



GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidated Financial Statements and Schedules

December 31, 2020

(With Independent Auditors' Report Thereon)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

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**Morgan • Jacoby • Thurn • Boyle
& Associates, P.A.**
Certified Public Accountants

Independent Auditors' Report

The Board of Directors
Gifford Youth Achievement Center, Inc. and
Gifford Youth Achievement Center Foundation, Inc.:

We have audited the accompanying consolidated financial statements of Gifford Youth Achievement Center, Inc. and Gifford Youth Achievement Center Foundation, Inc. which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gifford Youth Achievement Center, Inc. and Gifford Youth Achievement Center Foundation, Inc. as of December 31, 2020, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)



Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

MORGAN, JACOBY, TURN, BOYLE & ASSOCIATES, P.A.

May 27, 2021

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidated Statement of Financial Position

December 31, 2020

(with comparative totals as of December 31, 2019)

<u>Assets</u>	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u> <u>2020</u>	<u>Total</u> <u>2019</u>
Current assets:				
Cash and cash equivalents	\$ 272,779	152,640	425,419	227,020
Investments (note 5)	156,179	529,100	685,279	411,425
Accounts receivable (note 6)	29,113	147,185	176,298	206,873
Prepaid expenses	30,815	—	30,815	15,207
Total current assets	<u>488,886</u>	<u>828,925</u>	<u>1,317,811</u>	<u>860,525</u>
Investments (note 5)	51,181	4,871,426	4,922,607	3,220,303
Assets held for endowment and capital projects (note 7)	—	895,589	895,589	2,222,250
Net property and equipment (note 8)	3,221,370	—	3,221,370	3,334,802
Deposits	449	—	449	449
Leasehold interest (note 9)	<u>—</u>	<u>1,973,667</u>	<u>1,973,667</u>	<u>1,973,717</u>
Total assets	\$ <u>3,761,886</u>	<u>8,569,607</u>	<u>12,331,493</u>	<u>11,612,046</u>
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable	5,351	—	5,351	30,864
Accrued expenses	44,448	—	44,448	34,598
Total current liabilities	<u>49,799</u>	<u>—</u>	<u>49,799</u>	<u>65,462</u>
Commitments (notes 9 and 10)				
Net assets:				
Without donor restrictions:				
Undesignated	3,691,322	—	3,691,322	3,438,942
Designated for endowment	20,765	—	20,765	20,765
With donor restrictions (note 15)	<u>—</u>	<u>8,569,607</u>	<u>8,569,607</u>	<u>8,086,877</u>
Total net assets	<u>3,712,087</u>	<u>8,569,607</u>	<u>12,281,694</u>	<u>11,546,584</u>
Total liabilities and net assets	\$ <u>3,761,886</u>	<u>8,569,607</u>	<u>12,331,493</u>	<u>11,612,046</u>

See accompanying notes to consolidated financial statements.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidated Statement of Activities

Year ended December 31, 2020
(with comparative totals for the year ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Revenues and other support:				
Contributions – operating	\$ 1,170,992	78,208	1,249,200	1,154,714
Contributions – capital	–	277,755	277,755	1,162,618
Contributions – endowment	–	137,932	137,932	790,549
Indian River County grants	153,388	4,978	158,366	147,104
Donated land and facilities	–	177,634	177,634	177,639
United Way of Indian River County	–	49,559	49,559	55,896
Special events	49,885	–	49,885	51,060
Membership and tuition	32,896	–	32,896	63,975
Rental income	1,913	–	1,913	6,111
Investment income, net	6,494	416,305	422,799	571,413
Miscellaneous income (note 11)	229,426	–	229,426	55,346
	<u>1,644,994</u>	<u>1,142,371</u>	<u>2,787,365</u>	<u>4,236,425</u>
Net assets released from restrictions (note 15)	<u>659,641</u>	<u>(659,641)</u>	<u>–</u>	<u>–</u>
Total revenues and other support	<u>2,304,635</u>	<u>482,730</u>	<u>2,787,365</u>	<u>4,236,425</u>
Expenses:				
Program services	1,656,222	–	1,656,222	1,497,328
Management and general	197,663	–	197,663	219,854
Fund raising	198,370	–	198,370	266,808
Total expenses	<u>2,052,255</u>	<u>–</u>	<u>2,052,255</u>	<u>1,983,990</u>
Change in net assets	252,380	482,730	735,110	2,252,435
Net assets at beginning of year	<u>3,459,707</u>	<u>8,086,877</u>	<u>11,546,584</u>	<u>9,294,149</u>
Net assets at end of year	\$ <u>3,712,087</u>	<u>8,569,607</u>	<u>12,281,694</u>	<u>11,546,584</u>

See accompanying notes to consolidated financial statements.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**Consolidated Statement of Functional Expenses**

