

**Young Americans Center  
for Financial Education**

**Consolidated Financial Statements**

**December 31, 2022 and 2021**

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



## **Independent Auditor's Report**

### **Board of Directors Young Americans Center for Financial Education**

#### **Opinion**

We have audited the accompanying consolidated financial statements of Young Americans Center for Financial Education and affiliate, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Young Americans Center for Financial Education and affiliate as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits 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 Young Americans Center for Financial Education and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

**Board of Directors**  
**Young Americans Center for Financial Education**

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 consolidated 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 consolidated 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 Young Americans Center for Financial Education'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Americans Center for Financial Education'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.

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

May 19, 2023

**Young Americans Center for Financial Education**  
**Consolidated Statements of Financial Position**  
**December 31, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 3,132,761	2,881,509
Cash restricted for YouthBiz program	8,678	206,452
Cash restricted for Rural program	389,203	278,185
Accounts receivable (note 1(j))	57,894	55,168
Contributions receivable (note 1(j))	281,950	344,962
Prepaid expenses and other assets	103,547	57,586
Cash held for others (note 1(h))	535	535
Property and equipment, net (note 3)	338,071	358,901
Total assets	\$ 4,312,639	4,183,298
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 102,869	66,534
Due to related parties (note 6)	71,083	59,409
Deferred revenue (note 1(j))	86,312	100,272
Cash held for others	535	535
Total liabilities	260,799	226,750
<b>Net assets (note 4)</b>		
Without donor restrictions	3,782,250	3,382,823
	269,590	573,725
Total net assets	4,051,840	3,956,548
<b>Commitment (note 5)</b>		
Total liabilities and net assets	\$ 4,312,639	4,183,298

See the accompanying notes to the consolidated financial statements.

**Young Americans Center for Financial Education**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and Support</b>			
Contributions	\$ 1,144,739	169,529	1,314,268
In-kind contributions (note 1(k))	1,532,450	–	1,532,450
Program fees, net of scholarships of \$43,319	899,771	–	899,771
Special event revenue	246,075	–	246,075
Special event expense	(99,585)	–	(99,585)
License and service fees (note 7)	42,500	–	42,500
Rental and other income	28,449	–	28,449
Net assets released from restrictions (note 4)	473,664	(473,664)	–
Total revenue	<u>4,268,063</u>	<u>(304,135)</u>	<u>3,963,928</u>
<b>Expenses</b>			
Program services			
Young AmeriTowne	1,720,296	–	1,720,296
International Towne	677,113	–	677,113
Summer programs	363,759	–	363,759
Rural programs	113,128	–	113,128
YouthBiz	288,535	–	288,535
Other programs	57,316	–	57,316
Total program services	<u>3,220,147</u>	<u>–</u>	<u>3,220,147</u>
Supporting services			
Management and general	289,712	–	289,712
Fundraising	358,777	–	358,777
Total supporting services	<u>648,489</u>	<u>–</u>	<u>648,489</u>
Total expenses	<u>3,868,636</u>	<u>–</u>	<u>3,868,636</u>
<b>Change in net assets</b>	399,427	(304,135)	95,292
<b>Net assets at beginning of year</b>	<u>3,382,823</u>	<u>573,725</u>	<u>3,956,548</u>
<b>Net assets at end of year</b>	<u>\$ 3,782,250</u>	<u>269,590</u>	<u>4,051,840</u>

See the accompanying notes to the consolidated financial statements.

**Young Americans Center for Financial Education**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Contributions	\$ 1,212,161	398,762	1,610,923
In-kind contributions (note 1(k))	1,303,171	–	1,303,171
Program fees, net of scholarships of \$20,411	399,689	–	399,689
Special event revenue	311,264	–	311,264
Special event expense	(46,212)	–	(46,212)
License and service fees (note 7)	35,000	–	35,000
Rental and other income	41,593	–	41,593
Net assets released from restrictions (note 4)	502,920	(502,920)	–
Total revenue	<u>3,759,586</u>	<u>(104,158)</u>	<u>3,655,428</u>
<b>Expenses</b>			
Program services			
Young AmeriTowne	1,148,703	–	1,148,703
International Towne	541,322	–	541,322
Summer programs	322,750	–	322,750
Rural programs	98,674	–	98,674
YouthBiz	225,329	–	225,329
Other programs	96,401	–	96,401
Total program services	<u>2,433,179</u>	<u>–</u>	<u>2,433,179</u>
Supporting services			
Management and general	245,849	–	245,849
Fundraising	297,261	–	297,261
Total supporting services	<u>543,110</u>	<u>–</u>	<u>543,110</u>
Total expenses	<u>2,976,289</u>	<u>–</u>	<u>2,976,289</u>
<b>Change in net assets</b>	783,297	(104,158)	679,139
<b>Net assets at beginning of year</b>	<u>2,599,526</u>	<u>677,883</u>	<u>3,277,409</u>
<b>Net assets at end of year</b>	<u>\$ 3,382,823</u>	<u>573,725</u>	<u>3,956,548</u>

