

YOUTH FIRST, INC.
EVANSVILLE, INDIANA
FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022



YOUTH FIRST, INC.

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1 – 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 – 7
Notes to Financial Statements	8 – 16

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Youth First, Inc.
111 SE Third Street, Suite 405
Evansville, Indiana 47708

Opinion

We have audited the accompanying financial statements of Youth First, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, 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 First, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 First, Inc. 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during fiscal year 2023, Youth First, Inc. adopted FASB ASC 842, *Leases*.

Responsibilities of Management 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.

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

Board of Directors
Youth First, Inc.

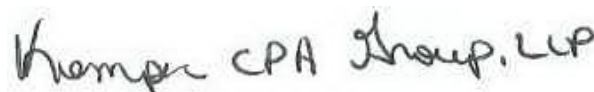
Auditor's Responsibility for the Audit of Financial Statements

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 generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 First, Inc.'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 First, Inc.'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.



January 26, 2024

Certified Public Accountants and Consultants
Evansville, Indiana

YOUTH FIRST, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS	2023	2022
Current Assets		
Cash and cash equivalents	\$ 4,056,577	\$ 3,211,514
Certificates of deposit, due within one year	1,534,369	1,137,144
Grants and accounts receivable	855,419	813,215
Other current assets		
Prepaid expenses	238,626	149,404
Total Current Assets	<u>6,684,991</u>	<u>5,311,277</u>
Other Assets		
Right of use assets	<u>389,680</u>	<u>0</u>
Property and Equipment		
Furniture and fixtures	<u>326,108</u>	<u>315,610</u>
Total	<u>326,108</u>	<u>315,610</u>
Less accumulated depreciation	<u>176,242</u>	<u>138,305</u>
Net Property and Equipment	<u>149,866</u>	<u>177,305</u>
Beneficial interest in assets held by community foundations	<u>17,386</u>	<u>16,695</u>
	<u><u>\$ 7,241,923</u></u>	<u><u>\$ 5,505,277</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 37,984	\$ 66,533
Accrued expenses	449,134	384,392
Deferred revenue	19,486	27,972
Current portion lease liability	<u>68,367</u>	<u>0</u>
Total Current Liabilities	<u>574,971</u>	<u>478,897</u>
Long Term Liabilities		
Long term portion lease liability	<u>324,376</u>	<u>0</u>
Total Liabilities	<u>899,347</u>	<u>478,897</u>
Net Assets		
Without donor restrictions	3,186,975	2,765,802
With donor restrictions	<u>3,155,601</u>	<u>2,260,578</u>
Total Net Assets	<u>6,342,576</u>	<u>5,026,380</u>
	<u><u>\$ 7,241,923</u></u>	<u><u>\$ 5,505,277</u></u>

See accompanying notes.

YOUTH FIRST, INC.
STATEMENTS OF ACTIVITIES
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues, Gains, and Other Support		
Contracted services	\$ 3,546,761	\$ 3,128,982
Federal and state grants	2,631,718	2,224,837
Contributions and other grants	340,918	956,019
Other program revenue	8,596	16,326
Interest income	18,714	5,091
Miscellaneous revenue	(983)	2,000
Change in beneficial interest in assets held by community foundation	691	(3,813)
Special events	249,779	267,165
Less cost of direct benefit to donors	(54,964)	(42,553)
	<u>194,815</u>	<u>224,612</u>
Total Revenues, Gains, and Other Support	6,741,230	6,554,054
Net assets released from restrictions	<u>1,465,559</u>	<u>1,084,650</u>
Total revenues, gains, and other support without donor restrictions	<u>8,206,789</u>	<u>7,638,704</u>
Expenses		
Program services	6,676,535	5,962,105
Management and general	378,531	251,945
Fundraising	730,550	580,741
Total Expenses	<u>7,785,616</u>	<u>6,794,791</u>
Change in net assets without donor restrictions	<u>421,173</u>	<u>843,913</u>
Net assets with donor restrictions		
Grants and contributions	2,360,582	1,505,352
Net assets released from restrictions	<u>(1,465,559)</u>	<u>(1,084,650)</u>
Change in net assets with donor restrictions	<u>895,023</u>	<u>420,702</u>
Increase in Net Assets	1,316,196	1,264,615
Net Assets at Beginning of Year	5,026,380	3,761,765
NET ASSETS AT END OF YEAR	<u><u>\$ 6,342,576</u></u>	<u><u>\$ 5,026,380</u></u>

See accompanying notes.

