

Youth Law Center
(a not-for-profit corporation)

Financial Statements
and
Independent Auditors' Report

For the Years Ended
December 31, 2022 and 2021



**Youth Law Center
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December 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Directors and Management
Youth Law Center
San Francisco, CA

Opinion

We have audited the accompanying financial statements of Youth Law Center, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the results of its operations 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Youth Law Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Youth Law Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Youth Law Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Youth Law Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in blue ink that reads 'Wheeler'.

San Jose, CA
April 20, 2023

Youth Law Center
Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,582,107	\$ 3,064,884
Investments	485,554	1,248,462
Accounts receivable, net	2,184,744	1,186,337
Prepays and other current assets	28,312	16,870
Total current assets	7,280,717	5,516,553
Deposits	11,886	11,886
Long-term receivables, net	324,682	668,306
Property and equipment, net	2,344	8,575
Right-of-use asset	6,866	-
Total assets	\$ 7,626,495	\$ 6,205,320
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 140,152	\$ 92,672
Deferred revenue	-	58,253
Lease liability	6,866	-
Total current liabilities	147,018	150,925
Total liabilities	147,018	150,925
Net assets		
Without donor restrictions		
Undesignated	4,013,740	3,627,630
Total net assets without donor restrictions	4,013,740	3,627,630
With donor restrictions	3,465,737	2,426,765
Total net assets	7,479,477	6,054,395
Total liabilities and net assets	\$ 7,626,495	\$ 6,205,320

See independent auditors' report and accompanying notes to the financial statements.

Youth Law Center
Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants	\$ 5,935	\$ 3,079,075	\$ 3,085,010
Contributions	60,558	-	60,558
Special events	191,250	-	191,250
Consultant fees	1,560,491	-	1,560,491
	<u>1,818,234</u>	<u>3,079,075</u>	<u>4,897,309</u>
Total revenue and support			
Restrictions satisfied by payments	<u>2,040,103</u>	<u>(2,040,103)</u>	<u>-</u>
Total revenues and support with restrictions satisfied by payments	3,858,337	1,038,972	4,897,309
EXPENSES			
Program services	3,096,686	-	3,096,686
Fundraising expenses	66,383	-	66,383
General and administrative expenses	352,666	-	352,666
	<u>3,515,735</u>	<u>-</u>	<u>3,515,735</u>
Total expenses			
OTHER INCOME (EXPENSES)			
Property tax forgiveness	28,913	-	28,913
Interest and dividend income	6,537	-	6,537
Realized gain	1,039	-	1,039
Unrealized loss	(14,480)	-	(14,480)
Miscellaneous income	21,499	-	21,499
	<u>43,508</u>	<u>-</u>	<u>43,508</u>
Total income			
Total change in net assets	386,110	1,038,972	1,425,082
Net assets, beginning of year	<u>3,627,630</u>	<u>2,426,765</u>	<u>6,054,395</u>
Net assets, end of year	<u>\$ 4,013,740</u>	<u>\$ 3,465,737</u>	<u>\$ 7,479,477</u>

See independent auditors' report and accompanying notes to the financial statements.

Youth Law Center
Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Grants	\$ 124,002	\$ 2,641,042	\$ 2,765,044
Contributions	105,640	-	105,640
Special events	124,875	-	124,875
Consultant fees	1,275,375	-	1,275,375
Total revenue and support	1,629,892	2,641,042	4,270,934
Restrictions satisfied by payments	1,538,554	(1,538,554)	-
Total revenues and support with restrictions satisfied by payments	3,168,446	1,102,488	4,270,934
EXPENSES			
Program services	2,955,439	-	2,955,439
Fundraising expenses	64,332	-	64,332
General and administrative expenses	330,916	-	330,916
Total expenses	3,350,687	-	3,350,687
OTHER INCOME (EXPENSES)			
Extinguishment of debt	254,817	-	254,817
Interest and dividend income	987	-	987
Interest expense	(385)	-	(385)
Unrealized loss	(2,198)	-	(2,198)
Bad debt recovery	23,731	-	23,731
Miscellaneous income	6,750	-	6,750
Total income	283,702	-	283,702
Total change in net assets	101,461	1,102,488	1,203,949
Net assets, beginning of year	3,526,169	1,324,277	4,850,446
Net assets, end of year	\$ 3,627,630	\$ 2,426,765	\$ 6,054,395

See independent auditors' report and accompanying notes to the financial statements.