See the accompanying notes to the consolidated financial statements.

**Young Americans Center for Financial Education**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	Program services						Supporting services				
	Young Ameri- Towne	Inter- national Towne	Summer Programs	Rural Programs	Youth- Biz	Other programs	Total program services	Manage- ment and general	Fund- raising	Total supporting services	Total
Salaries	\$ 472,588	134,523	80,563	20,198	199,362	47,014	954,248	191,571	232,307	423,878	1,378,126
Benefits	70,587	20,043	11,339	476	20,317	6,400	129,162	26,342	24,230	50,572	179,734
Payroll taxes	38,588	10,995	6,165	1,510	14,866	3,466	75,590	14,461	15,637	30,098	105,688
Contract labor and professional services	99,549	28,357	15,924	—	16,836	—	160,666	39,004	1,300	40,304	200,970
Advertising	37	—	3,144	—	6,482	—	9,663	—	676	676	10,339
Office supplies and postage	162,352	54,782	18,926	9,659	19,558	154	265,431	1,701	3,481	5,182	270,613
Occupancy	7,308	1,157	—	25,641	—	—	34,106	4,287	—	4,287	38,393
Travel and meetings	22,745	391	383	1,060	2,758	282	27,619	507	10,198	10,705	38,324
Depreciation	39,077	1,972	—	1,790	3,945	—	46,784	—	—	—	46,784
Insurance	5,391	1,237	1,151	2,334	323	—	10,436	—	—	—	10,436
Donated services and use of facilities	778,414	420,641	213,626	47,760	—	—	1,460,441	10,523	52,614	63,137	1,523,578
Fundraising events	6,373	—	—	—	—	—	6,373	—	104,957	104,957	111,330
Other expenses	17,287	3,015	12,538	2,700	4,088	—	39,628	1,316	12,962	14,278	53,906
	<u>1,720,296</u>	<u>677,113</u>	<u>363,759</u>	<u>113,128</u>	<u>288,535</u>	<u>57,316</u>	<u>3,220,147</u>	<u>289,712</u>	<u>458,362</u>	<u>748,074</u>	<u>3,968,221</u>
Less special event expenses netted with revenue	—	—	—	—	—	—	—	—	(99,585)	(99,585)	(99,585)
Total expenses	\$ <u>1,720,296</u>	<u>677,113</u>	<u>363,759</u>	<u>113,128</u>	<u>288,535</u>	<u>57,316</u>	<u>3,220,147</u>	<u>289,712</u>	<u>358,777</u>	<u>648,489</u>	<u>3,868,636</u>

See the accompanying notes to the consolidated financial statements.

