

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

Financial Statements
and
Independent Auditors' Report

For the Years Ended
December 31, 2024 and 2023



**Youth Law Center
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December 31, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors
Youth Law Center
San Francisco, California

Opinion

We have audited the accompanying financial statements of Youth Law Center, which comprise the statements of financial position as of December 31, 2024 and 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Youth Law Center as of December 31, 2024 and 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 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 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 black ink that reads "BryMar".

Cupertino, CA
April 23, 2025

**Youth Law Center
Statements of Financial Position**

December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,167,263	\$ 1,475,538
Accounts receivable	97,186	335,236
Grants receivable	686,047	1,112,548
Related party receivable	5,000	15,000
Investments	4,620,209	3,801,513
Prepaid expenses	37,938	56,474
Total current assets	7,613,643	6,796,309
Deposits	11,886	11,886
Long-term grants receivable, net	346,501	250,447
Property and equipment, net	-	537
Right-of-use asset	3,719	1,329
Total assets	<u>\$ 7,975,749</u>	<u>\$ 7,060,508</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 209,795	\$ 185,000
Current portion of lease liability	2,790	1,329
Total current liabilities	212,585	186,329
Lease liability, net of current portion	929	-
Total liabilities	213,514	186,329
Net assets		
Without donor restrictions	4,731,045	4,543,596
With donor restrictions	3,031,190	2,330,583
Total net assets	7,762,235	6,874,179
Total liabilities and net assets	<u>\$ 7,975,749</u>	<u>\$ 7,060,508</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, 2024

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Grants	\$ 183,000	\$ 3,356,536	\$ 3,539,536
Contributions	87,050	-	87,050
Contributions of nonfinancial assets	4,428	-	4,428
Conference revenue	92,975	-	92,975
Special event revenue	55,690	-	55,690
Less: direct donor benefits	(155,521)	-	(155,521)
Consultant fees	1,707,371	-	1,707,371
Total revenue and support	1,974,993	3,356,536	5,331,529
Net assets released from restrictions	2,655,929	(2,655,929)	-
Total revenue and support with net assets released from restrictions	4,630,922	700,607	5,331,529
EXPENSES			
Program services	4,423,956	-	4,423,956
Fundraising	107,440	-	107,440
General and administrative	364,220	-	364,220
Total expenses	4,895,616	-	4,895,616
OTHER INCOME (EXPENSES)			
Interest and dividend income	192,469	-	192,469
Realized gain	59,207	-	59,207
Unrealized gain	245,566	-	245,566
Investment fees	(45,099)	-	(45,099)
Total income (expenses)	452,143	-	452,143
Total change in net assets	187,449	700,607	888,056
Net assets, beginning of year	4,543,596	2,330,583	6,874,179
Net assets, end of year	\$ 4,731,045	\$ 3,031,190	\$ 7,762,235

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, 2023

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Grants	\$ 106,384	\$ 1,674,347	\$ 1,780,731
Contributions	78,079	-	78,079
Conference revenue	180,837	-	180,837
Consultant fees	1,553,282	-	1,553,282
Total revenue and support	1,918,582	1,674,347	3,592,929
Net assets released from restrictions	2,809,501	(2,809,501)	-
Total revenue and support with net assets released from restrictions	4,728,083	(1,135,154)	3,592,929
EXPENSES			
Program services	3,916,164	-	3,916,164
Fundraising	78,811	-	78,811
General and administrative	420,899	-	420,899
Total expenses	4,415,874	-	4,415,874
OTHER INCOME (EXPENSES)			
Interest and dividend income	117,819	-	117,819
Realized gain	1,876	-	1,876
Unrealized gain	118,061	-	118,061
Investment fees	(20,109)	-	(20,109)
Total income	217,647	-	217,647
Total change in net assets	529,856	(1,135,154)	(605,298)
Net assets, beginning of year	4,013,740	3,465,737	7,479,477
Net assets, end of year	\$ 4,543,596	\$ 2,330,583	\$ 6,874,179

