

**Young Americans Center for Financial Education**

**Consolidated Financial Statements**

**December 31, 2016 and 2015**

**(With Independent Auditor's Report Thereon)**

*Kundinger, Corder & Engle, P.C.*

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*Certified Public Accountants*

**Independent Auditor's Report**

**Board of Directors**

**Young Americans Center for Financial Education:**

We have audited the accompanying consolidated financial statements of Young Americans Center for Financial Education (the Center), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Young Americans Center for Financial Education as of December 31, 2016 and 2015, 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.

*Kundinger, Corder & Engle, P.C.*

May 19, 2017

**Young Americans Center for Financial Education**  
**Consolidated Statements of Financial Position**  
**December 31, 2016 and 2015**

	2016	2015
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,479,181	1,306,664
Cash restricted for YouthBiz program	645,854	326,476
Cash restricted for Rural program	133,893	129,086
Accounts receivable	49,800	53,928
Due from Young Americans Education Foundation (note 8)	100,000	-
Contributions receivable (note 2)	166,514	272,125
Prepaid expenses and other assets	47,073	121,783
Cash held for others	32,466	-
Inventory (note 1g)	60,120	54,008
Property and equipment, net (note 3)	235,745	301,776
Total assets	\$ 2,950,646	2,565,846
 <b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 69,068	53,535
Accrued payroll and payroll taxes	58,896	23,285
Advance payments on program fees	71,030	66,105
Cash held for others	32,466	-
Capital lease obligation (note 7)	29,121	6,543
Total liabilities	260,581	149,468
 <b>Net assets:</b>		
Unrestricted	1,825,377	1,789,027
Temporarily restricted (note 5)	864,688	627,351
Total net assets	2,690,065	2,416,378
 <b>Commitments (notes 6 and 7)</b>		
Total liabilities and net assets	\$ 2,950,646	2,565,846

See accompanying notes to consolidated financial statements.

**Young Americans Center for Financial Education**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support:</b>			
Gifts and grants:			
Contributions	\$ 404,261	972,868	1,377,129
In-kind donations (note 4)	1,110,298	-	1,110,298
Program fees, net of discounts totaling \$96,721	1,012,350	-	1,012,350
Interest income	1,241	-	1,241
Special event revenue (\$8,715 in-kind)	225,468	-	225,468
Special event expenses (\$8,715 in-kind)	(63,058)	-	(63,058)
Rental income (net of expense of \$16,166) and other	21,276	-	21,276
Licensing and consulting fees (note 10)	80,000	-	80,000
Net assets released from restrictions due to satisfaction of expenditure requirements	735,531	(735,531)	-
<b>Total revenue</b>	<b>3,527,367</b>	<b>237,337</b>	<b>3,764,704</b>
<b>Operating Expenses:</b>			
Program services:			
Young AmeriTowne (\$504,733 in-kind)	1,395,601	-	1,395,601
International Towne (\$330,123 in-kind)	588,745	-	588,745
Summer programs (\$150,326 in-kind)	344,462	-	344,462
Rural programs (\$45,587 in-kind)	133,564	-	133,564
YouthBiz	290,963	-	290,963
Youth Entrepreneurism (\$16,895 in-kind)	39,445	-	39,445
Other programs (\$1,728 in-kind)	63,165	-	63,165
<b>Total program services</b>	<b>2,855,945</b>	<b>-</b>	<b>2,855,945</b>
Supporting services:			
Management and general (\$14,332 in-kind)	261,694	-	261,694
Fundraising (\$41,574 in-kind)	373,378	-	373,378
<b>Total supporting services</b>	<b>635,072</b>	<b>-</b>	<b>635,072</b>
<b>Total expenses</b>	<b>3,491,017</b>	<b>-</b>	<b>3,491,017</b>
<b>Change in net assets</b>	<b>36,350</b>	<b>237,337</b>	<b>273,687</b>
Net assets, beginning of year	1,789,027	627,351	2,416,378
<b>Net assets, end of year</b>	<b>\$ 1,825,377</b>	<b>864,688</b>	<b>2,690,065</b>

See accompanying notes to consolidated financial statements.