**Youth Law Center
Statement of Functional Expense**

For the Year Ended December 31, 2022

	Program Services	Fundraising	General and Administrative	Total
Wages and salaries	\$ 1,936,327	\$ 46,703	\$ 171,997	\$ 2,155,027
Fringe benefits	487,092	11,748	43,267	542,107
Travel	62,634	-	-	62,634
Meals	254	-	-	254
Conference meetings	116,093	-	-	116,093
Computer equipment	-	-	456	456
Equipment rental	-	-	5,403	5,403
Office supplies	473	-	713	1,186
Program supplies	3,598	-	1,423	5,021
Fees	-	-	11,824	11,824
Postage and printing	1,633	5,000	497	7,130
Audit	-	-	26,900	26,900
Bank fees	-	-	3,054	3,054
Consultants	360,280	-	40,915	401,195
Litigation Expense	262	-	569	831
Telephone	10,833	261	963	12,057
Rent and utility	57,764	1,393	5,132	64,289
Insurance	-	-	18,674	18,674
Technology	52,988	1,278	4,707	58,973
Depreciation and amortization	-	-	5,693	5,693
Registration fees	3,781	-	-	3,781
Employee recognition	433	-	4,801	5,234
Library	150	-	-	150
Membership dues	2,091	-	5,678	7,769
Total expenses	<u>\$ 3,096,686</u>	<u>\$ 66,383</u>	<u>\$ 352,666</u>	<u>\$ 3,515,735</u>

See independent auditors' report and accompanying notes to the financial statements.

**Youth Law Center
Statement of Functional Expense**

For the Year Ended December 31, 2021

	Program Services	Fundraising	General and administrative	Total
Wages and salaries	\$ 1,738,995	\$ 44,189	\$ 140,218	\$ 1,923,402
Fringe benefits	467,718	11,885	37,713	517,316
Travel	7,925	-	-	7,925
Meals	150	-	-	150
Conference meetings	44,375	-	-	44,375
Computer equipment	-	-	424	424
Equipment rental	-	-	5,500	5,500
Office supplies	-	-	1,412	1,412
Program supplies	1,131	-	-	1,131
Office expense	-	-	318	318
Fees	-	-	9,919	9,919
Postage and printing	298	5,000	618	5,916
Audit	-	-	11,000	11,000
Accounting	-	-	29,036	29,036
Consultants	561,890	-	23,600	585,490
Litigation Expense	-	-	302	302
Telephone	9,986	254	805	11,045
Rent and utility	71,758	1,823	5,787	79,368
Insurance	-	-	12,429	12,429
Technology	46,486	1,181	3,748	51,415
Depreciation and amortization	-	-	5,399	5,399
Other expenses	-	-	4,313	4,313
Registration fees	925	-	-	925
Employee recognition	277	-	-	277
Property tax	-	-	28,913	28,913
Membership dues	3,525	-	9,462	12,987
Total expenses	<u>\$ 2,955,439</u>	<u>\$ 64,332</u>	<u>\$ 330,916</u>	<u>\$ 3,350,687</u>

See independent auditors' report and accompanying notes to the financial statements.

**Youth Law Center
Statements of Cash Flows**

For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,425,082	\$ 1,203,949
Adjustments to reconcile change in net assets cash provided by (used in) operating activities		
(Gain) loss on sale of property and equipment	(41)	-
Realized (gain) loss on investments	(1,039)	-
Unrealized (gain) loss on investments	14,480	2,198
Depreciation and amortization	5,693	5,399
Extinguishment of debt	-	(254,817)
(Increase) decrease in operating assets:		
Accounts receivable	(998,407)	(484,316)
Prepays	(11,442)	3,132
Long-term receivables	343,624	(448,306)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	47,480	55,193
Deferred revenue	(58,253)	33,068
	767,177	115,500
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from property and equipment	579	-
Purchases of property and equipment	-	(3,149)
Proceeds from investments	1,249,468	249,340
Purchases of investments	(500,001)	(1,500,000)
	750,046	(1,253,809)
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	1,517,223	(1,138,309)
Cash and cash equivalents, beginning of year	3,064,884	4,203,193
Cash and cash equivalents, end of year	\$ 4,582,107	\$ 3,064,884

See independent auditors' report and accompanying notes to the financial statements.