YOUTH FIRST, INC.
STATEMENTS OF CASH FLOWS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,316,196	\$ 1,264,615
Adjustments to reconcile change in net assets to cash used in operating activities:		
Change in beneficial interest in assets held by community foundation	(691)	3,813
Depreciation and amortization	43,007	40,414
Loss on disposal of assets	984	0
(Increase) decrease in:		
Right of use assets	(389,680)	0
Grants and accounts receivable	(42,204)	(335,126)
Prepaid expenses	(89,222)	12,655
Increase (decrease) in:		
Accounts payable	(28,549)	20,740
Accrued expenses	64,742	(55,094)
Lease liability	392,743	0
Deferred revenue	(8,486)	(200,988)
Net cash provided by operating activities	<u>1,258,840</u>	<u>751,029</u>
Cash Flows from Investing Activities:		
Net redemptions (purchases) of certificates of deposit	(397,225)	107,825
Purchases of property and equipment	<u>(16,552)</u>	<u>(136,259)</u>
Net cash used in investing activities	<u>(413,777)</u>	<u>(28,434)</u>
Net Increase in Cash and Cash Equivalents	845,063	722,595
Cash and Cash Equivalents, Beginning of Year	3,211,514	2,488,919
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,056,577</u></u>	<u><u>\$ 3,211,514</u></u>

See accompanying notes.

YOUTH FIRST, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Salaries and wages	\$ 4,831,090	\$ 144,751	\$ 465,933	\$ 5,441,774
Employee benefits	551,107	15,130	52,154	618,391
Payroll taxes	418,601	8,690	35,032	462,323
Advertising	89,674	0	15,912	105,586
Telephone	2,425	316	475	3,216
Depreciation	18,221	24,069	717	43,007
Dues and licenses	87,759	43,837	2,481	134,077
Food	22,632	7,579	36,956	67,167
Insurance	24,911	677	1,182	26,770
Miscellaneous	5,959	1,090	9,255	16,304
Office	15,280	8,197	2,575	26,052
Postage and printing	18,134	2,280	12,219	32,633
Professional services	208,169	97,314	46,111	351,594
Program evaluation	59,834	0	0	59,834
Program supplies	181,503	0	0	181,503
Rent	36,711	11,013	25,940	73,664
Repairs and maintenance	9,855	2,835	446	13,136
Social norms	6,188	0	0	6,188
Training	42,680	10,739	97	53,516
Travel	45,802	14	23,065	68,881
TOTAL	<u><u>\$ 6,676,535</u></u>	<u><u>\$ 378,531</u></u>	<u><u>\$ 730,550</u></u>	<u><u>\$ 7,785,616</u></u>

See accompanying notes.

YOUTH FIRST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	2022			
	Program	Management and General	Fundraising	Total
EXPENSES:				
Salaries and wages	\$ 4,274,703	\$ 66,304	\$ 378,464	\$ 4,719,471
Employee benefits	470,669	5,168	40,928	516,765
Payroll taxes	384,354	4,180	29,438	417,972
Advertising	115,694	0	20,527	136,221
Telephone	2,235	292	437	2,964
Depreciation	33,920	5,370	1,124	40,414
Dues and licenses	89,436	36,696	4,713	130,845
Food	26,544	3,849	16,885	47,278
Insurance	14,336	1,092	1,907	17,335
Miscellaneous	1,922	2,309	12,191	16,422
Office	13,452	7,216	2,267	22,935
Postage and printing	18,705	2,824	14,219	35,748
Professional services	144,553	90,192	16,762	251,507
Program evaluation	102,871	100	1,086	104,057
Program supplies	154,346	0	4,261	158,607
Rent	34,085	10,225	24,084	68,394
Repairs and maintenance	4,929	7,281	1,145	13,355
Social norms	13,928	0	0	13,928
Training	25,247	7,721	711	33,679
Travel	36,176	1,126	9,592	46,894
TOTAL	\$ 5,962,105	\$ 251,945	\$ 580,741	\$ 6,794,791