**Young Americans Center for Financial Education**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and Support:</b>			
Gifts and grants:			
Contributions	\$ 896,204	732,651	1,628,855
In-kind donations (note 4)	1,099,265	-	1,099,265
Net assets acquired in acquisition of YouthBiz, Inc.	175,673	-	175,673
Program fees, net of discounts totaling \$87,050	877,277	-	877,277
Interest income	1,102	-	1,102
Special event revenue (\$3,068 in-kind)	266,960	-	266,960
Special event expenses (\$3,068 in-kind)	(74,582)	-	(74,582)
Rental income (net of expenses of \$11,782) and other	27,689	-	27,689
Net assets released from restrictions due to satisfaction of expenditure requirements	291,800	(291,800)	-
Total revenue	<u>3,561,388</u>	<u>440,851</u>	<u>4,002,239</u>
<b>Operating Expenses:</b>			
Program services:			
Young AmeriTowne (\$519,867 in-kind)	1,217,014	-	1,217,014
International Towne (\$299,155 in-kind)	507,030	-	507,030
Summer programs (\$138,324 in-kind)	344,546	-	344,546
Rural programs (\$46,507 in-kind)	123,234	-	123,234
YouthBiz	333,934	-	333,934
Youth Entrepreneurism (\$46,764 in-kind)	99,964	-	99,964
Other programs (\$375 in-kind)	5,353	-	5,353
Total program services	<u>2,631,075</u>	<u>-</u>	<u>2,631,075</u>
Supporting services:			
Management and general (\$7,212 in-kind)	229,713	-	229,713
Fundraising (\$36,061 in-kind)	353,197	-	353,197
Total supporting services	<u>582,910</u>	<u>-</u>	<u>582,910</u>
Total expenses	<u>3,213,985</u>	<u>-</u>	<u>3,213,985</u>
<b>Change in net assets</b>	347,403	440,851	788,254
Net assets, beginning of year	<u>1,441,624</u>	<u>186,500</u>	<u>1,628,124</u>
<b>Net assets, end of year</b>	<u>\$ 1,789,027</u>	<u>627,351</u>	<u>2,416,378</u>

See accompanying notes to consolidated financial statements.

**Young Americans Center for Financial Education**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2016 and 2015**

	2016	2015
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 273,687	788,254
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	94,292	78,839
Donated toy inventory	(5,000)	(5,000)
Assets acquired in acquisition of YouthBiz, Inc.	-	(175,673)
Loss on disposal of asset	1,938	176
(Increase) decrease in operating assets:		
Cash restricted for YouthBiz	(319,378)	(326,476)
Cash restricted for Rural	(4,807)	(129,086)
Contributions receivable	105,611	(128,695)
Accounts receivables	(95,872)	(25,673)
Prepaid expenses and other assets	74,710	51,871
Inventory	(1,112)	(32,032)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	15,533	45,813
Accrued payroll and payroll taxes	35,611	(7,586)
Advance payment on program fees and unearned rental income	4,925	815
Net cash provided by operating activities	180,138	135,547
<b>Cash flows from investing activities:</b>		
Payments for purchases of equipment	-	(103,755)
Net cash used in investing activities	-	(103,755)
<b>Cash flows from financing activities:</b>		
Payments on capital lease obligation	(7,621)	(2,874)
Net cash used in financing activities	(7,621)	(2,874)
<b>Net increase (decrease) in cash and cash equivalents</b>	172,517	28,918
<b>Cash and cash equivalents at beginning of year</b>	1,306,664	1,277,746
<b>Cash and cash equivalents at end of year</b>	\$ 1,479,181	1,306,664
Supplemental information:		
Cash flow information:		
Cash payments for interest	\$ 873	1,039
Non-cash information:		
Donated inventory	\$ 5,000	5,000
Assets acquired in acquisition of YouthBiz, Inc.	\$ -	175,673
Equipment financed through capital lease	\$ 32,313	-

See the accompanying notes to the consolidated financial statements.

# Young Americans Center for Financial Education

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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### (1) Summary of Significant Accounting Policies

#### (a) General

Young Americans Center for Financial Education was formed as a not-for-profit corporation in October 2000 but began operations effective January 1, 2001. Young Americans Center for Financial Education (the "Center") is committed to developing the financial literacy of young people through real-life experiences and hands-on programs purposefully designed to enable them to prosper in the free enterprise system.

The Center consolidates the activities of Rural Young Americans Center for Financial Education, LLC and YouthBiz Assets, LLC in the accompanying financial statements. Rural Young Americans Center for Financial Education, LLC, manages the Rural program operations and YouthBiz Assets, LLC manages the YouthBiz program operations. All intercompany balances and transactions have been eliminated in consolidation. The Center and the LLCs are hereinafter collectively referred to as the "Center". See note 9 regarding YouthBiz Assets, LLC.

The goals of the Center's programs are as follows:

#### Young AmeriTowne

Young AmeriTowne is an educational program for ages 10-12 in which students explore basic economic concepts and then run their own life-sized town. The program incorporates a "learn by doing" approach and teaches economics, financial skills and career exploration.