Year ended December 31, 2020
(with comparative totals for the year ended December 31, 2019)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
Salaries and benefits	\$ 871,880	96,363	126,828	1,095,071	1,033,888
Rent expense	184,193	2,510	520	187,223	183,843
Liability insurance	90,644	2,945	1,425	95,014	89,851
Scholarship awards	72,332	—	—	72,332	54,435
Supplies	52,605	18,518	235	71,358	32,719
Repairs and maintenance	58,930	3,969	563	63,462	50,188
Fundraising events	—	—	63,239	63,239	54,827
Contract services	44,844	5,036	2,232	52,112	87,043
Telephone, communication and publications	42,187	5,184	759	48,130	33,822
Professional fees	—	42,500	—	42,500	49,600
Professional fees – capital campaign	—	—	—	—	33,005
Utilities	28,114	386	80	28,580	28,708
Travel and seminars	16,811	3,005	656	20,472	47,638
Other	16,533	1,939	288	18,760	29,419
Activities and appreciation	8,153	9,298	1,066	18,517	26,806
Advertising and promotion	—	3,701	—	3,701	23,105
Program expenses	<u>725</u>	<u>—</u>	<u>—</u>	<u>725</u>	<u>2,279</u>
Expenses before depreciation	1,487,951	195,354	197,891	1,881,196	1,861,176
Depreciation	<u>168,271</u>	<u>2,309</u>	<u>479</u>	<u>171,059</u>	<u>122,814</u>
Total	\$ <u>1,656,222</u>	<u>197,663</u>	<u>198,370</u>	<u>2,052,255</u>	<u>1,983,990</u>

See accompanying notes to consolidated financial statements.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidated Statement of Cash Flows

Year ended December 31, 2020
(with comparative totals for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 735,110	2,252,435
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Contributions restricted for capital projects	(277,755)	(1,162,618)
Contributions restricted for Foundation endowment	(137,932)	(790,549)
Depreciation	171,059	122,814
Leasehold interest rental expense, net	50	45
Realized and unrealized gain on investments	(335,937)	(471,371)
Gain on forgiveness of PPP note payable	(215,547)	—
(Increase) decrease in:		
Accounts receivable	30,575	25,915
Prepaid expenses	(15,608)	6,519
Increase (decrease) in:		
Accounts payable	(25,513)	6,221
Accrued expenses	<u>9,850</u>	<u>(3,562)</u>
Net cash used by operating activities	<u>(61,648)</u>	<u>(14,151)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(57,627)	(2,142,870)
Purchase of investments	(8,662,716)	(4,741,578)
Sale of investments	<u>7,826,069</u>	<u>5,244,406</u>
Net cash used by investing activities	<u>(894,274)</u>	<u>(1,640,042)</u>
Cash flows from financing activities:		
Proceeds from PPP note payable	215,547	—
Contributions restricted for capital projects	1,152,236	1,111,789
Contributions restricted for Foundation endowment	<u>(213,462)</u>	<u>290,389</u>
Net cash provided by financing activities	<u>1,154,321</u>	<u>1,402,178</u>
Net increase (decrease) in cash and cash equivalents	198,399	(252,015)
Cash and cash equivalents at beginning of year	<u>227,020</u>	<u>479,035</u>
Cash and cash equivalents at end of year	\$ <u>425,419</u>	<u>227,020</u>

See accompanying notes to consolidated financial statements.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

December 31, 2020

(1) Organization

Gifford Youth Achievement Center, Inc. (the Center) was incorporated on December 27, 2001 and is a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The purpose of the Center is to establish a partnership among the youth and adults of the Gifford community and surrounding municipalities of Indian River County that will develop self-esteem, teach character, encourage each individual to reach for their ultimate potential, and to conduct all operations of the Center, such as literacy, reading, homework, after school, parenting, and senior programs.

The Gifford Youth Achievement Center Foundation, Inc. (the Foundation) was incorporated as a tax-exempt organization for the purpose of raising, holding, and distributing funds to support the Center and is considered an affiliate of the Center.

(2) Summary of Significant Accounting Policies**(a) Principles of Consolidation**

The consolidated financial statements include the accounts of the Center and the Foundation (collectively referred to as the Organization). On September 3, 2014, the Internal Revenue Service issued a letter determining and approving a request for the Foundation's classification as a Type 1 supporting organization of the Center. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Basis of Presentation

The Organization presents its financial statements in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. Topic 958 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting into funds established according to their nature and purpose and in accordance with activities or objectives specified by donors. Fund balances and transactions have been classified into two classes of net assets – without donor restrictions or with donor restrictions as follows:

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 Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(c) Basis of Accounting

Basis of accounting is used to describe when revenues and expenses are recognized in the accounts and reported in the financial statements.

