

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

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FINANCIAL STATEMENTS
JUNE 30, 2021

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Independent Auditor's Report

To Board of Directors of
Youth Communication / New York Center, Inc.
New York, New York

I have audited the accompanying financial statements of Youth Communication / New York Center, Inc., which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Communication / New York Center, Inc, as of June 30, 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.

A handwritten signature in black ink that reads "Henry Ben. CPA LLC". The signature is written in a cursive, flowing style.

New York, New York
October 22, 2021

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,679,292
Certificate of deposit	199,992
Grants receivable	115,000
Accounts receivable	28,212
Prepaid expenses	<u>12,354</u>

Total Current Assets 2,034,850

Property and equipment, net 127,631

Other Asset:

Security deposits	<u>94,456</u>
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Total Other Assets 94,456

TOTAL ASSETS \$ 2,256,937

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	<u>\$ 18,900</u>
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Total Liabilities 18,900

Net Assets:

Without donor restrictions	2,123,037
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With donor restrictions	<u>115,000</u>
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Total Net Assets 2,238,037

TOTAL LIABILITIES AND NET ASSETS \$ 2,256,937

The accompanying notes are an integral part of these financial statements.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Corporations	\$ 5,000	\$ -	\$ 5,000
Foundations	956,500	170,000	1,126,500
Individual contributions	247,292	-	247,292
Estate Bequest	150,000	-	150,000
Professional development	172,371	-	172,371
Contracted services	6,600	-	6,600
Book income and royalty	12,602	-	12,602
Subscriptions, advertising and permissions	6,206	-	6,206
Interest Income	996	-	996
Net Assets Released from Restriction	<u>412,850</u>	<u>(412,850)</u>	<u>-</u>
 Total Revenues and Support	 <u>1,970,417</u>	 <u>(242,850)</u>	 <u>1,727,567</u>
Expenses			
Professional Development	768,115	-	768,115
Writing program	394,714	-	394,714
Administrative and general	170,522	-	170,522
Fund-raising	<u>237,535</u>	<u>-</u>	<u>237,535</u>
 Total Expenses	 <u>1,570,886</u>	 <u>-</u>	 <u>1,570,886</u>
 Change in Net Assets	 399,531	 (242,850)	 156,681
 NET ASSETS - BEGINNING	 <u>1,723,506</u>	 <u>357,850</u>	 <u>2,081,356</u>
 NET ASSETS - ENDING	 <u>\$ 2,123,037</u>	 <u>\$ 115,000</u>	 <u>\$ 2,238,037</u>

The accompanying notes are an integral part of these financial statements.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Professional Development</u>	<u>Writing Program</u>	<u>Administrative and General</u>	<u>Fund- Raising</u>	
Salaries	\$ 477,512	\$ 194,542	\$ 70,742	\$ 141,485	\$ 884,281
Payroll taxes	36,593	14,908	5,421	10,843	67,765
Fringe benefits	87,130	35,497	12,908	25,816	161,351
Fees and other charges	2,561	3,415	5,464	5,634	17,074
Consultants/contractors	66,095	20,451	24,393	29,673	140,612
Professional Fees	-	-	26,142	-	26,142
Supplies and services	7,404	6,171	6,171	4,937	24,683
Postage and shipping	1,948	87	65	65	2,165
Occupancy	69,284	96,997	15,836	15,837	197,954
Printing	11,555	642	385	257	12,839
Travel and transportation	586	95	29	22	732
Stipends	-	14,463	-	-	14,463
Insurance	1,258	1,258	314	314	3,144
Depreciation	6,189	6,188	2,652	2,652	17,681
Total expenses	<u>\$ 768,115</u>	<u>\$ 394,714</u>	<u>\$ 170,522</u>	<u>\$ 237,535</u>	<u>\$1,570,886</u>

The accompanying notes are an integral part of these financial statements.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:

Changes in Net Assets	\$ 156,681
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	17,681
(Increase) Decrease in operating assets	
Grants receivable	115,000
Accounts receivable	35,371
Prepaid expense	(12,354)
Security deposits	12
Increase (Decrease) in operating liabilities	
Accounts payable and accrued expenses	<u>37</u>
Net cash provided by operating activities	312,428