Youth Law Center
Notes to Financial Statements

December 31, 2022 and 2021

NOTE 1 - NATURE OF OPERATIONS

Youth Law Center (the Center) is a national not-for-profit legal advocacy organization based in the State of California. The Youth Law Center advocates to transform child welfare and juvenile justice systems so that every child can thrive. Fair, humane and just treatment of children and youth in foster care and the juvenile justice system requires advocacy that goes beyond ending harmful practice and dangerous conditions. While the Youth Law Center uses a wide and creative range of strategies to achieve system change, including litigation, policy reform, public education, technical assistance and collaboration; advocacy is at the heart of their work.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Under the accrual basis of accounting, revenue and support are recorded when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation

The Center presents information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions consist of net assets that are for use in general operations and are not subject to donor (or certain grantor) restrictions. The governing board has not designated any amounts from net assets without donor restrictions.

Net assets with donor restrictions represent contributions whose use has imposed restrictions. The 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. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash and money market funds. For purposes of reporting cash flows, the Center considers all unrestricted highly liquid investments with an initial maturity of 90 days or less at the date of purchase to be cash equivalents. The carrying amount in the Statements of Financial Position approximates fair value.

Youth Law Center
Notes to Financial Statements

December 31, 2022 and 2021

Accounts receivable

Accounts receivable consists of funds granted that will be received within one year. Allowance for doubtful accounts reflects the Center's best estimate of probable uncollectible in the accounts receivable balance. The Center determines the allowance based on historical experience, and other currently available evidence. Allowance for doubtful account balance was \$2,500 and \$0 for fiscal years ended December 31, 2022 and 2021, respectively.

Long-term grants receivable

In 2022 and 2021, long-term grant receivables are discounted to present value and are composed of grant receivables that will not be collect within one year.

Prepays and other current assets

Prepaid expenses and other current assets consist of deposits, and prepaid insurance that are paid in advance of when due and are expected to be realized within one year.

Fair value of financial instruments

Financial instruments included in the Center's Statements of Financial Position as of December 31, 2022 and 2021 include cash and cash equivalents, accounts payable and accrued expenses, for which the carrying amounts represent a reasonable estimate of the corresponding fair values.

Property and equipment

Property and equipment exceeding \$2,000 are recorded at cost if purchased or at estimated fair market value at date of gift, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computers and printers	3 years
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Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of amounts due for expenses incurred but not paid until the subsequent year as well as the accrual for wages and compensated absences.

Leases

The Center adopted Leases (Topic 842 - see Changing Standards note) on January 1, 2022 and has elected to use ASU 2016-11 to adopt the standard with a cumulative-effect adjustment to net assets.

The Center elects to not recognize a lease liability or right-of-use asset for leases with a remaining lease term of 12 months or less.

Right-of-use assets

A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or

Youth Law Center
Notes to Financial Statements

December 31, 2022 and 2021

before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over its lease term. Right-of-use assets are subject to evaluation of potential impairment.

Lease liabilities

At the commencement date of the lease, the Center recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Center uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

Revenue recognition

Exchange revenue - The Center recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Center receives contracts from foundations to provide services. The performance obligation is providing the service to the grantee. The Center establishes the transaction price, based on quoted prices in active markets. Revenue is recognized when the corresponding service has been provided according to the agreement, subject to the contract limit, if any.

Contribution revenue - The Center records contributions, including unconditional promises to give as revenue at their fair value in the period the contribution or pledge is received. All contributed support is recognized as revenue without donor restrictions when received or un-conditionally promised. The Center reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When such restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Functional expense allocations

The costs of providing the various program and supporting services have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses applicable to more than one program are allocated based on usage and management's estimates.

Concentration of credit risk

Financial instruments that potentially subject the Center to credit risk consist primarily of cash and cash equivalents. The Center maintains cash and cash equivalents with a commercial bank. Cash equivalents include overnight investments, and money market funds. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, such amounts might exceed Federal Deposit Insurance Corporation ("FDIC") limits.

Youth Law Center
Notes to Financial Statements

December 31, 2022 and 2021

Accounting for uncertainty for income taxes

The Center evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position.

The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2022 and 2021 management did not identify any uncertain tax positions.

The Center is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California.

Recent accounting standards

Leases - In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires entities to recognize right-of-use assets and lease liabilities on the statement of financial position for the rights and obligations created by all leases, including operating leases, with terms of more than 12 months. The new standard also requires additional disclosures on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The effective date was January 1, 2021, however, in June 2020, FASB issued ASU 2020-05 which pushed out the effective date out by one year. The new standard will be effective for the Center on January 1, 2022. Early adoption is permitted. The Center has adopted ASU 2016-02 for the year ended December 31, 2022. The adoption of the new guidance did not have a material impact on the Center's financial statements.

