



CHEK TAN
& CO, LLP

2023

FINANCIAL REPORT

YOUTH SPEAKS, INC.

FOR THE YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

**YOUTH SPEAKS, INC.
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Youth Speaks, Inc.

Opinion

We have audited the accompanying financial statements of Youth Speaks, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Speaks, Inc. as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Youth Speaks, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Youth Speaks, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Youth Speaks, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Youth Speaks, Inc.'s June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated June 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Chieh Tan and Company, LLP

San Francisco, California
May 6, 2024

YOUTH SPEAKS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

ASSETS	2023	2022
Current assets		
Cash	\$ 4,062,455	\$ 4,079,964
Accounts receivable	24,018	13,150
Grants, pledges and contracts receivable (Note 4)	2,762,722	841,370
Prepaid expenses and other receivable	10,223	19,690
Total current assets	6,859,418	4,954,174
Property and equipment, net (Notes 5)	1,827,268	1,578,693
Operating right-of-use asset	694,808	0
Other assets	2,000	185
Total assets	\$ 9,383,494	\$ 6,533,052
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 163,099	\$ 123,141
Accrued expenses (Note 6)	28,948	76,121
Lease liability (Note 7)	3,748	0
Total current liabilities	195,795	199,262
Lease liability - noncurrent (Note 7)	706,987	0
Total liabilities	902,782	199,262
Net assets		
Without donor restrictions	5,092,028	4,679,280
With donor restrictions (Note 8)	3,388,684	1,654,510
Total net assets	8,480,712	6,333,790
Total liabilities and net assets	\$ 9,383,494	\$ 6,533,052

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

YOUTH SPEAKS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Revenues, gains, and other supports:				
Support and revenue				
Foundation grants	\$ 184,820	\$ 873,370	\$ 1,058,190	\$ 1,038,475
Government grants	721,023	1,083,000	1,804,023	538,711
Individual contributions	214,494	1,500,000	1,714,494	295,183
Corporate grants	47,623	0	47,623	10,000
Nonprofit grants	108,912	0	108,912	0
In-kind donations	9,346	0	9,346	0
 Total support	\$ 1,286,218	3,456,370	4,742,588	1,882,369
Revenue				
Contracted fees	103,365	0	103,365	366,058
Other	106,080	0	106,080	572,263
Admissions and registration	41,218	0	41,218	1,050
 Total revenue	250,663	0	250,663	939,371
Net assets released from restrictions (Note 8)	1,722,196	(1,722,196)	0	0
 Total support and revenue	3,259,077	1,734,174	4,993,251	2,821,740
Expenses and losses:				
Program services	1,864,068	0	1,864,068	1,345,494
Management and general	485,222	0	485,222	833,228
Fundraising	497,039	0	497,039	244,457
 Total expenses and losses	\$ 2,846,329	0	2,846,329	2,423,179
Change in net assets	\$ 412,748	1,734,174	2,146,922	398,561
Net assets, beginning of year	\$ 4,679,280	1,654,510	6,333,790	5,935,229
Net assets, end of year	\$ 5,092,028	\$ 3,388,684	\$ 8,480,712	\$ 6,333,790

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

YOUTH SPEAKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022)