**Young Americans Center for Financial Education**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2021**

	Program services						Supporting services				
	Young Ameri- Towne	Inter- national Towne	Summer Programs	Rural Programs	Youth- Biz	Other programs	Total program services	Manage- ment and general	Fund- raising	Total supporting services	Total
Salaries	\$ 251,949	70,607	77,303	10,273	157,149	75,812	643,093	164,725	190,933	355,658	998,751
Benefits	44,004	12,200	12,594	114	18,775	13,176	100,863	18,391	21,155	39,546	140,409
Payroll taxes	21,014	5,902	6,382	718	12,220	6,508	52,744	11,099	13,972	25,071	77,815
Contract labor and professional services	96,497	26,304	—	—	8,345	—	131,146	33,952	2,600	36,552	167,698
Advertising	—	—	3,447	—	1,132	—	4,579	—	232	232	4,811
Office supplies and postage	87,272	29,220	8,884	6,905	18,114	155	150,550	1,988	3,813	5,801	156,351
Occupancy	3,733	1,639	—	22,341	—	—	27,713	4,255	—	4,255	31,968
Travel and meetings	603	75	110	1,610	218	725	3,341	353	1,379	1,732	5,073
Depreciation	32,180	2,067	—	2,069	3,488	—	39,804	—	—	—	39,804
Insurance	4,173	1,117	1,100	2,022	300	—	8,712	—	—	—	8,712
Donated services and use of facilities	601,256	390,803	203,434	48,106	—	—	1,243,599	10,021	50,103	60,124	1,303,723
Fundraising events	—	—	—	—	—	—	—	—	52,248	52,248	52,248
Other expenses	6,022	1,388	9,496	4,516	5,588	25	27,035	1,065	7,038	8,103	35,138
	<u>1,148,703</u>	<u>541,322</u>	<u>322,750</u>	<u>98,674</u>	<u>225,329</u>	<u>96,401</u>	<u>2,433,179</u>	<u>245,849</u>	<u>343,473</u>	<u>589,322</u>	<u>3,022,501</u>
Less special event expenses netted with revenue	—	—	—	—	—	—	—	—	(46,212)	(46,212)	(46,212)
Total expenses	\$ <u>1,148,703</u>	<u>541,322</u>	<u>322,750</u>	<u>98,674</u>	<u>225,329</u>	<u>96,401</u>	<u>2,433,179</u>	<u>245,849</u>	<u>297,261</u>	<u>543,110</u>	<u>2,976,289</u>

See the accompanying notes to the consolidated financial statements.



**Young Americans Center for Financial Education**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	2022	2021
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 95,292	679,139
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	46,784	39,804
(Increase) decrease in operating assets		
Accounts receivables	(2,726)	(34,468)
Contributions receivable	63,012	(301,916)
Prepaid expenses and other assets	(45,961)	1,196
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	36,335	18,217
Due to Young Americans Education Foundation	11,674	(121,032)
Deferred revenue	(13,960)	43,275
Net cash provided by operating activities	<u>190,450</u>	<u>324,215</u>
<b>Cash flows from investing activities</b>		
Payments for purchases of property and equipment	<u>(25,954)</u>	<u>(28,644)</u>
Net cash used in investing activities	<u>(25,954)</u>	<u>(28,644)</u>
<b>Change in cash, cash equivalents, and restricted cash</b>	164,496	295,571
<b>Cash, cash equivalents, and restricted cash, at beginning of year</b>	<u>3,366,146</u>	<u>3,070,575</u>
<b>Cash, cash equivalents, and restricted cash, at end of year</b>	<u>\$ 3,530,642</u>	<u>3,366,146</u>
<b>Supplemental disclosures</b>		
Cash payments for interest	<u>\$ 282</u>	<u>310</u>
<b>Reconciliation of cash, cash equivalents, and restricted cash at end of year</b>		
Cash and cash equivalents	\$ 3,132,761	2,881,509
Cash restricted for YouthBiz program	8,678	206,452
Cash restricted for Rural program	<u>389,203</u>	<u>278,185</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 3,530,642</u>	<u>3,366,146</u>

See the accompanying notes to the consolidated financial statements.

**Young Americans Center for Financial Education**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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**(1) Summary of Significant Accounting Policies**

**(a) Organization**

Young Americans Center for Financial Education (YA Center) was formed as a not-for-profit corporation that began operations on January 1, 2001. YA 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.

Rural Young Americans Center for Financial Education, LLC (Rural YA) manages the Rural program operations. Rural YA is considered a disregarded entity for tax purposes. Collectively they are referred to as the Center.

The programs of the Center 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.

*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.

*Summer Programs:* Week-long summer programs provide youth with 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.

*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 include lessons and activities relating to financial literacy for the rural communities.

*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. The annual awards competition and Spotlight on YouthBiz Stars dinner event also provide youth the opportunity to showcase their businesses. The YouthBiz Marketplace allows youth to sell their products or services to the public.

*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.

**Young Americans Center for Financial Education**  
**Notes to Consolidated Financial Statements, Continued**

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

**(b) Principles of Consolidation**

The consolidated financial statements include the accounts of YA Center and Rural YA (collectively the Center). All intercompany balances and transactions have been eliminated in consolidation.