NOTE 3 - LIQUIDITY AND AVAILABLITLITY

The Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Center considers investment income without donor restrictions, appropriated earnings from donor-restricted and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, program expenses, and fundraising expenses to be paid in the subsequent year.

The Center manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Center.

The following table reflects the Center's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. Amounts not available are due to net assets with donor restrictions and governing board designated assets for future program expansion and organizational growth and stability. In the event the need arises to utilize the board-designated assets for liquidity purposes, the reserves could be drawn upon through board resolution.

**Youth Law Center
Notes to Financial Statements**

December 31, 2022 and 2021

	2022	2021
Cash and cash equivalents	\$ 4,582,107	\$ 3,064,884
Accounts receivable	2,184,744	1,186,337
Investments	485,554	1,248,462
Less: donor restrictions greater than one year	(324,682)	(318,182)
	\$ 6,927,723	\$ 5,181,501

NOTE 4 - INVESTMENTS

The Center invests in money market funds and publicly traded certificates of deposit, with financial institutions. The investments are recognized at fair value as of December 31, 2022 and 2021:

	2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other observable inputs (Level 3)
Certificates of deposit	\$ 485,554	\$ 485,554	\$ -	\$ -

	2021	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other observable inputs (Level 3)
Certificates of deposit	\$ 1,248,462	\$ 1,248,462	\$ -	\$ -

NOTE 5 - LONG-TERM GRANT RECEIVABLE

In 2022 and 2021, the Center had multi-year grants with amounts owed in 2023 and 2024. As a result, the portion of the receivable due in 2023 and 2024 was discounted:

	2022	2021
Grants receivable to be collected	\$ 357,348	\$ 685,544
Discount to present value	(32,666)	(17,238)
	\$ 324,682	\$ 668,306

In 2022 and 2021, revenue was reduced by the discounted portion.

Youth Law Center
Notes to Financial Statements

December 31, 2022 and 2021

NOTE 6 - PROPERTY AND EQUIPMENT

At December 31, 2022 and 2021, the value of the property and equipment and related accumulated depreciation is as follows:

	<u>2022</u>	<u>2021</u>
Computers and printers	\$ 16,750	\$ 18,039
Less: accumulated depreciation and amortization	<u>(14,406)</u>	<u>(9,464)</u>
	<u>\$ 2,344</u>	<u>\$ 8,575</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$5,693 and \$5,399, respectively.

NOTE 7 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Center received a \$254,817 loan through the Paycheck Protection Program (PPP), provided by the Small Business Administration. This loan helps small businesses pay for payroll and other expenses during the COVID-19 pandemic. The PPP loan and accrued interest are forgivable after the covered period has ended as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the full time equivalent or salary was reduced without restoring by a specified period. The unforgiven portion of the PPP loan has an interest rate of 1% with a maturity of two years. In June 2021, the Center received full forgiveness from the SBA and has reported the forgiveness as an extinguishment of debt in the Statements of Activities and Changes in Net Assets.

**Youth Law Center
Notes to Financial Statements**

December 31, 2022 and 2021

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted by donor for specific programs and operations. Net assets with donor restrictions consisted of the following purposes during the years ended December 31, 2022 and 2021:

<u>Purpose</u>	<u>2021</u>	<u>Additions</u>	<u>Releases/ Adjustments</u>	<u>2022</u>
Fellowship	\$ -	\$ 60,000	\$ 15,240	\$ 44,760
Foster Care Advocacy	808,055	275,000	469,847	613,208
General Support	20,000	50,000	25,000	45,000
Homelessness Advocacy	-	45,000	-	45,000
Juvenile Justice Advocacy	193,043	316,950	338,823	171,170
Postsecondary Education Advocacy	500,000	240,000	281,818	458,182
Quality Parenting Initiative	365,832	850,000	273,333	942,499
Women's Leadership Award	-	50,000	-	50,000
Youth Access to Justice Advocacy	557,073	1,224,791	653,280	1,128,584
Discount on Long-term grants	(17,238)	(32,666)	(17,238)	(32,666)
	<u>\$ 2,426,765</u>	<u>\$ 3,079,075</u>	<u>\$ 2,040,103</u>	<u>\$ 3,465,737</u>

