

*Youth Life Foundation of
Richmond*

FINANCIAL STATEMENTS

AUGUST 31, 2022

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**PILC &
MOSELEY, LLC**
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Youth Life Foundation of Richmond
Richmond, Virginia

We have reviewed the accompanying financial statements of Youth Life Foundation of Richmond (the Foundation, a nonprofit organization) which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Pilc & Moseley, LLC

Richmond, Virginia
April 24, 2023

FINANCIAL STATEMENTS

YOUTH LIFE FOUNDATION OF RICHMOND
Statement of Financial Position
August 31, 2022
With Comparative Amounts for Year Ended August 31, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 304,763	\$ 271,840
Prepaid insurance	4,025	5,203
Total current assets	308,788	277,043
PROPERTY AND EQUIPMENT		
Vehicles	213,323	213,323
Leasehold improvements	11,967	11,967
Furniture and equipment	75,273	75,273
	300,563	300,563
Less accumulated depreciation	270,826	245,708
Total property and equipment	29,737	54,855
Total assets	\$ 338,525	\$ 331,898
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,903	\$ 3,791
Accrued payroll and related liabilities	16,289	15,494
Total current liabilities	19,192	19,285
Total liabilities	19,192	19,285
NET ASSETS		
Without donor restrictions	308,803	269,062
With donor restrictions	10,530	43,551
Total net assets	319,333	312,613
Total liabilities and net assets	\$ 338,525	\$ 331,898

See accompanying notes and independent accountant's review report.

YOUTH LIFE FOUNDATION OF RICHMOND
Statement of Activities
For the Year ended August 31, 2022
With Comparative Amounts for Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total	
			<u>2022</u>	<u>2021</u>
SUPPORT AND REVENUE				
Scholarships	\$ -	\$ 4,000	\$ 4,000	\$ 1,000
Contributions	374,175	30,000	404,175	480,838
Foundation grants	49,000	-	49,000	142,778
Fundraising and special events	162,102	-	162,102	214,300
Gifts in kind	19,392	-	19,392	32,232
Other income	548	-	548	5,427
Released from restrictions	<u>67,021</u>	<u>(67,021)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>672,238</u>	<u>(33,021)</u>	<u>639,217</u>	<u>876,575</u>
EXPENSES				
Program services	497,953	-	497,953	554,220
Management and general	61,627	-	61,627	86,071
Fund raising	<u>72,917</u>	<u>-</u>	<u>72,917</u>	<u>77,012</u>
Total expenses	<u>632,497</u>	<u>-</u>	<u>632,497</u>	<u>717,303</u>
CHANGE IN NET ASSETS	39,741	(33,021)	6,720	159,272
NET ASSETS				
Beginning	<u>269,062</u>	<u>43,551</u>	<u>312,613</u>	<u>153,341</u>
Ending	<u>\$ 308,803</u>	<u>\$ 10,530</u>	<u>\$ 319,333</u>	<u>\$ 312,613</u>

See accompanying notes and independent accountant's review report.

YOUTH LIFE FOUNDATION OF RICHMOND
Statement of Cash Flows
For the Year ended August 31, 2022
With Comparative Amounts for the Year Ended August 31, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,720	\$ 159,272
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	25,118	28,760
Contribution of donated asset	-	(2,000)
Changes in prepaid insurance	1,178	1,012
Changes in accounts payable	(888)	(6,291)
Changes in accrued wages	795	3,572
Changes in deferred revenue	-	(72,500)
	<u>32,923</u>	<u>111,825</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(13,709)
NET CHANGE IN CASH AND CASH EQUIVALENTS	32,923	98,116
CASH AND CASH EQUIVALENTS		
Beginning	<u>271,840</u>	<u>173,724</u>
Ending	<u>\$ 304,763</u>	<u>\$ 271,840</u>

See accompanying notes and independent accountant's review report.

YOUTH LIFE FOUNDATION OF RICHMOND
Statement of Expenses by Functional Category
For the Year ended August 31, 2022
With Comparative Totals for Year Ended August 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	
				<u>2022</u>	<u>2021</u>
Salaries	\$ 313,651	\$ 27,052	\$ 30,500	\$ 371,203	\$ 393,463
Payroll taxes	23,704	2,088	-	25,792	26,597
Employee benefits	49,934	2,046	900	52,880	49,928
Total salaries and related expenses	<u>387,289</u>	<u>31,186</u>	<u>31,400</u>	<u>449,875</u>	<u>469,988</u>
Bank fees	-	4,303	-	4,303	6,009
Depreciation	23,741	1,377	-	25,118	28,760
Fundraising and special events	-	-	40,714	40,714	68,854
Insurance	16,131	289	326	16,746	20,487
Miscellaneous	-	1,609	-	1,609	1,827
Office expense	-	2,447	477	2,924	9,296
Professional fees	-	10,548	-	10,548	10,407
Program supplies	28,253	-	-	28,253	14,087
Camp and trips	-	-	-	-	1,781
Scholarships	4,569	-	-	4,569	2,510
Rent	6,700	7,200	-	13,900	46,632
Rent in-kind	18,792	-	-	18,792	-
Telephone and utilities	1,881	2,668	-	4,549	2,951
Training and education	911	-	-	911	5,183
Travel and automobile	9,686	-	-	9,686	28,531
	<u>110,664</u>	<u>30,441</u>	<u>41,517</u>	<u>182,622</u>	<u>247,315</u>
Total functional expenses	<u>\$ 497,953</u>	<u>\$ 61,627</u>	<u>\$ 72,917</u>	<u>\$ 632,497</u>	<u>\$ 717,303</u>

See accompanying notes and independent accountant's review report.