See accompanying notes.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Youth First, Inc. (Youth First) a nonprofit corporation based in Evansville, Indiana, is one of Indiana's largest providers of proven prevention and early intervention programs and services. Youth First provides evidence-based programs that strengthen youth and families by preventing substance abuse, promoting healthy behaviors, and maximizing student success. Youth First provided prevention programs for over 181,913 individuals at 419 sites and 83 social workers in 109 schools in Daviess, Dubois, Gibson, Lawrence, Martin, Morgan, Orange, Perry, Pike, Posey, Vanderburgh, and Warrick counties.

Youth First follows the best practices recommended by the National Institute on Drug Abuse (NIDA) and other experts in the field of prevention and provides programs with proven outcomes, regularly evaluating results, and making improvements as needed.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which follows generally accepted accounting principles.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. 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 was restricted has been fulfilled, or both.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Fixed Assets and Depreciation

Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Youth First capitalizes assets with a useful life greater than one year with a value of \$1,000 or more. Depreciation is calculated on the straight-line method based on estimated useful lives ranging from five to forty years.

The cost of repairs, maintenance, and replacements, which do not significantly improve or extend the life of the respective assets, are charged to expense.

Federal Income Tax Status

Youth First is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Youth First's tax-exempt purpose is subject to taxation as unrelated business income. In addition, Youth First qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Youth First files income tax returns in the U.S. federal jurisdiction and state jurisdictions.

Use of Estimates

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

Functional Allocation of Expenses

The costs of providing the various services, programs, and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among services benefited. Cost allocations have been allocated based on actual direct expenditures and cost allocations derived from estimates of time spent by Youth First personnel.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Youth First considers all highly liquid investments with an original maturity of 90 days or less are classified as cash equivalents. Cash and cash equivalents consist of checking accounts held at a local bank. All accounts at the financial institution are insured by the FDIC up to \$250,000. At June 30, 2023 and 2022, Youth First had \$2,436,622 and \$2,009,963, respectively, that exceeded FDIC insurance limits.

Certificates of Deposit

Certificates of deposit mature at various dates through June 2024, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The cost-plus accrued interest approximates fair value.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Youth First recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest 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 have been substantially met. Amounts received prior to incurring qualifying expenditures or conditions are reported as deferred revenue in the statement of financial position.

During the years ended June 30, 2023 and 2022, Youth First received restricted grants totaling \$1,998,846 and \$1,490,623 respectively, that contained donor conditions, primarily specific levels of service on a cost-reimbursement basis.

A substantial number of volunteers donate significant amounts of their time; however, no amounts have been reflected in the financial statements for donated services.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Date of Management’s Review

Management has evaluated subsequent events and transactions that occurred after the balance sheet date up to January 26, 2024, the date that the financial statements were issued.

Leases

The Organization leases office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the balance sheet.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payment arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization’s leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Recently Adopted Accounting Guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the standard effective July 1, 2022, and recognized and measured leases existing at, or entered into after, July 1, 2022, using a modified retrospective approach, with certain practical expedients available.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (Concluded)

Recently Adopted Accounting Guidance (Concluded)

The Company elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance the Company recognized on July 1, 2022, a lease liability of \$392,743, which represents the present value of the remaining operating lease payments of \$422,675, discounted using the risk-free rate 2.96%, and a right-of-use asset of \$389,680.

The standard had a material impact on the balance sheet but did not have an impact on the income statement and statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while accounting for finance leases remained substantially unchanged.

Note 2 – Grants and Accounts Receivable

Youth First receives most of its funding from contracted services with local school corporations and federal and state grants. A receivable is recognized to the extent that the expenditures are incurred in the manner specified by the contracted service and grant agreements. No allowance for doubtful accounts is considered necessary due to the nature of the relationship with the school corporations and grant agencies.

When granters pay in advance of incurring the specified costs, the amount received in excess of amounts spent on reimbursable costs is reported as deferred revenue.