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

**Youth Law Center
Statement of Functional Expense**

For the Year Ended December 31, 2024

	Program Services	Fundraising	General and Administrative	Total
Wages and salaries	\$ 2,457,071	\$ 53,873	\$ 198,173	\$ 2,709,117
Fringe benefits	649,434	14,239	52,380	716,053
Audit	-	-	30,300	30,300
Consultants	655,486	36,875	11,211	703,572
Travel	94,409	-	1,815	96,224
Conference meetings	444,345	-	-	444,345
Special event	-	155,521	-	155,521
Registration fees	6,522	-	-	6,522
Employee recognition	1,687	545	3,159	5,391
Office supplies	1,970	-	191	2,161
Program supplies	8,337	-	25	8,362
Telephone	12,902	283	1,041	14,226
Insurance	-	-	16,548	16,548
Fees	1,477	50	13,389	14,916
Postage and printing	1,227	-	8,410	9,637
Library	891	-	499	1,390
Membership dues	9,927	-	6,892	16,819
Technology	60,685	1,331	4,895	66,911
Bank fees	-	-	1,398	1,398
Rent and utility	11,115	244	1,563	12,922
Computer equipment	2,409	-	5,995	8,404
Equipment rental	-	-	3,631	3,631
Depreciation	-	-	537	537
Lobby expense	150	-	-	150
Legal expense	3,912	-	-	3,912
Bad debt expense	-	-	2,168	2,168
Expenses	4,423,956	262,961	364,220	5,051,137
Less special event direct expenses	-	(155,521)	-	(155,521)
Total expenses	<u>\$ 4,423,956</u>	<u>\$ 107,440</u>	<u>\$ 364,220</u>	<u>\$ 4,895,616</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, 2023

	Program Services	Fundraising	General and administrative	Total
Wages and salaries	\$ 2,299,844	\$ 60,539	\$ 215,638	\$ 2,576,021
Fringe benefits	585,159	15,403	54,865	655,427
Audit	-	-	33,400	33,400
Consultants	624,483	-	45,959	670,442
Travel	105,514	-	1,815	107,329
Meals	100	-	-	100
Conference meetings	187,058	-	-	187,058
Registration fees	3,995	545	-	4,540
Employee recognition	2,027	-	3,159	5,186
Office supplies	2,534	-	191	2,725
Program supplies	4,339	-	25	4,364
Telephone	12,213	321	1,145	13,679
Insurance	-	-	14,929	14,929
Fees	1,477	50	16,190	17,717
Postage and printing	1,227	-	3,674	4,901
Library	138	-	499	637
Membership dues	5,241	-	6,892	12,133
Technology	62,959	1,657	5,903	70,519
Bank fees	-	-	2,831	2,831
Rent and utility	11,234	296	1,053	12,583
Computer equipment	2,409	-	2,455	4,864
Equipment rental	-	-	5,394	5,394
Depreciation	-	-	1,807	1,807
Lobby expense	300	-	-	300
Legal expense	3,913	-	-	3,913
Bad debt expense	-	-	3,075	3,075
Total expenses	<u>\$ 3,916,164</u>	<u>\$ 78,811</u>	<u>\$ 420,899</u>	<u>\$ 4,415,874</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 888,056	\$ (605,298)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Stock donations	(2,078)	-
Realized gain on investments	(59,207)	(1,876)
Unrealized gain on investments	(245,566)	(118,061)
Depreciation	537	1,807
(Increase) decrease in operating assets:		
Accounts receivable	238,050	721,960
Grants receivable	426,501	-
Related party receivable	10,000	-
Prepaid expenses	18,536	(28,162)
Long-term receivables	(96,054)	74,235
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	24,795	44,848
Net cash provided by (used in) operating activities	1,203,570	89,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	60,591	4,434,262
Purchases of investments	(572,436)	(7,630,284)
Net cash provided by (used in) investing activities	(511,845)	(3,196,022)
Net increase (decrease) in cash and cash equivalents	691,725	(3,106,569)
Cash and cash equivalents, beginning of year	1,475,538	4,582,107
Cash and cash equivalents, end of year	<u>\$ 2,167,263</u>	<u>\$ 1,475,538</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
New lease for right-of-use asset	<u>\$ 5,579</u>	<u>\$ -</u>
Nonfinancial asset contributions and expenses	<u>\$ 4,428</u>	<u>\$ -</u>
Stock donations	<u>\$ 2,078</u>	<u>\$ -</u>

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

Youth Law Center

Notes to Financial Statements

December 31, 2024 and 2023

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.