<u>Purpose</u>	<u>2020</u>	<u>Additions</u>	<u>Releases/ Adjustments</u>	<u>2021</u>
COVID-19 Decarceration	\$ 13,500	\$ -	\$ 13,500	\$ -
Foster Care Advocacy	110,833	1,070,000	372,778	808,055
General Support	70,000	20,000	70,000	20,000
Homelessness Advocacy	-	-	-	-
Juvenile Justice Advocacy	338,755	150,000	295,712	193,043
Postsecondary Education Advocacy	124,997	500,000	124,997	500,000
Quality Parenting Initiative	655,832	-	290,000	365,832
Women's Leadership Award	-	-	-	-
Youth Access to Justice Advocacy	10,360	918,280	371,567	557,073
Discount on Long-term grants	-	(17,238)	-	(17,238)
	<u>\$ 1,324,277</u>	<u>\$ 2,641,042</u>	<u>\$ 1,538,554</u>	<u>\$ 2,426,765</u>

Youth Law Center
Notes to Financial Statements

December 31, 2022 and 2021

NOTE 9 - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Center allocates all expenses based on a time allocation of the employees per month and this is done for all expense other than grant expense. Grant expense is directly allocated to grant making.

NOTE 10 - RETIREMENT PLAN

Beginning in 2016, the Center sponsored a defined contribution retirement plan which qualifies under section 403(b) of the Internal Revenue Code. Under the terms of the plan, contributions are invested at the discretion of the plan participant in an investment vehicle comprised of various funds. The Center can elect to contribute 4% of gross salaries for qualified employees to the plan. The Center contributed \$43,418 and \$45,189 for the years ended December 31, 2022 and 2021, respectively.

NOTE 11 - CONCENTRATION OF RISK

Financial instruments that potentially subject the Center to credit risk consist primarily of cash, and receivables. The Center maintains cash with commercial banks and other major financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance ("FDIC") limits of \$250,000.

The credit risk associated with receivables is mitigated by the fact that the receivables are due from Center members, local donors and governments.

For the years ended December 31, 2022 and 2021, there were four and two contributors, respectively, that provided more than 10% of support and revenue.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

In 2022, the Center adopted the new lease standard that was issued by FASB: Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02").

The Center has lease contracts for an office and equipment. Those leases have expiration dates between 2022 and 2024. As of December 31, 2022, the operating leases had a discount rate of 0%.

Below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	<u>Office</u>	<u>Equipment</u>	<u>Total</u>
January 1, 2022	\$ 56,457	\$ 12,181	\$ 68,638
Amortization	<u>(56,457)</u>	<u>(5,315)</u>	<u>(61,772)</u>
December 31, 2022	<u>\$ -</u>	<u>\$ 6,866</u>	<u>\$ 6,866</u>

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Below are the carrying amounts of lease liabilities and the movements during the period:

	2022
January 1	71,608
Payments	(64,742)
December 31	6,866
Less: current portion	(5,315)
Non-current	\$ 1,551

Rent expense for the years ended December 31, 2022 and 2021 was \$64,289 and \$79,368, respectively.

The Center entered into a sublease agreement for office space located at 832 Folsom Street, Suite 700, San Francisco, California. The term of the lease is for five years and three months, commencing July 1, 2017 and ending September 30, 2022. In September 2022, the Center entered into an additional lease agreement for the same space starting October 1, 2022 and ending September 31, 2023.

The Center entered into a lease agreement for a copier. The term of the lease is for five years, commencing April 12, 2019 and ending April 11, 2024.

The table below reconciles the fixed components of the undiscounted cash flows for each of the first five years and the total remaining years to the lease liabilities recorded on the balance as of December 31, 2022. Amounts due for the 12 months ended December 31 are as follows:

	2022
2023	\$ 14,315
2024	1,329
Thereafter	-
	\$ 15,644

The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of society across the world. The continued spread of COVID-19 may adversely impact the local, regional, national and world economies. The extent to which Covid-19 may impact the Center's activities may depend on future developments which are highly uncertain and cannot be predicted. Although to date, Covid-19 has not had a material impact on the Center's activities, management cannot presently estimate the overall long-term operational and financial impact to the Center.

NOTE 13 - RELATED PARTY

Every year, board members are required to raise or make a minimum contribution of \$2,500 to the Center. For each of the years ended December 31, 2022 and 2021, direct contributions from board members were \$32,255 and \$15,250, respectively.

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NOTE 14 - RECLASSIFICATION

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 15 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the date the financial statements were available to be issued. The Center recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued.

Management evaluates events occurring subsequent to December 31, 2022 in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were approved by the Center and available to be issued.

No subsequent events have been noted that require disclosure or recognition.