YOUTH FIRST, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 3 – Retirement Plan

Youth First maintains a 401(k)-plan available to all employees who meet the eligibility requirements of the plan. Youth First matches employee contributions equal to 100% of their salary deferrals that do not exceed 3% of employees' compensation plus 50% of employees' salary deferrals between 3% and 5% of employees' compensation. Total employer contributions were \$178,592 and \$156,231 for the years ended June 30, 2023 and 2022, respectively.

Note 4 – Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 2,260,578	\$ 1,839,876
Contributions for specific program services	2,360,582	1,505,352
Program service restrictions met	(1,465,559)	(1,084,650)
Balance, end of year	<u>\$ 3,155,601</u>	<u>\$ 2,260,578</u>

Note 5 – Concentrations

Youth First received a substantial portion of its revenue from the following entities during the years ended June 30:

	<u>2023</u>	<u>2022</u>
Grants		
Federal and state grantors	27%	27%
Contracted services		
School corporation	18%	16%

The grant funds are to be used for designated purposes only. If the funds are considered not to have been used for the intended purpose based upon the grantors' review, the granters may request a refund of monies advanced, or refuse to reimburse Youth First for its expenditures.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 5 – Concentrations (Concluded)

The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of Youth First's grant programs is predicated upon the granters' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

Note 6 – Credit Risk

Financial instruments that potentially subject Youth First to credit risk consist principally of cash and certificates of deposits at financial institutions, and grants and accounts receivable. Cash and certificates of deposits may, at times, exceed federal deposit insurance (FDIC) limits. Youth First attempts to minimize credit risk by managing the circumstances in which cash is invested in a single entity at a level that is above FDIC insured limits. Credit risk with respect to grants and accounts receivable is limited due to the credit worthiness of the school corporations who contract for services and federal and state agencies who comprise the contributor base. Generally, Youth First requires no collateral or other security to support receivables.

Note 7 – Operating Lease

The Organization leases spaces for operations at various locations. The leases have remaining lease terms of four months to 5 years, some of which may include options to extend the leases for up to 35 years.

Future maturities of lease liabilities on June 30, 2023, are presented in the following table:

	<u>December 31,</u>
Maturing in 2024	\$ 68,367
Maturing in 2025	73,862
Maturing in 2026	72,284
Maturing in 2027	72,284
Maturing in 2028	72,284
Maturing in the aggregate thereafter	<u>33,663</u>
Total	<u><u>\$ 392,743</u></u>

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 7 – Operating Lease

	Year Ending June 30, 2023
Lease expense	
Operating lease expense	79,060
Total	\$ 79,060

Other Information

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	77,019
ROU assets obtained in exchange for new operating lease liabilities	\$	489,777
Weighted-average remaining lease term in years for operating leases		5.25
Weighted-average discount rate for operating leases		2.96%

Note 8 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 4,056,577	\$ 3,211,514
Certificates of deposit, due within one year	1,534,369	1,137,144
Accounts receivable, net	855,419	813,215
	\$ 6,446,365	\$ 5,161,873

Note 9 – Beneficial Interest in Assets Held by Community Foundation

Youth First contributed funds to the Community Foundation Alliance (CFA) in 2016 and specified itself as the beneficiary. Income is distributed to Youth First for unrestricted purposes and the principle must remain intact for perpetuity. CFA was granted variance power to modify any restriction or condition of the distribution of the funds for any specified charitable purposes or to specified organizations if such restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community and area served.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 9 – Beneficial Interest in Assets Held by Community Foundation (Concluded)

The historical cost of the beneficial interest was \$15,000 and \$10,000, which includes \$10,137 and \$5,137 of net assets with donor restrictions, permanent in nature, on June 30, 2023 and 2022, respectively. The fair value of the beneficial interest was \$17,386 and \$16,695 on June 30, 2023 and 2022, respectively. An unrealized gain (loss) of \$691 and (\$3,813) for the years ended June 30, 2023 and 2022, respectively, related to the beneficial interest are reported as changes in net assets without donor restrictions.

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair value of this beneficial interest is measured on a recurring basis using the unadjusted fair value of the underlying investments held in the fund as reported by CFA at June 30, 2023 and 2022. However, Youth First considers the measurement to be a Level 3 measurement because Youth First will never receive those assets or have the right to direct CFA to redeem them.