Accounts receivable

All accounts receivable are deemed collectible by management. Based on management's assessment of the customers having outstanding balances and their past history, they concluded that losses on balances outstanding at year-end are unlikely. Management believes that all receivables will be collected within one year, therefore no allowance for credit losses has been recorded. The accounts receivable balance as of January 1, 2023 was \$441,871.

Youth Law Center

Notes to Financial Statements

December 31, 2024 and 2023

Grants receivable

Grants receivable are stated at the amount the Center expects to collect and consists of private foundation grants and government agency grants and contracts. The Center initially records grants receivable that are expected to be collected within one year at net realizable value. Grants receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in grant revenue in the statements of activities and changes in net assets. At December 31, 2024 and 2023, the Center had grants receivable that were due over one year. The Center maintains an allowance for uncollectible grants receivable for estimated losses resulting from the inability of its donors to make required payments. Management considers the following factors when determining the collectability of specific accounts: creditworthiness, past transaction history, current economic industry trends, and changes in payment terms. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. There was no allowance for uncollectible receivable at December 31, 2024 and 2023.

Long-term grants receivable

In 2024 and 2023, long-term grant receivables are discounted to present value and are composed of grant receivables that will not be collect within one year.

Prepaid expenses

Prepaid expenses consist of expenses that are paid in advance of when due and is 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, 2024 and 2023 include cash and cash equivalents, accounts receivable, grants receivable, 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.

Leases

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.

Youth Law Center

Notes to Financial Statements

December 31, 2024 and 2023

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 amortization 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 before the commencement date less any lease incentives received. The right-of-use assets are amortized 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 grants and contributions, including unconditional promises to give as revenue at their fair value in the period the contribution or pledge is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. 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.

Special events revenue - The Center conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - the exchange component, and a portion represents a contribution to the Center. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of direct donor benefits provided at special events is measured at the actual cost to the Center. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The event fee is set by the Center. Special event fees collected by the Center in advance of its delivery are initially recorded as deferred revenue and recognized as special event revenue after the delivery of the event.

Youth Law Center

Notes to Financial Statements

December 31, 2024 and 2023

Nonfinancial contributions

The Center records nonfinancial support including professional services. Contributed professional services are recognized if the services received (a) create or enhance a non-financial asset or (b) require specialized skills, provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The amounts reflected in the Center's financial statements as nonfinancial contributions are offset by like amounts included in expense.

Functional expense allocations

The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets and the statements 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.

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, 2024 and 2023 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.

NOTE 3 - INVESTMENTS

The Center reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, 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 asset or liability 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 or liability based on the best information available. A three-tier hierarchy categorizes the inputs.

The basis for the carrying value of investments is from information provided by broker managed accounts. Fair value measurements of investment instruments are based on open actively traded securities markets as reported by investment account broker statements.

Youth Law Center

Notes to Financial Statements

December 31, 2024 and 2023

The three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little to no market activity and that are significant to the fair value of the assets or liabilities.

When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. In certain cases, where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The Center invests in mutual funds and bonds with financial institutions. The investments are recognized at fair value as of December 31, 2024 and 2023:

		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
	2024			
Corporate bonds	\$ 605,814	\$ 605,814	\$ -	\$ -
Exchange-traded and closed-end funds	1,197,227	1,197,227	-	-
Mutual funds	2,817,168	2,817,168	-	-
	<u>\$ 4,620,209</u>	<u>\$ 4,620,209</u>	<u>\$ -</u>	<u>\$ -</u>
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
	2023			
Corporate bonds	\$ 502,173	\$ 502,173	\$ -	\$ -
Exchange-traded and closed-end funds	893,889	893,889	-	-
Mutual funds	2,405,451	2,405,451	-	-
	<u>\$ 3,801,513</u>	<u>\$ 3,801,513</u>	<u>\$ -</u>	<u>\$ -</u>

Youth Law Center
Notes to Financial Statements

December 31, 2024 and 2023

NOTE 4 - GRANTS RECEIVABLE

In 2024 and 2023, the Center had grants receivable as follows:

	<u>2024</u>	<u>2023</u>
Due in one year	\$ 686,047	\$ 1,112,548
Due in two to five years	380,200	274,700
Discount to present value	<u>(33,699)</u>	<u>(24,253)</u>
	<u>\$ 1,032,548</u>	<u>\$ 1,362,995</u>

At December 31, 2024 and 2023, discount rates were 4.75 and 4.73 percent, respectively.