**(c) 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.

**(d) Financial Statement Presentation**

The Center is required to present information regarding its financial position and activities 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 Center. These net assets may be used at the discretion of the Center's management and the board of directors. The board designated reserve funds are included in net assets without donor restrictions. See note 4.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Center did not have any net assets with perpetual restrictions at December 31, 2022 or 2021.

**(e) Cash and Cash Equivalents**

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

**(f) 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. The Center receives a significant amount of support from Young Americans Education Foundation. A decrease in this support could adversely affect the operations of the Center.

**(g) Restricted Cash**

Restricted cash represents donor-restricted cash held in separate accounts plus other cash the Center has set aside for specific program purposes.

**Young Americans Center for Financial Education**  
**Notes to Consolidated Financial Statements, Continued**

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

**(h) Cash Held for Others**

Spark Change is a service-learning leadership program that offers K-8 students the opportunity to give back to their communities. Students collect change and donate the funds to the not-for-profit organization of their choice. The Center is the fiscal agent for funds collected. During the year ended December 31, 2022 and 2021, the balance of funds collected under the program but not yet disbursed totals \$535 for both years which is reflected as an asset and a liability on the accompanying consolidated statements of financial position.

**(i) 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.

**(j) Revenue Recognition**

Contributions

Contributions are recognized when cash, securities, and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Payments received in advance of conditions being met are recorded as refundable advances in the consolidated statements of financial position.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. Contributions restricted for the purchase of long-lived assets are reported as an increase in net assets without donor restrictions if the acquired asset is placed in service in the same year as the gift was received. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions receivable 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. The Center considers all contributions receivable to be fully collectable; accordingly, no allowance for doubtful amounts is considered necessary.

Special events

Special events are comprised of revenue from an exchange transaction equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contribution revenue is recognized following revenue recognition policies discussed above, and exchange transaction revenue is recognized the day the event takes place.

**Young Americans Center for Financial Education**  
**Notes to Consolidated Financial Statements, Continued**

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

**(j) Revenue Recognition, Continued**

Contributions receivable consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Contributions for current year operations	\$ 65,950	24,962
Program sponsorship receivables	186,000	255,000
Event sponsorships for future years	<u>30,000</u>	<u>65,000</u>
	<u>\$ 281,950</u>	<u>344,962</u>

Contributions receivable are expected to be collected in 2023. Amounts due in future years have not been discounted to their present value since the discount amount is immaterial.

Program fees

Program fee revenue consists of school and camp fees to participate in on-site and on-the-road programs and individual fees to participate in classes. Fees are charged based on school class size or by individual head count. School fees are collected in the form of a deposit when a class registers and are recorded as deferred revenue when received. Camp fees are also recorded as deferred revenue when received in advance. School fees and camp fees are recognized as revenue the day the program takes place.

Fees for smaller individual classes are collected during registration, which typically occurs a few weeks in advance of the event. Management recognizes these fees when they are collected, which may be before the event occurs. At year-end, management reviews the class fees revenue received in the fourth quarter for any payments related to the following year's events, which are reclassified to deferred revenue.

Total program fees are reported net of scholarships, which are provided to schools and individuals in need, in the form of scholarships. During 2022 and 2021, scholarships totaled \$43,319 and \$20,411, respectively.

License and service fees

License and service fee revenue consists of agreements with third-parties to run Center programs at off-site locations. Service fees are charged to set up the program and provide support which may be a one-time fee or an annual fee, while license fees are charged annually. Service set up fees are recognized when the program commences, after the set up work has been performed. Annual license and service fees are recognized over the period of the agreement, which are annual agreements based on the calendar year. Fees received in advance are deferred until the year in which the agreement relates.

Accounts receivable from exchange transactions represent amounts due resulting from program services provided to schools and individuals. At December 31, 2022 and 2021, the Center had net accounts receivable from exchange transactions totaling \$57,894 and \$55,168, respectively. Management considers all accounts receivable to be fully collectable; accordingly, no allowance for doubtful accounts is necessary.