The table below presents information about the fair value measurements of the beneficial interest for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Beginning of year	\$ 16,695	\$ 20,508
Contributions	0	0
Change in value	<u>691</u>	<u>(3,813)</u>
End of year	<u><u>\$ 17,386</u></u>	<u><u>\$ 16,695</u></u>

Youth First reports transfers between levels of the fair value hierarchy, if any, at the end of the reporting period. There were no such transfers on June 30, 2023 and 2022.

YOUTH FIRST, INC.
EVANSVILLE, INDIANA
FINANCIAL STATEMENTS
June 30, 2022 and 2021



YOUTH FIRST, INC.

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1 – 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 – 7
Notes to Financial Statements	8 – 15

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Youth First, Inc.
111 SE Third Street, Suite 405
Evansville, Indiana 47708

Opinion

We have audited the accompanying financial statements of Youth First, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, 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 First, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 First, Inc. 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 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.

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

Board of Directors
Youth First, Inc.

Auditor's Responsibility for the Audit of 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 First, Inc.'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 First, Inc.'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.

Kemper CPA Group, LLP

January 10, 2023
Evansville, Indiana

Certified Public Accountants and Consultants

YOUTH FIRST, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	\$ 3,211,514	\$ 2,488,919
Certificates of deposit, due within one year	1,137,144	1,244,969
Grants and accounts receivable	813,215	478,089
Other current assets		
Prepaid expenses	149,404	162,059
Total Current Assets	<u>5,311,277</u>	<u>4,374,036</u>
Other Assets		
Property and Equipment		
Furniture and fixtures	315,610	201,517
Total	<u>315,610</u>	<u>201,517</u>
Less accumulated depreciation	138,305	120,057
Net Property and Equipment	<u>177,305</u>	<u>81,460</u>
Beneficial interest in assets held by community foundations	16,695	20,508
	<u><u>\$ 5,505,277</u></u>	<u><u>\$ 4,476,004</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 66,533	\$ 45,793
Accrued expenses	384,392	439,486
Deferred revenue	27,972	228,960
Total Current Liabilities	<u>478,897</u>	<u>714,239</u>
Net Assets		
Without donor restrictions	2,765,802	1,921,889
With donor restrictions	2,260,578	1,839,876
Total Net Assets	<u>5,026,380</u>	<u>3,761,765</u>
	<u><u>\$ 5,505,277</u></u>	<u><u>\$ 4,476,004</u></u>

See accompanying notes.

YOUTH FIRST, INC.
STATEMENTS OF ACTIVITIES
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues, Gains, and Other Support		
Contracted services	\$ 3,128,982	\$ 2,145,622
Federal and state grants	2,224,837	1,674,181
Contributions and other grants	956,019	1,005,024
Special events	267,165	257,386
Other program revenue	16,326	14,447
Interest income	5,091	12,781
Miscellaneous revenue	2,000	253
Change in beneficial interest in assets held by community foundation	<u>(3,813)</u>	<u>3,951</u>
Total Revenues, Gains, and Other Support	6,596,607	5,113,645
Net assets released from restrictions	<u>1,084,650</u>	<u>1,114,180</u>
Total revenues, gains, and other support without donor restrictions	<u>7,681,257</u>	<u>6,227,825</u>
Expenses		
Program services	5,966,376	4,964,532
Management and general	252,057	285,585
Fundraising	<u>618,911</u>	<u>693,645</u>
Total Expenses	<u>6,837,344</u>	<u>5,943,762</u>
Change in net assets without donor restrictions	<u>843,913</u>	<u>284,063</u>
Net assets with donor restrictions		
Grants and contributions	1,505,352	1,608,835
Net assets released from restrictions	<u>(1,084,650)</u>	<u>(1,114,180)</u>
Change in net assets with donor restrictions	<u>420,702</u>	<u>494,655</u>
Increase in Net Assets	1,264,615	778,718
Net Assets at Beginning of Year	3,761,765	2,983,047
NET ASSETS AT END OF YEAR	<u><u>\$ 5,026,380</u></u>	<u><u>\$ 3,761,765</u></u>

See accompanying notes.