NOTE 5 - PROPERTY AND EQUIPMENT

In 2024 and 2023, the value of the property and equipment and related accumulated depreciation is as follows:

	<u>2024</u>	<u>2023</u>
Computers and printers	\$ 16,750	\$ 16,750
Less: accumulated depreciation	<u>(16,750)</u>	<u>(16,213)</u>
	<u>\$ -</u>	<u>\$ 537</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$537 and \$1,807, respectively.

Youth Law Center
Notes to Financial Statements

December 31, 2024 and 2023

NOTE 6 - 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, 2024 and 2023:

Purpose	2023	Additions	Releases/ Adjustments	2024
Homelessness Prevention Advocacy	\$ 133,250	\$ -	\$ 74,000	\$ 59,250
Federal Advocacy	-	75,000	-	75,000
Foster Care California Advocacy	188,889	285,000	229,246	244,643
General Support - Time Restricted	20,000	-	20,000	-
Juvenile Justice California Advocacy	287,500	650,000	495,833	441,667
Juvenile Justice Tennessee Advocacy	-	200,000	50,000	150,000
California Postsecondary Education				
Juvenile Advocacy	156,364	575,000	247,712	483,652
Quality Parenting Initiative	1,332,266	550,000	571,121	1,311,145
Women's Leadership Award	23,991	-	23,991	-
Youth Access to Justice Advocacy	212,576	905,235	968,279	149,532
Youth Experiential Learning Labs	-	150,000	-	150,000
Discount on Long-term grants	(24,253)	(33,699)	(24,253)	(33,699)
	<u>\$ 2,330,583</u>	<u>\$ 3,356,536</u>	<u>\$ 2,655,929</u>	<u>\$ 3,031,190</u>

Purpose	2022	Additions	Releases/ Adjustments	2023
Homelessness Prevention Advocacy	\$ 89,760	\$ 118,000	\$ 74,510	\$ 133,250
Foster Care California Advocacy	613,208	75,000	499,319	188,889
General Support - Time Restricted	45,000	20,000	45,000	20,000
Juvenile Justice California Advocacy	171,170	470,000	353,670	287,500
California Postsecondary Education				
Juvenile Advocacy	458,182	-	301,818	156,364
Quality Parenting Initiative	942,499	990,600	600,833	1,332,266
Women's Leadership Award	50,000	-	26,009	23,991
Youth Access to Justice Advocacy	1,128,584	25,000	941,008	212,576
Discount on Long-term grants	(32,666)	(24,253)	(32,666)	(24,253)
	<u>\$ 3,465,737</u>	<u>\$ 1,674,347</u>	<u>\$ 2,809,501</u>	<u>\$ 2,330,583</u>

Youth Law Center
Notes to Financial Statements

December 31, 2024 and 2023

NOTE 7 - LIQUIDITY AND AVAILABILITY

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, 2024 and 2023, 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.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,167,263	\$ 1,475,538
Accounts receivable	97,186	335,236
Grants receivable	686,047	1,112,548
Related party receivable	5,000	15,000
Investments	4,620,209	3,801,513
Less: donor restrictions greater than one year	<u>-</u>	<u>-</u>
	<u>\$ 7,575,705</u>	<u>\$ 6,739,835</u>

NOTE 8 - 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.

NOTE 9 - 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 \$64,103 and \$58,806 for the years ended December 31, 2024 and 2023, respectively.

Youth Law Center
Notes to Financial Statements

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NOTE 10 - 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, 2024 and 2023, there were two contributors that provided more than 10% of support and revenue. For the years ended December 31, 2024 and 2023, there were three contributors that made up more than 10% of receivables.