#### Rural Programs

Rural programs are educational programs for ages 10-12 located in Wray, Colorado, in which students explore basic economic concepts and then run their own life-sized town. The program incorporates a "learn by doing" approach and teaches economics, financial skills and career exploration. Additionally, programs are offered for after school activities which include lessons and activities relating to financial literacy for the rural communities.

#### International Towne

This program helps 11-13 year old "world citizens" become better prepared for the financial realities of the global marketplace. International Towne illustrates the role of free enterprise in the global economy and teaches an array of international concepts including global trading, foreign currency and exchange rates.

# Young Americans Center for Financial Education

## Notes to Consolidated Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (a) General, Continued

##### Summer Programs

Week-long summer programs provide youth a stimulating combination of hands-on activities promoting a variety of financial and life skills. Topics include learning free enterprise by running a town, traveling the world as a citizen of International Towne, and experiencing entrepreneurship from a youth perspective.

##### Youth Entrepreneurism

Youth Entrepreneur programs teach youth the basic skills necessary to start and run their own business. The annual awards competition and Celebration for Young Entrepreneurs dinner event also provide youth the opportunity to showcase their businesses. The Young Entrepreneurs Marketplace allows youth to sell their products or services to the public.

##### YouthBiz

YouthBiz offers youth programs, both in and after school, and in partnership with a broad range of community partners, that challenge youth to build entrepreneurial skills and habits. Using hands-on activities, innovative strategies and proven curriculum, students learn about the ins and outs of starting and growing a business. See note 9 also.

##### Other Programs

The Center provides a variety of other youth programs on financial education, credit responsibility, investing and related topics through lessons and activities, educational games and money management tip sheets suitable for educators, parents, grandparents and students. In addition, Money Matters classes, tours and presentations reach youth of all ages with a variety of financial topics.

#### (b) Basis of Accounting

The accompanying consolidated financial statements of the Center have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.



# Young Americans Center for Financial Education

## Notes to Consolidated Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (c) Basis of Presentation

The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Center does not have any permanently restricted net assets at December 31, 2016 and 2015.

#### (d) Cash and Cash Equivalents

The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### (e) Contributions and Contributions Receivable

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted. Otherwise, when a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional contributions receivable are recognized as revenues in the period the pledge is received. Pledges are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

#### (f) Accounts Receivable

Accounts receivable represent amounts due resulting from program services provided to schools and individuals. The allowance for doubtful accounts is based on past experience and on analysis of current accounts receivable collectibility. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Accounts receivable are considered to be past due based on contractual terms. Management considers all accounts receivable to be collectible as of December 31, 2016 and 2015.

# Young Americans Center for Financial Education

## Notes to Consolidated Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (g) Revenue Recognition

Program fees are recorded as revenue in the period in which the schools attend and participate in the programs. Income from advance payments on program fees is deferred until the fees are earned.

#### (h) Cash Held for Others

Starting in 2016, the Center launched Spark Change, a service learning leadership program that offers K-8 students the chance to give back to their community. In general terms, students collect change and then donate the funds to a nonprofit organization of their choice. The center is the fiscal agent for funds collected. During the year ended December 31, 2016, the Center collected funds under the program totaling \$32,466, which is reflected as an asset and a liability on the accompanying statements of financial position.

#### (i) Inventory

Inventories are stated at the lower of cost or market. Inventories consist of various toys and checkbooks which are utilized by students during Towne sessions.

#### (j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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.

#### (k) In-Kind Donations

Donated services and materials are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation. Unpaid volunteers have donated a significant number of hours in assisting the Center in achieving the goals of its various service programs. The value of this contributed time is not reflected in the accompanying financial statements as it does not meet the requirements of recognition.

# Young Americans Center for Financial Education

## Notes to Consolidated Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (l) Concentrations of Credit Risk

Financial instruments which potentially subject the Center to concentrations of credit risk consist of cash and cash equivalents, and contributions and accounts receivable. At times, a significant portion of the Center's cash exceeds the amounts insured by the FDIC or a related entity.

Concentrations of credit risk with respect to contributions receivable is limited due to the large number of contributors comprising the Center's contributor base and historical high collectability experience.

Accounts receivable arise primarily from transactions between the Center and program participants attending through their schools and are considered by management to be collectible in their entirety.

#### (m) Property and Equipment

Property and equipment is recorded at cost or, if donated, at the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from two to ten years. The Center capitalizes all fixed asset purchases over \$5,000 with an estimated useful life greater than one year.

#### (n) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the appropriate programs and supporting services benefited.

#### (o) Advertising Expense

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2016 and 2015 totaled \$46,686 and \$64,733, respectively.

