position.

**NOTE 14 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 15 RETIREMENT PLAN**

The Agency sponsors a retirement plan qualified under Section 401(k) of the Internal Revenue Code covering eligible employees. The Agency 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, 2021 and 2020, the Agency authorized discretionary matches of \$103,151 and \$95,198, respectively.