Cash flows from investing activities:

Purchase of property and equipment	<u>(7,587)</u>
Net cash used in investing activities	<u>(7,587)</u>
Net increase in Cash, Cash Equivalents and Restricted Cash	304,841
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	<u>1,574,443</u>
Cash, Cash Equivalents and Restricted Cash - End of Year	<u><u>\$ 1,879,284</u></u>

The accompanying notes are an integral part of these financial statements.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Organization

Nature of Operations

Youth Communication / New York Center, Inc. (the Center) was founded in 1980 in Delaware, and is a nonstock, nonprofit corporation helping youth develop their full potential through reading and writing, so that they can succeed in school and at work, and contribute to their communities.

The Center publishes true stories by teens that are developed in its rigorous writing program. These stories motivate teens to read, promote social-emotional development, and show them how their peers made responsible choices. The Center's staff training sessions and story-based curricula enable educators to create engaging educational settings that strengthen young people's social-emotional and literacy skills. The Center focuses its effort on supporting young people who are furthest from opportunity—often minority youth and those living in poverty—to succeed in school, pursue meaningful careers, and develop a sense of personal agency.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Center prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation

The Center's net assets are classified into two categories. The classifications are related to the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Center.

Net assets with donor restrictions: Net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions, or net assets that must be maintained in perpetuity.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are presented net of the allowance for doubtful accounts. The Center's periodic evaluation of the adequacy of the allowance is based on its past loss experience. Accounts receivable are charged off when they are deemed uncollectible.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires the Center's management to make estimates and assumptions. These affect the reported amounts of assets and liabilities and disclosures 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 and assumptions.

Property and Equipment

Property and equipment are stated at cost if purchased or at fair market value at the date of receipt if donated. The cost of maintenance, repairs, and minor renewals is expensed as incurred, and renewals and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives for each major depreciable classification of property and equipment are as follows:

	<u>Estimated Useful Life</u>	<u>Method</u>
Office Furniture and equipment	5 years	Straight-line
Leasehold improvements	15 years	Straight-line

Long-Lived Asset Impairment

The Center evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Long-Lived Asset Impairment (Continued)

of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended June 30, 2021.

Revenue Recognition

The Center reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Cash and Cash Equivalents

The Center considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Fair value approximates carrying amounts.

Certificates of Deposit

Certificates of deposit have maturity dates of more than three months.

Contributions

The Center reports contributions with donor-restricted revenue if they are received with donor stipulations that limit the use of the assets. With donor-restricted net assets, when the purpose of the restriction is satisfied, the net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Center is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, donations to the Center qualify for the charitable contribution deduction under Section 170(b)(1)(a), and the Center has been classified as a center that is not a private foundation under Section 509(a)(1).

Fair Values of Financial Instruments

The Center's financial instruments consist primarily of cash, accounts receivable and accounts payable. The carrying values of cash, accounts receivable, and accounts payable are considered to be representative of their respective fair values.

New Accounting Pronouncements

The Center has adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. ASU 2014-09 eliminated the transaction and industry-specific revenue recognition guidance under previous U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard improves the usefulness and understandability of the Center's financial reporting.

The Center has adopted ASU 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605), as amended. ASU 2018-08 was issued to make it easier for not-for-profit organizations to evaluate whether gifts, grants or contracts should be accounted for as contributions or as reciprocal (exchange) transactions accounted for under ASU 2014-09. Under the new guidance, all organizations are required to evaluate whether the resource provider (i.e., federal agency, foundation, corporation, etc.) is receiving commensurate value in a transfer of resources (i.e., assets or reduction/settlement of liabilities) and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction is to be accounted for as an exchange transaction by applying ASU 2014-09. If commensurate value is not received by the resource provider (i.e., the

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

transaction is nonexchange), the recipient organization would determine the transaction to be a contribution and determine whether the contribution is unconditional or conditional. The standard improves the usefulness and understandability of the Center's financial reporting.

ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, gives donors better information without causing nonprofits to incur too much cost to provide the information. The updated standard will provide more prominent presentation of gifts-in-kind by requiring nonprofits to show contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also calls for enhanced disclosures about the valuation of those contributions and their use in programs and other activities. Nonprofits will be required to split out the amount of contributed nonfinancial assets it receives by category and in footnotes to financial statements. For each category, the nonprofit will be required to disclose:

- Qualitative information about whether contributed nonfinancial assets were either monetized or used during the reporting period and, if used, a description of the programs or other activities in which those assets were used;
- The nonprofit's policy (if any) for monetizing rather than using contributed nonfinancial assets;
- A description of any associated donor restrictions;
- A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition; and
- The principal market (or most advantageous market) used to arrive at a fair value measurement if it is a market in which the recipient nonprofit is prohibited by donor restrictions from selling or using the contributed nonfinancial asset.

However, the new rule will not change the recognition and measurement requirements for those assets. ASU 2020-07 takes effect for annual periods beginning after June 15, 2021, and interim periods within fiscal years after June 15, 2022. Retrospective application is required, and early application is permitted.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 3 - Concentration of Risk

Financial instruments that potentially subject the Center to concentration of credit risk consist principally of cash and cash equivalents maintained at creditworthy financial institutions. The Center maintained cash balances in two financial institutions in checking and savings, certificates of deposit, and money market funds. At June 30, 2021, the uninsured cash balance was \$678,954. However, the Center had not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Note 4 - Availability and Liquidity

The following financial assets are available to the Center within one year of June 30, 2021. 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 come due. The Center invests cash in excess of daily requirements in short-term investments.

Cash and Cash Equivalents	\$ 1,679,292
Certificate of Deposit	199,992
Grants receivable	115,000
Accounts receivable	<u>28,212</u>
Total financial assets	<u>\$ 2,022,496</u>

Note 5 - Property and Equipment

Property and equipment consisted of the following as of June 30, 2021.

Office furniture and equipment	\$ 139,999
Leasehold improvements	<u>181,485</u>
	321,484
Less: accumulated depreciation	<u>(193,853)</u>
Property and equipment, net	<u>\$ 127,631</u>

Depreciation expense for the year ended June 30, 2021 was \$17,681.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 6 - Commitment

The Center has an operating lease for the office space located at 242 West 38th Street in New York, New York, that expires on August 31, 2022. There is a security deposit of \$92,817 on the lease. Future minimum annual lease payments required under the lease are as follows:

Years ending June 30:

2022	\$186,484
2023	<u>31,700</u>
 Total	 <u><u>\$218,184</u></u>

Note 7 - Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supportive services.

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes	Salaries
Fringe benefits	Time, effort, and seniority
Fees and other charges	Time and effort
Consultants/contractors	Time and effort
Supplies and services	Time and effort
Postage and shipping	Time and effort
Occupancy	Use of square footage
Printing	Time and effort
Travel and transportation	Time and effort
Stipends	Time and effort
Insurance	Time and effort
Depreciation	Equipment and office usage

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 8 - Net Assets with Donor Restrictions

Net assets in the amounts of \$115,000 are donor-restricted by time or for specific purposes and programs at June 30, 2021.

Note 9 - COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result, the Center closed in person class and implemented remote classes. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Future potential impacts may include disruptions or restrictions on our employees' ability to work. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

Note 10 - Cash, Cash Equivalents and Restricted Cash

In accordance with FASB Statement of Cash Flows (ASU NO. 2016-18), the accompanying cash flow statements reflect the changes in cash, cash equivalents and restricted cash. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

Cash	\$ 1,679,292
Certificates of deposit	<u>199,992</u>
	<u>\$ 1,879,284</u>

Note 11 - Subsequent Events

The Center evaluated events that occurred after June 30, 2021, the date of the statement of financial position, but before the date the financial statements were available to be issued, October 22, 2021, for potential recognition or disclosure in the financial statements.