**Young Americans Center for Financial Education**  
**Notes to Consolidated Financial Statements, Continued**

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

**(j) Revenue Recognition, Continued**

Deferred revenue consists of program fees at December 31, 2022 and 2021. Following are the changes in deferred revenue:

Deferred program fees, December 31, 2020	\$ 56,997
Amount recognized in revenue	(35,527)
Amount refunded	(905)
New deferrals	<u>79,707</u>
Deferred program fees, December 31, 2021	100,272
Amount recognized in revenue	(131,499)
Amount refunded	(1,078)
New deferrals	<u>118,617</u>
Deferred program fees, December 31, 2022	\$ <u>86,312</u>

**(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. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Donated goods, services, and use of facilities received for the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>
In-kind rent and occupancy costs from:		
Young Americans Education Foundation	\$ 1,504,635	1,302,876
Third parties	<u>20,500</u>	<u>-</u>
Total in-kind rent and occupancy costs	1,525,135	1,302,876
Program supplies	<u>7,315</u>	<u>295</u>
	\$ <u>1,532,450</u>	<u>1,303,171</u>

Young Americans Education Foundation (the Foundation) does not charge the Center for the use of space or the cost of certain shared occupancy. See note 6. Fair value of the donated use of facilities is estimated using the price per square foot of similar office space in the area and the fair value of the occupancy costs is based on the Center's allocated portion of actual common area costs incurred by the Foundation. The expenses are allocated among program and supporting services based on estimated usage of footage occupied by the Center.

The Center also received goods in support of operations including program supplies. These goods are recognized as in-kind donations at fair value using vendor receipt or retail price.

Unless otherwise noted, there were no donor-imposed restrictions associated with these in-kind donations. The Center does not sell donated gifts in-kind and only uses services, goods, and facilities for its own program or supporting service activities.

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 consolidated 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) Functional Allocation of Expenses**

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. The Center incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Center also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e., fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

**(m) Advertising Costs**

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2022 and 2021 totaled \$10,339 and \$4,811, respectively.

**(n) Estimates**

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(o) 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 2022 and 2021, the Center did not incur any unrelated business income tax. In addition, the Center qualifies for the charitable contribution deduction.

Management is required to evaluate tax positions taken by the Center and recognize a tax liability (or asset) if the Center 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 consolidated 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. The three previous tax years remain subject to examination by the IRS.

**(p) Subsequent Events**

The Center has evaluated subsequent events through May 19, 2023, the date the consolidated financial statements were available to be issued.

**Young Americans Center for Financial Education**  
**Notes to Consolidated Financial Statements, Continued**

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

**(q) New Accounting Pronouncement**

During 2022, the Center adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard is aimed at increasing the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The provisions of ASU No. 2020-07 have been implemented in the accompanying financial statements on a retrospective basis. The amendments under this accounting standard update do not change the recognition and measurement requirements for contributed nonfinancial assets. Accordingly, there is no effect on net assets in connection with its implementation.

**(2) Liquidity and Availability of Financial Assets**

The following reflects the Center's financial assets as of December 31, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or when restricted by donors for purposes more limited than general expenditures.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 3,132,761	2,881,509
Cash restricted for YouthBiz program	8,678	206,452
Cash restricted for Rural program	389,203	278,185
Accounts receivable	57,894	55,168
Contributions receivable	<u>281,950</u>	<u>344,962</u>
Total financial assets at year-end	<u>3,870,486</u>	<u>3,766,276</u>
Amounts unavailable to be used within one year		
Contributions receivable due in more than one year	–	(132,500)
Net assets with purpose restrictions to be met in more than one year	<u>(37,092)</u>	<u>(84,837)</u>
Amounts unavailable to be used within one year	<u>(37,092)</u>	<u>(217,337)</u>
Amounts unavailable without board approval		
Board designated operating reserve (note 4)	<u>(900,000)</u>	<u>(900,000)</u>
Financial assets available for general expenditures within one year	\$ <u>2,933,394</u>	<u>2,648,939</u>

The Center receives significant contributions restricted by donors and considers contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Center manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Occasionally, the board designates a portion of any operating surplus to its operating reserve which may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling liabilities. See note 4.