	Program Services				Supporting Services		Total Expenses	
	National Programs	Local Programs	Productions	Total Program Services	Management and General	Fund-Raising	2023	2022
	Personnel costs:							
Salaries and wages	\$ 162,896	\$ 754,898	\$ 115,039	\$ 1,032,833	\$ 212,282	\$ 328,758	\$ 1,573,873	\$ 1,245,475
Employee health benefits	12,926	59,900	9,128	81,954	16,844	26,087	124,885	100,168
Payroll taxes	12,961	60,064	9,153	82,178	16,890	26,158	125,226	115,357
Total personnel expenses	<u>188,783</u>	<u>874,862</u>	<u>133,320</u>	<u>1,196,965</u>	<u>246,016</u>	<u>381,003</u>	<u>1,823,984</u>	<u>1,461,000</u>
Independent contractors-non-artist	53,388	86,032	50,380	189,800	92,423	9,149	291,372	493,855
Stipends and scholarships	0	22,005	0	22,005	-	250	22,255	29,520
Facilities	6,475	28,408	4,329	39,212	23,879	12,372	75,463	23,645
Artists and performers	6,650	47,200	1,000	54,850	-	1,950	56,800	87,265
Program facilities	500	9,237	13,660	23,397	1,586	0	24,983	29,092
Travel and lodging	128,656	748	64	129,468	1,772	30	131,270	33,212
Professional services	12,737	58,658	8,850	80,245	25,700	25,292	131,237	97,288
Equipment rental	1,770	49,128	0	50,898	1,134	0	52,032	626
Administrative fees and taxes	0	40	0	40	7,922	1,250	9,212	40,232
Office supplies	1,890	11,344	2,264	15,498	20,023	8,703	44,224	25,119
Hospitality and reception	76	9,313	0	9,389	10,932	36,637	56,958	9,638
Insurance	4,770	15,570	2,912	23,252	9,741	6,781	39,774	35,945
Miscellaneous expenses	0	0	0	0	2,078	0	2,078	3,713
Interest expense	0	0	0	0	1,570	0	1,570	854
Workers compensation insurance	0	0	0	0	0	0	-	12,559
Telephone and communication	0	0	0	0	6,810	0	6,810	4,013
Depreciation	0	0	0	0	17,075	0	17,075	21,247
Printing and reproduction	357	6,767	11	7,135	757	99	7,991	3,730
Credit card processing fees	1	0	0	1	3,750	0	3,751	4,143
Janitorial services	0	0	0	0	7,700	0	7,700	177
Postage and delivery	254	0	0	254	10	1,804	2,068	15
Professional development	3,099	14,363	2,339	19,801	4,239	6,719	30,759	4,195
Advertising and promotion	-	1,858	0	1,858	105	5,000	6,963	2,096
Total 2023 functional expenses	<u>\$ 409,406</u>	<u>\$ 1,235,533</u>	<u>\$ 219,129</u>	<u>\$ 1,864,068</u>	<u>\$ 485,222</u>	<u>\$ 497,039</u>	<u>\$ 2,846,329</u>	
Total 2022 functional expenses	<u>\$ 409,534</u>	<u>\$ 541,333</u>	<u>\$ 332,925</u>	<u>\$ 1,345,494</u>	<u>\$ 833,228</u>	<u>\$ 244,457</u>		<u>\$ 2,423,179</u>

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

YOUTH SPEAKS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022
Cash flows from operating activities:		
Increase / (decrease) in net assets	\$ 2,146,922	\$ (35,693)
Adjustments to reconcile increase / (decrease) in net assets to net cash provided by operating activities		
Depreciation	17,075	21,247
Lease expense - operating right-of-use asset	11,982	0
Change in operating assets and liabilities:		
Accounts receivable	(10,868)	(7,150)
Grants and pledge receivable	(1,921,352)	383,566
Prepaid expenses and other receivable	9,467	5,197
Other assets	(1,815)	0
Accounts payable	39,958	7,735
Accrued expenses	(47,173)	(27,368)
Lease liability	3,945	0
Net cash provided by operating activities	248,141	347,534
Cash flows from investing activities		
Purchase of property and equipment	(265,650)	(1,556,508)
Net cash provided by / (used in) investing activities	(265,650)	(1,556,508)
Cash flows from financing activity		
Repayments on line of credit	0	(150,000)
Net cash used in financing activity	0	(150,000)
Net decrease in cash	(17,509)	(1,358,974)
Cash at beginning of year	4,079,964	5,438,938
Cash at end of year	\$ 4,062,455	\$ 4,079,964
Supplemental disclosure:		
Cash paid for interest during the year	\$ 1,570	\$ 854

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

YOUTH SPEAKS, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

Note 1 - Organization

Youth Speaks, Inc. ("Youth Speaks") (a nonprofit corporation) was founded in 1996 to promote youth development, civic engagement, and literacy through spoken word, poetry, writing, and performance. It has since become the nation's leading presenter of youth slam poetry. Youth Speaks is recognized as one of the most innovative nonprofit arts organizations in the country.

Youth Speaks is located in San Francisco, California and operations are primarily supported by public and private grants, contributions, event admissions, and contracted fees.

Note 2 - Summary of Significant Accounting Policies

a. Basis of accounting and presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP).

Nonprofit organizations are required to provide statements of financial position, activities and cash flows. They are also required to report information regarding their financial position and activities according to two classes of net assets: net assets with donor-restrictions and net assets without donor restrictions.

