YOUTH LAW CENTER

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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Grant Bennett Associates
A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
YOUTH LAW CENTER
San Francisco, California

Report on Financial Statements
We have audited the accompanying financial statements of Youth Law Center (the Center), which comprise the statement of financial position as of December 31, 2020, and the related 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Law Center 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.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Sacramento, California
May 13, 2021

YOUTH LAW CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	4,203,193
Accounts Receivable		702,021
Prepaid Expenses and Other Assets		20,002
Deposits		11,886
Subtotal Current Assets		4,937,102
Noncurrent Assets:		
Long Term Receivables		220,000
Fixed Assets (Net of Accumulated Depreciation of $4,064)		10,825
Subtotal Noncurrent Assets		230,825
TOTAL ASSETS	$	5,167,927
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable & Accrued Liabilities	$	8,487
Accrued Vacation		28,992
Deferred Revenue		25,185
Total Current Liabilities		62,664
Long-Term Liabilities:		
Long-Term Loans Payable - PPP Loan		254,817
Total Liabilities		317,481
Net Assets:		
Without Donor Restrictions		3,526,169
With Donor Restrictions		1,324,277
Total Net Assets		4,850,446
TOTAL LIABILITIES AND NET ASSETS	$	5,167,927

See notes to financial statements

YOUTH LAW CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants	$ -	$ 1,903,142	$ 1,903,142
Contributions	2,141,584	-	2,141,584
Special Events	6,424	-	6,424
Interest and Dividends	376	-	376
Consultant Fees	1,400,988	-	1,400,988
Other Income	80,682	-	80,682
Net Assets Released from Restrictions			
Satisfaction of Restrictions	1,448,684	(1,448,684)	-
Total Support and Revenue	5,078,738	454,458	5,533,196
EXPENSES			
Program Services	2,132,126	-	2,132,126
Management and General	342,745	-	342,745
Fund Raising	59,684	-	59,684
Total Expenses	2,534,555	-	2,534,555
CHANGE IN NET ASSETS	2,544,183	454,458	2,998,641
Net Assets at beginning of year	981,986	869,819	1,851,805
NET ASSETS AT END OF YEAR	$ 3,526,169	$ 1,324,277	$ 4,850,446

See notes to financial statements

YOUTH LAW CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Excess/(Deficit) of Revenue Over Expenditures	$	2,998,641
Adjustments to Reconcile Excess/(Deficit) of Revenue Over Expenditures to Net Cash Provided by Operating Activities		
Depreciation		4,064
(Increase)/Decrease in:		
Accounts Receivable		(428,488)
Long Term Receivables		(220,000)
Prepaid Expenses and Other Assets		20,551
Increase/(Decrease) in:		
Accounts Payable and Accrued Liabilities		(22,072)
Accrued Vacation		(93,989)
Deferred Revenue		22,185
Net Cash Provided by Operating Activities		2,280,892
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment		(14,889)
Net Cash (Used)/Provided by Investing Activities		(14,889)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from New Loans		254,817
Net Cash Provided by Financing Activities		254,817
INCREASE/(DECREASE) IN NET CASH		2,520,820
Cash and Cash Equivalents Balance, Beginning of Year		1,682,373
CASH AND CASH EQUIVALENTS BALANCE, END OF YEAR	$	4,203,193

See notes to financial statements

YOUTH LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Management & General	Fund Raising	Total
Wages & Salaries	$ 1,427,857	$ 125,090	$ 39,148	$ 1,592,095
Fringe Benefit	359,007	31,451	9,843	400,301
Professional Development	676	-	-	676
Travel	12,636	19,566	-	32,202
Meals	100	1,492	-	1,592
Special Event	-	95	8,283	8,378
Equipment Rental & Computer	-	4,105	-	4,105
Office Supplies	2,971	3,640	-	6,611
Office Expense	8,244	722	226	9,192
Audit	-	10,000	-	10,000
Accounting	-	71,488	-	71,488
Consultant	201,384	6,475	-	207,859
Litigation Expense	436	-	-	436
Telephone	3,471	7,361	-	10,832
Rent & Utility	76,011	6,659	2,084	84,754
Insurance	-	17,167	-	17,167
Library	220	18	-	238
Technology	31,548	22,065	-	53,613
Expendable Equipment	2,218	1,403	-	3,621
Depreciation & Amortization	3,645	319	100	4,064
Other Expenses	-	3,504	-	3,504
Membership Dues	1,702	10,125	-	11,827
TOTAL FUNCTIONAL EXPENSES	$ 2,132,126	$ 342,745	$ 59,684	$ 2,534,555

See notes to financial statements

YOUTH LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Youth Law Center (the Center) is a not-for-profit organization in the State of California. Its mission is to provide legal education, advice, counsel, legal representation and general assistance in the reform of the law regarding the rights of minors.

Funding for the Center occurs mainly through grants from private foundations and consulting contracts.