YOUTH LIFE FOUNDATION OF RICHMOND

Notes to the Financial Statements

August 31, 2022

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Youth Life Foundation of Richmond (the “Foundation”), a non-profit organization formerly affiliated with the Darrell Green Foundation of Washington, D.C., provides educational and recreational programs designed to meet the physical, social, and emotional needs of disadvantaged students and their families in the surrounding neighborhoods of Richmond, VA.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Accordingly, revenues and support are recognized when earned, and expenses are recognized when incurred. Cash and other assets are recorded when received.

Information regarding the Foundation’s financial position and activities are reported according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time.

Use of Estimates

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

Cash and Cash Equivalents

The Foundation considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

(Continued)

YOUTH LIFE FOUNDATION OF RICHMOND

Notes to the Financial Statements

August 31, 2022

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Income Taxes

The Foundation is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes were required to be provided for in the accompanying financial statements. The Foundation follows Financial Accounting Standards Board ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. Management evaluated the Foundation's tax position and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Foundation is no longer subject to examination by tax authorities for periods before 2019. The Foundation is not currently under audit by any tax jurisdiction.

Grants and Contributions

The Foundation recognizes grants and contributions when cash, securities, or other assets, an unconditional promise to give, or a notice of a grant award is received. All grants and contributions are considered to be available for general use unless specifically restricted by the grantor or donor.

Donated Services, Materials and Equipment

Donated materials and services are reflected as contributions in the financial statements at fair market value, if determinable, and are also reported in the various expense or asset categories. The Foundation recognized \$19,392 for materials and services meeting these criteria. Donated goods and services for which a fair market value is not determinable are not reflected in the financial statements. A substantial number of volunteers have made significant contributions of their time to develop the Foundation's programs. The value of these donated services is not reflected in the financial statements since no objective basis is available to measure the value of such services.

Functional Expenses

The cost of providing the various services and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of time and effort.

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YOUTH LIFE FOUNDATION OF RICHMOND

Notes to the Financial Statements

August 31, 2022

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

(Concluded)

Reclassifications

Certain comparative figures have been reclassified to conform to the current year presentation.

Subsequent Events

Subsequent events were evaluated through April 24, 2023 which is the date the financial statements were available to be issued.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or fair value if donated. Depreciation is provided for by the straight-line method using estimated useful lives of three years for software and five to seven years for automobiles and equipment.

Depreciation expense for the year ended August 31, 2022 was \$25,118.

Expenditures for maintenance, repairs and minor improvements are expensed in the year incurred.

NOTE 3. RESTRICTED NET ASSETS

Net assets with donor restrictions at August 31, 2021, consisted of the following:

Reading supplies for elementary centers	\$ <u>10,530</u>
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YOUTH LIFE FOUNDATION OF RICHMOND

Notes to the Financial Statements

August 31, 2022

NOTE 4. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the year ended August 31, 2022. Such funds received and released were as follows:

Altria	\$	25,000
Scholarship funds		2,564
Scott (technology)		1,116
Henrico County		4,000
Outschool (reading supplies)		20,783
Smart Beginnings (transportation)		13,558
		<hr/>
Total	\$	<u>67,021</u>

NOTE 5. RETIREMENT PLAN

The Foundation has a qualified contribution retirement plan for the benefit of its employees. In addition to employee deferrals, employees are eligible to receive a 3% employer match after providing at least 300 hours of service in the current year and an expectation of 300 hours of service the following year. The Foundation had contribution expense of \$7,357 for the year ended August 31, 2022.

NOTE 6. LEASING ARRANGEMENTS

In the fall of 2021, the Foundation moved from the Northminster location to the Northside Outreach Center (NOC). They have a formal month-to-month leasing arrangement with the NOC to pay \$1,000 a month, or \$12,000 a year. In addition, the Foundation utilizes space at two other locations at no charge. The fair value of the annual rent received from these two locations, or \$18,792, is included in the statement of functional expenses as rent in-kind. Actual rent during the year ended August 31, 2022 was \$13,900 which includes 2 months in rent, \$2,400, at the Northminster, 12 months rent, \$6,000, for classroom space at the NOC, and 11 months rent, \$5,500, for office space at the NOC.

NOTE 7. CONCENTRATION OF RISK

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist principally of cash, cash equivalents, and unsecured receivables. Cash and cash equivalents are maintained in accounts at a financial institution in Richmond, Virginia. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

YOUTH LIFE FOUNDATION OF RICHMOND

Notes to the Financial Statements

August 31, 2022

NOTE 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has \$294,233 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$304,763 less assets restricted by donors for specific purposes of \$10,530.

NOTE 9. UPCOMING ACCOUNTING GUIDANCE

Leases: In February, 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842). Under the new guidance, lessees and lessors will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. The new ASU will require both types of leases to be recognized on the statements of financial position as both a right of use asset and lease liability based on the present value of the lease payments. The new standard is effective for periods beginning after December 15, 2021, with early adoption permitted. The Foundation is currently evaluating the reporting and economic implications of the new standard.