#### (p) Income Taxes

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. During 2016 and 2015, the Center did not incur any unrelated business income tax. In addition, the Center qualifies for the charitable contribution deduction.

# Young Americans Center for Financial Education

## Notes to Consolidated Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (p) Income Taxes, Continued

Management is required to evaluate tax positions taken by the Center and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements and determined there are none.

The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Tax returns that remain subject to examination include those for the years ending from December 31, 2013 through the current date.

#### (q) Subsequent Events

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Center's financial statements were available to be issued on May 19, 2017, and this is the date through which subsequent events were evaluated.

### (2) Contributions Receivable

Contributions receivable consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Receivables restricted for:		
Young Ameritowne	\$ 90,500	142,000
On the Road	45,000	80,000
Celebration for Young Entrepreneurs	12,500	20,025
Future operations	6,516	11,257
YouthBiz	-	7,593
Summer programs	1,300	7,000
Send a School	8,698	3,750
Rural programs	<u>2,000</u>	<u>500</u>
	\$ <u>166,514</u>	<u>272,125</u>
Amounts due in:		
Less than one year	\$ 166,514	152,125
One to five years	<u>-</u>	<u>120,000</u>
	\$ <u>166,514</u>	<u>272,125</u>

## Young Americans Center for Financial Education

### Notes to Consolidated Financial Statements, Continued

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#### (2) Contributions Receivable, Continued

All contributions are considered collectible. Contributions receivable that are due in more than one year have not been discounted because the effect is immaterial.

#### (3) Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2016</u>	<u>2015</u>
Software and equipment	\$ 416,020	306,737
Leasehold improvements	149,942	149,943
Construction in progress	<u>-</u>	<u>99,841</u>
	556,962	556,521
Less: accumulated depreciation	<u>(330,217)</u>	<u>(254,745)</u>
Property and equipment, net	\$ <u>235,745</u>	<u>301,776</u>

#### (4) In-kind Donations

In-kind contributions for the years ended December 31, consisted of the following:

	<u>2016</u>	<u>2015</u>
Rent (see note 8)	\$ 964,969	915,174
Donated use of facilities (On the Road)	7,500	37,980
Advertising	33,586	48,564
Program supplies and materials	78,743	72,047
Toy inventory	5,000	5,000
Bus Parking space	<u>20,500</u>	<u>20,500</u>
	\$ <u>1,110,298</u>	<u>1,099,265</u>

## Young Americans Center for Financial Education

### Notes to Consolidated Financial Statements, Continued

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#### (5) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose or periods at December 31:

	<u>2016</u>	<u>2015</u>
YouthBiz	\$ 645,854	334,068
Young AmeriTowne	80,500	142,000
On the Road	45,000	80,000
Adopt-a-School/Send-a-School	36,018	3,750
Micro loans	25,000	25,000
Celebration for Young Entrepreneurs	12,500	30,000
International Towne	10,000	-
Future operations	6,516	5,033
Summer programs	1,300	7,000
Rural AmeriTowne	<u>2,000</u>	<u>500</u>
	<u>\$ 864,688</u>	<u>627,351</u>

#### (6) Employee Benefit Plan

The Center has a 401(k) pension plan. Employees are eligible to participate in the plan after completing three months of service and reaching age eighteen. The Center at its discretion may match the employees' contributions. The Center is not required to make a matching contribution, and the amount may vary from year to year. During 2016 and 2015, the Center matched 25% of each participant's contribution to the plan. There were no discretionary contributions in either 2016 or 2015. The Center's total contributions to the plan were \$17,260 and \$18,031 in 2016 and 2015, respectively.

#### (7) Leases

##### Operating Lease

The Center has an operating lease that expires on August 31, 2017 for space used in the YouthBiz program. In conjunction with the YouthBiz, Inc. acquisition agreement (see note 9), future minimum payments required under this lease agreement were prepaid through the end of the lease term. The balance of prepaid rent at December 31, 2016 is \$40,000 and is included in prepaid expense and other assets on the consolidated statement of financial position. The Center incurred rent expense on this lease of \$60,000 in 2016 and \$53,500 in 2015.

## Young Americans Center for Financial Education

### Notes to Consolidated Financial Statements, Continued

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#### (7) Leases, Continued

##### Capital Lease

The Center leases office equipment under a capital lease agreement. The economic substance of the lease is that the Center is financing the acquisition of the equipment through the lease, and accordingly, it is included in the Center's assets and liabilities. The lease requires monthly payments totaling \$579.