Basis of Accounting

The Center's policy is to prepare its financial statements using the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

For purposes of statement of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Accounts Receivable / Promises to Give

The Center considers accounts receivable/promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is required. If accounts receivable become uncollectible, they will be charged to operations when that determination is made, when promises to give become uncollectible, the amount will be offset to promises to give and to net assets with donor restrictions.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued

Income Tax Status

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Center is also exempt from state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Management believes the Center has no uncertain tax positions as of December 31, 2020.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as equipment rental and computers, telephone expense and rent and utilities, which are allocated based on salary expense.

Depreciation

Depreciation is accumulated using the straight-line method with estimated useful lives of the related assets ranging from three years for equipment and ten years for leasehold improvements. Acquisitions over $1,000 are capitalized at cost if purchased and fair value if contributed.

YOUTH LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 are as follows:

Grantor	Duration	Grant Amount	Net Assets with Donor Restrictions
	10/1/2020-9/30/2023	$ 570,000	$ 522,500
	10/1/2018-9/30/2021	500,000	124,997
	3/1/2020-3/1/2022	190,000	110,833
	10/1/2018-3/31/2021	150,000	28,000
	10/1/2019-6/30/2021	126,170	10,360
	12/1/2020-11/30/2021	110,000	110,000
	12/1/2019-5/31/2021	101,063	101,063
	9/1/2020-8/31/2022	100,000	83,333
	3/15/2020-11/30/2022	90,000	90,000
	7/8/2020-7/9/2021	50,000	50,000
	9/1/2020-8/31/2021	50,000	50,000
	9/18/2020-9/17/2021	20,000	20,000
	7/1/2020-8/1/2021	18,000	9,691
	N/A	13,500	13,500
Total			$ 1,324,277

Net assets with donor restrictions are restricted for the following purposes or periods:

	$ 522,500
	124,997
	110,833
	28,000
	10,360
	110,000
	101,063

YOUTH LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2: NET ASSETS WITH DONOR RESTRICTIONS - concluded

		83,333
		90,000
		50,000
		50,000
		20,000
		9,691
		13,500
Total Net Assets with Donor Restrictions	$	1,324,277

During the fiscal year ended December 31, 2020, net assets with donor restrictions of $1,448,683 were released from restrictions for the following purposes or periods:

FY2020 Operations	$	79,167
FY2020 Program Support		1,369,517
Total Net Assets Released from Restrictions	$	1,448,684

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable, at December 31, 2020 consisted of the following:

Consulting Receivables	$	296,929
Grants Receivables with Restriction		405,092
Total	$	$ 702,021

YOUTH LAW CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4: LONG TERM ACCOUNTS RECEIVABLE

Long term receivables includes grant awards expected to be received after December 31, 2021. As of December 31, 2020, long term receivables amounted to $220,000.

NOTE 5: LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Center's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year:

Cash and Cash Equivalents	$ 4,203,193
Accounts Receivable	702,021
Total Financial Assets	4,905,214
Less those unavailable for general expenditures within one year due to:	
Cash restricted by donor for specific uses:	
Restricted for FY22 & FY23 Quality Parenting Initiative	(332,500)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,572,714

The Center has $4,572,714 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures including cash of $4,203,193. Accounts Receivable are subject to implied time restrictions. The Center has $702,021 in receivables expected to be collected in one year.

The Center has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately $211,213. The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 6: FIXED ASSETS

As of December 31, 2020 fixed assets consist of the following:

Computer & Printers	$	14,889
Less: Accumulated Depreciation		(4,064)
Net Fixed Assets	$	10,825

NOTE 7: ACCRUED VACATION

The Center has a vacation policy that allows full time employees to accrue vacation at the rate of one and two-thirds days for each full month of service (20 days per year). A maximum accrual of 40 days is allowed. For a part-time employee, the rate of accrual of vacation time shall be reduced to reflect the proportional time worked by the employee. Temporary part time employees do not accrue vacation leave. As of December 31, 2020, accrued vacation amounted to $28,992.

NOTE 8: RETIREMENT PLAN

The Center maintains for the benefit of permanent employees a 401(k) plan. The Center makes contributions to this program on behalf of each permanent employee, who has been employed for two years, in an amount equal to four percent (4%) of the employee's annual salary. For the year ended December 31, 2020 the Center's plan contributions amounted to $39,805.

NOTE 9: LEASE COMMITMENTS

The Center entered into a sublease agreement for office space located at 832 Folsom Street, Suite 700, San Francisco, California. The term for the lease is for five years and three months, commencing July 1, 2017 and ending on September 30, 2022.

The minimum future lease payments due under this agreement are as follows:

Year Ended December 31	
2021	$ 78,246
2022	59,427
Total	$ 137,673

NOTE 10: ADVERTISING COSTS

The costs of advertising are expensed as incurred. During the year ended December 31, 2020, advertising expense was $0.

Note 11: LONG-TERM LOANS PAYABLE – PPP LOAN

On April 16, 2020, the Organization received a loan from City National Bank (the Borrower) in the aggregate amount of $254,817, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated April 16, 2020 issued by the Borrower, matures on April 16, 2022 and bears interest at a rate of 1% per annum. The note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

NOTE 12: SUBSEQUENT EVENTS

The Center's management has evaluated its subsequent events through May 13, 2021, the date the financial statements were available to be issued and determined to disclose the following subsequent event:

The spread of coronavirus (COVID-19) around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.