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

Net Assets with Donor-Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

b. Concentration of credit risk

Financial instruments, which potentially subject Youth Speaks to concentration of credit risk, consist primarily of cash, accounts receivable, and grants receivable. The Organization places its cash with financial institutions and its balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depository bank. At various times, Youth Speaks might have cash balances in excess of the insured amount. As of June 30, 2023 and 2022, the Organization had the uninsured balance of \$3,628,579 and \$3,566,012, respectively.

c. Accounts and grants receivable

Accounts and grants receivable are stated at unpaid balances. It is Youth Speaks' policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. No allowance has been provided for uncollectible accounts. Management believes that the entire balance of grants and accounts receivable as of June 30, 2023 is collectible. At June 30, 2023 accounts receivable and grants receivable amounted to \$24,018 and \$2,762,722, respectively.

d. Contributions and pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

YOUTH SPEAKS, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

Note 2 - Summary of Significant Accounting Policies (Continued)

e. Fair value measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Youth Speaks is required to measure pledged contributions and non-cash contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

f. Property and equipment

Property and equipment are stated at cost and include expenditures for improvements that substantially increase the useful lives of the existing property and equipment. Donations of property and equipment are recorded as contributions at estimated fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Contributed property and equipment with donor restrictions on how long the assets must be used are recorded as restricted contributions. All other contributions of property and equipment are recorded as unrestricted contributions when the assets are placed in service.

Acquisitions of property and equipment in excess of \$1,000 and with useful lives of two or more years are capitalized. The cost of property and equipment are charged against net assets over their estimated useful lives using the straight-line method of depreciation. Maintenance and repairs, which are not considered betterments and do not extend the useful life of property and equipment, are charged to expense as incurred. When property and equipment are retired or disposed of the asset and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in net assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Class of property	Useful life in years
Leasehold improvements	The lesser of 3 – 5 or lease term
Equipment and furniture	3 - 10

g. Revenue recognition

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

Donor-restricted contributions are initially recorded in the net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Revenues from grants and contracts, including those from federal agencies, are generally reported as unrestricted contract/grant revenue and are recognized as qualifying expenses are incurred under the grant agreement.

YOUTH SPEAKS, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

Note 2 - Summary of Significant Accounting Policies (Continued)

g. Revenue recognition (continued)

Revenues from admission and registration fees are recognized when control of the services are transferred to the Organization's customers.

h. Contributed services and materials

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated property is reflected as contribution in the accompanying statements at its estimated fair market value at date of gift.

i. Income taxes

The Organization is exempt from Federal and State income taxes under the provisions of Internal Revenue Code Section 501(c) (3) and California Revenue and Taxation Code Section 23701(d) respectively. Therefore, no provisions for Federal and State income taxes were provided.

Management of the Organization has evaluated their tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist.

j. Functional Allocation of Expenses

Costs of providing Youth Speaks' programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Youth Speaks allocates indirect cost based on the percentage of total costs.

k. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

l. Recently adopted accounting pronouncement

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). This update is to report transparent and economically neutral information about the assets and liabilities that arises from leases. As result, lessees would be required to recognize the rights and obligations resulting from leases as assets and liabilities. For public business entities, the update is effective for annual reporting periods beginning after December 15, 2018 and interim periods within those annual periods. In June 2020, the FASB also issued ASU No. 2020-05 to delay the adoption date for public not-for-profit entities and all other entities. For public not-for-profit entities, the update is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other entities, the amendments are effective for annual reporting periods beginning after December 15, 2021 and interim periods beginning after December 15, 2022. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. The Organization may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The Organization adopted this standard on July 1, 2022 and used the effective date as the date of initial application. Therefore, financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods before July 1, 2022. The Organization currently believes the most significant effects relate to (1) the recognition of new ROU assets and lease liabilities on its balance sheet for its site operating leases; (2) providing significant new disclosures about its leasing activities.

YOUTH SPEAKS, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

Note 2 - Summary of Significant Accounting Policies (Continued)

m. Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Youth Speaks' financial statements as of and for the year ended June 30, 2022 from which the summarized information was derived.

Note 3 - Liquidity and Availability of Resources

Youth Speaks regularly monitors liquidity required to meet its operating needs and other contractual commitments, via cash flow projections, management, and review by the Finance Committee of the Board of Directors.