Future minimum payments required under this lease agreement at December 31 are as follows:

2017	\$ 7,288
2018	6,944
2019	6,944
2020	6,944
2021	<u>2,894</u>
Total minimum lease payments	31,014
Less amount representing interest	<u>(1,893)</u>
	\$ <u>29,121</u>

#### (8) Related Party Transactions

##### Young Americans Education Foundation

During 2016 and 2015, the Center obtained accounting and management services from the Young Americans Education Foundation ("YAEF") totaling \$277,536 and \$249,485, respectively. At December 31, 2016 and 2015, amounts owed to YAEF for accounting and management services total \$20,470 and \$8,366, respectively.

The Center leases space from YAEF in the headquarters building owned by YAEF at no charge under a lease that expires December 31, 2017. The value of the in-kind donation of rent from YAEF is estimated at \$775,084 and \$721,213 in 2016 and 2015, respectively.

The Center leases a facility located in Jefferson County owned by YAEF at no charge under a lease that expires December 31, 2017. The value of the in-kind donation of rent from YAEF for the Jefferson County facility is estimated at \$138,678 in 2016 and \$148,596 in 2015.

Additionally, YAEF provides the use of certain furniture and equipment to the Center at no charge.

In 2016 the Center advanced \$150,000 to YAEF to alleviate a cash short fall. Amounts due from YAEF at December 31, 2016 total \$100,000.

## Young Americans Center for Financial Education

### Notes to Consolidated Financial Statements, Continued

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#### **(8) Related Party Transactions, Continued**

The building that houses the Rural programs in Wray, Colorado is owned by YAEF and is rented to Rural Young Americans Center for Financial Education, LLC (Rural, LLC) at no charge. For the years ended December 31, 2016 and 2015 an in-kind donation totaling \$51,207 and \$45,365, respectively has been recorded for Rural LLC's free use of this building space. Rural, LLC subleases a portion of this building to an unaffiliated entity under a lease agreement that expires June 30, 2018. Rental income under this lease totaled \$32,104 in both 2016 and 2015.

#### Other

In the normal course of the Center's operations, transactions arise with companies whose officers and/or directors are also directors of the Center. During 2016 and 2015, these transactions included legal fees and internet costs. The aggregate amounts of these transactions were \$7,317 in 2016 and \$15,451 in 2015.

#### **(9) YouthBiz Assets, LLC.**

During November 2014, the Center formed wholly-owned subsidiary, YouthBiz Assets, LLC, for the purpose of acquiring substantially all of the operating assets and business of YouthBiz, Inc. An asset purchase agreement between YouthBiz Assets, LLC and YouthBiz, Inc. was executed on February 28, 2015. Effective on this date, YouthBiz Assets, LLC acquired assets consisting of prepaid rent and other assets totaling \$165,673, and fixed assets totaling \$10,000. No liabilities were assumed by YouthBiz Assets, LLC. No consideration was transferred by the Center to acquire YouthBiz, Inc. The excess of assets acquired over the liabilities assumed is considered a contribution to the Center and totaled \$175,673. Pursuant to the agreement and prior to acquisition, YouthBiz, Inc. sold certain real property and established a donor advised fund with a portion of the proceeds. YouthBiz, Inc. recommended distributions from the donor advised fund to the Center in support of the YouthBiz program. During the years ended December 31, 2016 and 2015, the Center received distributions of \$296,211 and \$400,000, respectively, from the donor advised fund, which are recorded as contributions in the accompanying consolidated statement of activities. The donor advised fund was terminated during 2016 upon the distribution of the balance of the funds.

Effective December 31, 2016, YouthBiz Assets LLC was dissolved. The operations of the YouthBiz program are now directly a part of and within the operations of the Center.



# Young Americans Center for Financial Education

## Notes to Consolidated Financial Statements, Continued

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### **(10) License Agreement**

During May 2016, the Center entered into a license agreement with the Boys and Girls Club of Central Wyoming (BGCCW). Pursuant to the license agreement, BGCCW has the right to use certain of the Center's curriculum and cloud-based internet platform for the purpose of expanding certain Center programs into Wyoming. In connection with the license agreement, the Center provides training and support to BGCCW to carry out the program pursuant to a services agreement. The agreements are in effect for an initial four year term and automatically renew thereafter for six additional one year periods up to 10 years, unless either party terminates the agreements at least 90 days prior to the end of the period. The annual license fee is \$50,000 and is nonrefundable. The service fee is \$20,000 for the initial year and \$10,000 for subsequent years. In 2016, the Center also received a \$10,000 nonrefundable retainer, for total license and consulting fees of \$80,000 for the year ended December 31, 2016.