NOTE 11 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets consists of professional services. For the year ended December 31, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities and changes in net assets include:

	<u>2024</u>	<u>2023</u>
Professional services	\$ 3,762	\$ -
Rent	<u>666</u>	<u>-</u>
	<u>\$ 4,428</u>	<u>\$ -</u>

Professional services

The contributed professional services recognized comprise of services from attorneys related to program matters. Contributed services are valued and are reported at the estimated fair value based on current rates for similar legal services.

Rent

Contributed rent is meeting space. Contributed rent is valued and reported at the estimated fair value based on current rates for similar spaces.

Nonfinancial contributions for professional services were utilized during the period for its programs and allocated based on its usage. Contributed rent is accounted as general and administrative. None of the contributions included donor-imposed restrictions.

Youth Law Center Notes to Financial Statements

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NOTE 12 - LEASES

The Center has a lease contract for equipment. This lease expires in April 2026.

Below is the carrying amounts of right-of-use asset recognized and the movements during the period:

	Equipment
January 1, 2023	\$ 6,866
Amortization	<u>(5,537)</u>
December 31, 2023	1,329
Addition	5,579
Amortization	<u>(3,189)</u>
December 31, 2024	<u><u>\$ 3,719</u></u>

Below is the carrying amount of the lease liability and the movements during the period:

	2024	2023
January 1	\$ 1,329	\$ 6,866
Addition	5,579	-
Payments	<u>(3,189)</u>	<u>(5,537)</u>
December 31	3,719	1,329
Less: current portion	<u>(2,790)</u>	<u>(1,329)</u>
Non-current	<u><u>\$ 929</u></u>	<u><u>\$ -</u></u>

Rent expense for the years ended December 31, 2024 and 2023 was \$12,922 and \$12,583, 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. In September 2023, the Center entered into an additional lease agreement for the same space starting October 1, 2023 and ending September 31, 2024. In September 2024, the Center entered into an additional lease agreement for the same space starting October 1, 2024 and ending September 31, 2025.

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. In May 2024, the Center entered into a new lease agreement for the a copier starting May 1, 2024 and ending April 28, 2026 with minimum payments of \$214 a month.

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, 2024. Amounts due for the 12 months ended December 31 are as follows:

2025	\$ 2,790
2026	929
Thereafter	<u>-</u>
Total	3,719
Less: interest	<u>-</u>
	<u><u>\$ 3,719</u></u>

Youth Law Center
Notes to Financial Statements

December 31, 2024 and 2023

NOTE 13 - COMMITMENTS AND CONTINGENCIES

In 2025, the U.S. federal government proposed significant budget cuts and directives aimed at reducing federal spending, and new economic and trade policies resulting in uncertain economic conditions. These cuts impact mandatory spending programs that serve children and families. Changes in economic and trade policies have resulted in significant volatility in the markets. The potential impacts of market volatility, new directives, and proposed budget cuts on the Center include, but are not limited to, reduction in government contracts, reduction in foundation grants, reduction in donations, increased demand for services, and operational adjustments. Management is actively monitoring the situation and evaluating potential strategies to address these uncertainties. However, the ultimate impact of these events on the Center's financial position and operations cannot be fully determined at this time.

The Center is the subject of lawsuits and claims arising in the ordinary course of business from time to time. The Center reviews any such legal proceedings and claims on an ongoing basis and follow appropriate accounting guidance when making accrual and disclosure decisions. The Center establishes accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and it discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for the Center's financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, the Center evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. The Center does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, the Center determined that there were no matters that required an accrual as of December 31, 2024 and 2023, nor were there any asserted or unasserted claims for which material losses are reasonably possible.

NOTE 14 - 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, 2024 and 2023, direct contributions from board members were \$54,595 and \$46,293, respectively. As of December 31, 2024 and 2023, the outstanding related party receivable was \$5,000 and \$15,000 respectively.

NOTE 15 - RECLASSIFICATIONS

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

Youth Law Center
Notes to Financial Statements

December 31, 2024 and 2023

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position 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 statement of financial position, 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 statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

Management evaluates events occurring subsequent to December 31, 2024 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.