For purposes of analyzing resources available to meet general expenditures over a 12-month period. Youth Speaks considers all expenditures related to its ongoing activities and the pattern of income from grants, contracts, billable services, fundraising, and investments. The Finance Committee of the Board of Directors meets regularly to review all financial aspects of the organization. In addition, the organization meets with its financial management firm to review investment results, assess risk, and make recommendations for changes as needed.

In addition to having financial assets that are available to meet general expenditures over the next 12 months. Youth Speaks operates with a budget that anticipates collecting sufficient revenue to cover general expenditures.

As of June 30, 2023, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash	\$ 4,062,455
Accounts receivable	24,018
Grants and pledges receivable	<u>2,762,722</u>
Total financial assets	6,849,195
Less: amounts not available to be used within one year	<u>(741,346)</u>
Financial assets available to meet general expenditures Over the next twelve months	 <u><u>\$ 6,107,849</u></u>

Note 4 - Grants and Pledges Receivable

Grants and pledges receivable are recorded as support when pledged unless designated otherwise. All pledges are valued at their estimated fair value and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of June 30, 2023. Discount on grants and pledges are deemed immaterial, accordingly, no unamortized discount on grants and pledges has been recorded as of June 30, 2023. Grants and pledges receivable at June 30, 2023 and 2022 were \$2,762,722 and \$841,370, respectively and are expected to be collected as follows:

<u>Year ending June 30</u>	
2024	\$ 2,021,376
2025	741,346
Total	<u><u>\$ 2,762,722</u></u>

YOUTH SPEAKS, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

Note 5 - Property and Equipment

Property and equipment at June 30, 2023 consist of the following:

Computers, furniture, and equipment	\$ 120,201
Leasehold improvements	1,827,969
	<u>1,948,170</u>
Less: accumulated depreciation	(120,902)
Property and equipment, net	<u>\$ 1,827,268</u>

Note 6 - Accrued Liabilities

Accrued liabilities at June 30, 2023 consist of the following:

Accrued vacation	\$ 20,585
Other accrued liabilities	8,363
	<u>\$ 28,948</u>

Note 7 - Commitments and Contingencies

Lease commitment

Youth Speaks leases office facility under a twenty-year operating lease, with two consecutive options to extend the term for five (5) years each, followed by one (1) option to extend the term for four (4) years and eleven (11) months. The lease commenced on February 1, 2022, and will end on December 1, 2056. The Organization is reasonably certain to exercise the options to extend; hence, the period of that renewal is included in the lease term at lease commencement.

The following are the line items in the balance sheet which include amounts for operating leases as of June 30, 2023:

Operating Leases	
Right-of-use-asset	<u>\$ 694,808</u>
Lease liability – current portion	\$ 3,748
Operating lease liability – noncurrent portion	706,987
Total operating lease liability	<u>\$ 710,735</u>

The remaining lease term is 33.4 years, and the discount rate is 5.12%.

The maturities of operating lease liability as of June 30, 2023 are as follows:

July 1, 2024 – June 30, 2028	\$ 167,562
July 1, 2028 – June 30, 2033	189,581
July 1, 2033 – June 30, 2038	214,494
July 1, 2038 – June 30, 2043	242,680
July 1, 2043 – June 30, 2053	274,570
July 1, 2043 – June 30, 2056	310,651
	<u>241,290</u>
Total lease payments	1,640,829
Less: interest	(930,094)
Present value of lease liability	<u>\$ 710,735</u>

The following summarizes cash flow information related to leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 3,945

YOUTH SPEAKS, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

Note 7 - Commitments and Contingencies (Continued)

Grants and Contracts

Youth Speaks' grants and contracts are subject to inspection and audit by the appropriate funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, Youth Speaks has no provisions for the possible disallowance of program costs on its financial statements.

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions by time or purpose at June 30, 2023 consist of the following:

Time restrictions	\$ 3,387,323
Production	1,361
	<u>\$ 3,388,684</u>

For the year ended June 30, 2023, net assets with donor restrictions released from restrictions were \$1,722,196, which consisted of \$1,722,196 released for time restrictions.

Note 9 - Retirement Plan

Employees of Youth Speaks may participate in an Internal Revenue Code section 401(k) retirement savings plan, which was established in 2005. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement.

Note 10 - Subsequent Events

The Organization has evaluated subsequent events through May 6, 2024, the date which the financial statements were available to be issued.