**Young Americans Center for Financial Education**  
**Notes to Consolidated Financial Statements, Continued**

**(3) Property and Equipment**

Property and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 520,182	494,229
Leasehold improvements	<u>433,443</u>	<u>433,443</u>
	953,625	927,672
Less accumulated depreciation	<u>(615,554)</u>	<u>(568,771)</u>
Property and equipment, net	\$ <u>338,071</u>	<u>358,901</u>

**(4) Net Assets**

Net assets without donor restrictions

The Center's board of directors established board designated funds for operations. The target to be held in the operating reserve is between three to six months of cash expenses, and the balance at December 31, 2022 and 2021 of \$900,000 represents approximately four months of cash expenses for each of the years. Board designated funds are held in cash and cash equivalents.

At December 31, net assets with donor restrictions were restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose		
YouthBiz	\$ 33,678	256,452
Young AmeriTowne	116,000	197,500
International Towne	10,000	-
Micro loans	28,914	28,885
Send-a-School	17,998	7,988
On the Road	17,500	17,500
Other programs	<u>15,500</u>	<u>400</u>
Total subject to purpose restrictions	239,590	508,725
Subject to passage of time		
Future events subject to time restrictions	<u>30,000</u>	<u>65,000</u>
Total net assets with donor restrictions	\$ <u>269,590</u>	<u>573,725</u>

Net assets were released from donor restrictions as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions		
YouthBiz	\$ 222,774	83,245
Young AmeriTowne	120,000	257,690
On the Road	-	25,911
Send-a-School	95,490	128,074
Other programs	<u>400</u>	<u>3,000</u>
Total purpose restrictions released	438,664	497,920
Expiration of time restrictions	<u>35,000</u>	<u>5,000</u>
Total net assets released from restrictions	\$ <u>473,664</u>	<u>502,920</u>

**Young Americans Center for Financial Education**  
**Notes to Consolidated Financial Statements, Continued**

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**(5) Employee Benefit Plan**

The Center's employees are covered under a related party's 401(k) pension plan (the Plan). The Plan is open to all employees who have completed three months of service and are at least twenty one years of age. The Center may match employee contributions which are determined annually. All employer contributions are immediately vested. The Center's total contributions to the plan were \$12,534 and \$17,160 in 2022 and 2021, respectively.

**(6) Related Party Transactions**

Young Americans Education Foundation (the Foundation) staff provide management and accounting services to the Center throughout the year, which are charged to the Center based on estimated time spent. The Center reimburses the Foundation for these services during the year.

Additionally, the Foundation owns three buildings which are utilized by the Center for program activities. The Foundation does not charge the Center for the use of this space or the cost of certain shared occupancy expenses, thus an in-kind donation of rent and occupancy costs is recorded on the Center's books at estimated fair value. See note 1(k).

Related party transactions consist of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Accounting and management services	\$ 282,461	249,511
Grant from Foundation to Center	262,322	373,807
In-kind rent and occupancy		
Headquarters building	1,191,139	1,002,058
Jefferson County building	266,236	253,558
Wray building	<u>47,260</u>	<u>47,260</u>
Total related party transactions	<u>\$ 2,049,418</u>	<u>1,926,194</u>

At December 31, 2022 and 2021, amounts owed to the Foundation for accounting and management services totaled \$64,690 and \$54,587, respectively. At December 31, 2022 and 2021, the Center also owes Young Americans Bank, a related party, \$6,393 and \$4,822, respectively.

Additionally, the Foundation provides the use of certain fixed assets to the Center for their programs at no charge.

The Center has subleased a portion of their available space at the Wray building to an unrelated party. The Center has a lease agreement with the unrelated party that expires June 30, 2023. Gross rental income under this lease totaled \$27,415 in 2022 and \$34,829 in 2021.

**(7) License Agreements**

The Center has entered into various licensing agreements with partner organizations which allows the partner organization the right to use the Center's curriculum and cloud-based internet platform for the purpose of expanding certain programs into nearby states. In connection with the license agreements, the Center provides training and support to the partner organizations to carry out the program pursuant to a service agreement. The agreements are in effect for either three, four, or five years, and some automatically renew thereafter for 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.

**Young Americans Center for Financial Education**  
**Notes to Consolidated Financial Statements, Continued**

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**(7) License Agreements, Continued**

License and service fees consist of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Annual, nonrefundable license fees	\$ 32,500	25,000
Annual service fees	<u>10,000</u>	<u>10,000</u>
Total license and service fees revenue	\$ <u>42,500</u>	<u>35,000</u>