YOUTH FIRST, INC.
STATEMENTS OF CASH FLOWS
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,264,615	\$ 778,717
Adjustments to reconcile change in net assets to cash used in operating activities:		
Change in beneficial interest in assets held by community foundation	3,813	(3,951)
Depreciation and amortization	40,414	33,115
Loss on disposal of assets	0	(39)
(Increase) decrease in:		
Grants and accounts receivable	(335,126)	152,550
Prepaid expenses	12,655	(49,819)
Increase (decrease) in:		
Accounts payable	20,740	1,811
Accrued expenses	(55,094)	84,012
Deferred revenue	(200,988)	(297,866)
Net cash provided by operating activities	<u>751,029</u>	<u>698,530</u>
Cash Flows from Investing Activities:		
Net redemptions (purchases) of certificates of deposit	107,825	(210,406)
Purchases of property and equipment	(136,259)	(18,446)
Net cash used in by investing activities	<u>(28,434)</u>	<u>(228,852)</u>
Net Increase in Cash and Cash Equivalents	722,595	469,678
Cash and Cash Equivalents, Beginning of Year	2,488,919	2,019,241
Cash and Cash Equivalents, End of Year	<u>\$ 3,211,514</u>	<u>\$ 2,488,919</u>

See accompanying notes.

YOUTH FIRST, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Salaries and wages	\$ 4,274,703	\$ 66,304	\$ 378,464	\$ 4,719,471
Employee benefits	470,669	5,168	40,928	516,765
Payroll taxes	384,354	4,180	29,438	417,972
Advertising	115,694	0	20,527	136,221
Telephone	2,235	292	437	2,964
Depreciation	33,920	5,370	1,124	40,414
Dues and licenses	89,436	36,696	4,713	130,845
Food	26,544	3,849	16,885	47,278
Insurance	14,336	1,092	1,907	17,335
Miscellaneous	1,922	2,309	12,191	16,422
Office	13,452	7,216	2,267	22,935
Postage and printing	18,705	2,824	14,219	35,748
Professional services	144,553	90,192	16,762	251,507
Program evaluation	102,871	100	1,086	104,057
Program supplies	154,346	0	4,261	158,607
Rent	34,085	10,225	24,084	68,394
Repairs and maintenance	4,929	7,281	1,145	13,355
Social norms	13,928	0	0	13,928
Special events	4,271	112	38,170	42,553
Training	25,247	7,721	711	33,679
Travel	36,176	1,126	9,592	46,894
TOTAL	<u><u>\$ 5,966,376</u></u>	<u><u>\$ 252,057</u></u>	<u><u>\$ 618,911</u></u>	<u><u>\$ 6,837,344</u></u>

See accompanying notes.

YOUTH FIRST, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Salaries and wages	\$ 3,471,438	\$ 155,847	\$ 424,811	\$ 4,052,096
Employee benefits	384,715	17,059	47,135	448,909
Payroll taxes	306,625	13,596	37,568	357,789
Advertising	64,469	0	22,203	86,672
Telephone	5,280	2,105	0	7,385
Depreciation	20,045	1,524	11,546	33,115
Dues and licenses	10,106	14,360	3,101	27,567
Food	18,157	972	2,044	21,173
Insurance	10,420	2,014	0	12,434
Miscellaneous	1,582	2,432	4,926	8,940
Office	37,598	2,615	4,871	45,084
Postage and printing	15,815	1,507	10,596	27,918
Professional services	171,725	46,987	87,023	305,735
Program evaluation	45,838	470	6,461	52,769
Program supplies	129,961	8	0	129,969
Rent	64,660	3,804	8,088	76,552
Repairs and maintenance	7,045	10,603	2,071	19,719
Social norms	147,707	0	0	147,707
Special events	0	0	16,844	16,844
Training	34,499	9,325	124	43,948
Travel	16,847	357	4,233	21,437
 TOTAL	 <u>\$ 4,964,532</u>	 <u>\$ 285,585</u>	 <u>\$ 693,645</u>	 <u>\$ 5,943,762</u>

See accompanying notes.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Youth First, Inc. (Youth First) a nonprofit corporation based in Evansville, Indiana, is one of Indiana's largest providers of proven prevention and early intervention programs and services. Youth First provides evidence-based programs that strengthen youth and families by preventing substance abuse, promoting healthy behaviors, and maximizing student success. Youth First provided prevention programs for over 181,480 individuals at 405 sites and 78 social workers in 107 schools in Vanderburgh, Warrick, Gibson, Posey, Pike, Martin, Daviess, Dubois, Orange, Monroe and Morgan counties.

Youth First follows the best practices recommended by the National Institute on Drug Abuse (NIDA) and other experts in the field of prevention and provides programs with proven outcomes, regularly evaluating results, and making improvements as needed.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which follows generally accepted accounting principles.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 was restricted has been fulfilled, or both.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fixed Assets and Depreciation

Property and equipment is carried at cost or, if donated, at the approximate fair market value at the date of donation. Youth First capitalizes assets with a useful life greater than one year with a value of \$1,000 or more. Depreciation is calculated on the straight-line method based on estimated useful lives ranging from five to forty years.

The cost of repairs, maintenance, and replacements, which do not significantly improve or extend the life of the respective assets, are charged to expense.

Federal Income Tax Status

Youth First is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Youth First's tax-exempt purpose is subject to taxation as unrelated business income. In addition, Youth First qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Youth First files income tax returns in the U.S. federal jurisdiction and state jurisdictions.

Use of Estimates

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

Functional Allocation of Expenses

The costs of providing the various services, programs, and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among services benefited. Cost allocations have been allocated based on actual direct expenditures and cost allocations derived from estimates of time spent by Youth First personnel.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Youth First considers all highly liquid investments with an original maturity of 90 days or less are classified as cash equivalents. Cash and cash equivalents consists of checking accounts held at a local bank. All accounts at the financial institution are insured by the FDIC up to \$250,000. At June 30, 2022 and 2021, Youth First had \$2,009,963 and \$273,142 that exceeded FDIC insurance limits.

Certificates of Deposit

Certificates of deposit mature at various dates through May 2022, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The cost plus accrued interest approximates fair value.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Youth First recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest 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 have been substantially met. Amounts received prior to incurring qualifying expenditures or conditions are reported as deferred revenue in the statement of financial position.

During the years ended June 30, 2022 and 2021, Youth First received restricted grants totaling \$1,490,623 and \$1,674,181 respectively, that contained donor conditions, primarily specific levels of service on a cost-reimbursement basis.

A substantial number of volunteers donate significant amounts of their time; however, no amounts have been reflected in the financial statements for donated services.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Concluded)

Paycheck Protection Program Loan (PPP)

Youth First is accounting for the PPP loan as a grant in accordance with FASB ASC 958-605-15, *Not-for-Profit Entities, Revenue Recognition of Contributions Received*. Grant revenue is recognized as qualifying expenses are incurred and conditions for cancellation of the liability are substantially met. Youth First believes that they have met the conditions for forgiveness and therefore, the PPP loan funds are included in the accompanying Statements of Activities as grant revenues.

Date of Management's Review

Management has evaluated subsequent events and transactions that occurred after the balance sheet date up to January 10, 2023, the date that the financial statements were issued.

Note 2 – Grants and Accounts Receivable

Youth First receives most of its funding from contracted services with local school corporations and federal and state grants. A receivable is recognized to the extent that the expenditures are incurred in the manner specified by the contracted service and grant agreements. No allowance for doubtful accounts is considered necessary due to the nature of the relationship with the school corporations and granting agencies.

When granters pay in advance of incurring the specified costs, the amount received in excess of amounts spent on reimbursable costs is reported as deferred revenue.

Note 3 – Retirement Plan

Youth First maintains a 401(k) plan available to all employees who meet the eligibility requirements of the plan. Youth First matches employee contributions equal to 100% of their salary deferrals that do not exceed 3% of employees' compensation plus 50% of employees' salary deferrals between 3% and 5% of employees' compensation. Total employer contributions were \$156,231 and \$129,395 for the years ended June 30, 2022 and 2021, respectively.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 4 – Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,839,876	\$ 1,345,221
Contributions for specific program services	1,505,352	1,608,835
Program service restrictions met	(1,084,650)	(1,114,180)
Balance, end of year	<u>\$ 2,260,578</u>	<u>\$ 1,839,876</u>

Note 5 – Concentrations

Youth First received a substantial portion of its revenue from the following entities during the years ended June 30:

	<u>2022</u>	<u>2021</u>
Grants		
Federal and state grantors	27%	27%
Contracted services		
School corporation	16%	10%

The grant funds are to be used for designated purposes only. If the funds are considered not to have been used for the intended purpose based upon the granters' review, the granters may request a refund of monies advanced, or refuse to reimburse Youth First for its expenditures.

The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of Youth First's grant programs is predicated upon the granters' satisfaction that the funds provided are being spent as intended and the granters' intent to continue their programs.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 6 – Credit Risk

Financial instruments that potentially subject Youth First to credit risk consist principally of cash and certificates of deposits at financial institutions, and grants and accounts receivable. Cash and certificates of deposits may, at times, exceed federal deposit insurance (FDIC) limits. Youth First attempts to minimize credit risk by managing the circumstances in which cash is invested in a single entity at a level that is above FDIC insured limits. Credit risk with respect to grants and accounts receivable is limited due to the credit worthiness of the school corporations who contract for services and federal and state agencies who comprise the contributor base. Generally, Youth First requires no collateral or other security to support receivables.

Note 7 – Operating Lease

Youth First leases facilities and equipment under a non-cancelable operating agreement. Total rent and equipment expense was \$71,335 and \$78,133 for the years ended June 30, 2022 and 2021, respectively.

Youth First entered into a new lease for their current facilities in August 2018, expiring October 2028 with monthly payments of \$5,852. Future minimum lease payments under non-cancelable long-term leases are as follows for the years ended June 30:

	<u>December 31,</u>
2023	\$ 78,699
2024	73,862
2025	72,284
2026	72,284
2027	72,284
Thereafter	96,378
Total	<u>\$ 465,791</u>

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 8 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 3,211,514	\$ 2,488,919
Certificates of deposit, due within one year	1,137,144	1,244,969
Accounts receivable, net	813,215	478,089
	<u>\$ 5,161,873</u>	<u>\$ 4,211,977</u>

Note 9 – Beneficial Interest in Assets Held by Community Foundation

Youth First contributed funds to the Community Foundation Alliance (CFA) in 2016 and specified itself as the beneficiary. Income is distributed to Youth First for unrestricted purposes and principal must remain intact for perpetuity. CFA was granted variance power to modify any restriction or condition of the distribution of the funds for any specified charitable purposes or to specified organizations if such restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community and area served. The historical cost of the beneficial interest was \$15,000 and \$10,000, which includes \$10,137 and 5,137 of net assets with donor restrictions, permanent in nature, at June 30, 2022 and 2021, all respectively. The fair value of the beneficial interest was \$16,695 and \$20,508 at June 30, 2022 and 2021, respectively. An unrealized gain (loss) of (\$3,813) and 3,951 for the years ended June 30, 2022 and 2021, respectively, related to the beneficial interest are reported as changes in net assets without donor restrictions.

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Fair value of this beneficial interest is measured on a recurring basis using the unadjusted fair value of the underlying investments held in the fund as reported by CFA at June 30, 2022 and 2021. However, Youth First considers the measurement to be a Level 3 measurement because Youth First will never receive those assets or have the right to direct CFA to redeem them.

YOUTH FIRST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 9 – Beneficial Interest in Assets Held by Community Foundation (Concluded)

The table below presents information about the fair value measurements of the beneficial interest for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Beginning of year	\$ 20,508	\$ 16,557
Contributions	0	0
Change in value	<u>(3,813)</u>	<u>3,951</u>
End of year	<u><u>\$ 16,695</u></u>	<u><u>\$ 20,508</u></u>

Youth First reports transfers between levels of the fair value hierarchy, if any, at the end of the reporting period. There were no such transfers at June 30, 2022 and 2021.

Note 10 – Paycheck Protection Program Loan (PPP Loan)

On April 17, 2020, Youth First qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of \$840,000.

The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, have a term of five years, and are unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the companies' request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the companies. The loan was fully forgiven on July 23, 2021. Although the loan was not fully forgiven until after fiscal year end, it was reasonably assumed that the loan would be forgiven. The loan has been included as grant revenue on the Statements of Activities as of June 30, 2021.