The Organization prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Assets and related revenue are recorded when earned and related liabilities and expenses are recognized as incurred.

In applying the accrual basis to grant revenue, the legal and contractual requirements of the individual programs are used as guidance.

(d) Revenue Recognition

All contributions/donations are considered available for unrestricted use unless specifically restricted by the donor. Contributions/donations are considered restricted if a donor imposes a restriction that may be satisfied by the passage of time or the actions of the Organization. A permanently restricted contribution/donation stipulates that the contribution/donation be maintained permanently but may allow the organization to use all or part of the income derived from the underlying asset for unrestricted purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization adopted the provisions of ASU Statement No. 2014-09, as amended, *Revenue from Contracts with Customers (Topic 606)*, in 2020. No cumulative-effect adjustment in nets assets was required as the adoption of Topic 606 did not significantly impact the Organization's historically reported revenues.

(e) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

(f) Investments

Investments are reported at fair market value. Contributed investments are recorded at fair value on the date of the donation. Investment interest, dividends, gains and losses on sales of securities and unrealized gains are reflected in the statement of activities as revenue without donor restrictions except for the interest and dividends that are restricted by donor for use toward a particular purpose.

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

Investment income is presented on a net basis, with all external and direct internal investment management and custodial expenses netted against the return.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 2(g) for a discussion of fair value measurements.

(g) Fair Value Measurements

Financial Accounting Standards Board Topic 820, *Fair Value Measurements and Disclosures* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value:

- Mutual funds – Valued at quoted market prices, which represent the net asset value of shares held at year end.
- Common stocks – Valued at quoted prices in an active market.
- Certificates of deposit – Valued at quoted prices in an indirect active market.
- Money market funds – Valued at quoted prices in an active market.

The Organization's investments include funds which invest in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Organization's consolidated financial statements.

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

(h) Property and Equipment

Uses of funds for acquisition of physical properties are generally accounted for as net assets without donor restrictions. Property and equipment purchased are recorded at cost. Property and equipment contributed to the Organization are recorded at fair market value at time of receipt. The Organization capitalizes property and equipment with a value of \$500 or greater. Depreciation is provided for all classes of property and equipment using straight-line and declining balance methods over estimated useful lives ranging from 2 to 40 years. If donors of property stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

(i) Income Taxes

The Organization is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In accordance with the Internal Revenue Code, the Organization is not considered a private foundation. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2017-2020.

(j) In-Kind Contributions

The Organization records in-kind contributions at fair market value consistent with those amounts that would be paid for similar products and services.

(k) Donated Services

While the Organization receives donated services throughout the year that enhance the effectiveness of the programs, these services do not create or enhance non-financial assets nor do they require specialized skills that if not provided by a volunteer would be purchased. Accordingly, while these services contribute to the success of the programs, they have not been reflected in the accompanying financial statements.

(l) Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on an analysis of personnel time or square footage utilized for the related activities.

(m) Concentration of Credit Risk

The Organization maintains cash and cash equivalents with a financial institution in amounts, which at times may exceed the FDIC insurance limit. The Organization has not experienced any losses on such accounts and does not believe it is exposed to any significant risk with respect to cash and cash equivalents.

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

(n) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) Prior Period 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 the Organization's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

(3) Risks and Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, has effectively curtailed in-person work activities and operations for most businesses and industries. The extent of the ultimate impact of the pandemic on the Organization's operational and financial performance cannot be reasonably predicted at this time. While management reasonably expects the COVID-19 outbreak to minimally impact the Organization's financial position, the related financial consequences and duration are uncertain.

(4) Availability and Liquidity

The following represents the Organization's financial assets as of December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 272,779	79,946
Investments	156,179	20,933
Accounts receivable	56,223	54,130
Endowment spending-rate distributions	<u>177,482</u>	<u>126,160</u>
Total financial assets	<u>662,663</u>	<u>281,169</u>
Less amounts not available to be used for general expenditures:		
Quasi endowment investments established by the Board of Directors	<u>20,765</u>	<u>20,765</u>
Financial assets available to meet general expenditures during the next twelve months	\$ <u>641,898</u>	<u>260,404</u>

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

Financial assets are available for general expenditures within one year of the balance sheet date, other than noted above. Grants receivable subject to time restrictions are considered available as they will be collected within one year.

The endowment funds consist of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Donor-restricted endowment funds are not available for general expenditure. Annual distributions from endowment funds are made available to fund general operations equal to 5% of the average market value of the endowment investments for the prior three years.

(5) *Investments*

The Organization maintains investments that include an endowment of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted Florida's Uniform Prudent Management of Institutional Funds Act (UPMIFA). Accordingly, the Organization classifies amounts in its donor-restricted endowment as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. The net assets are also subjected to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

The Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to the endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of the initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The terms of the endowment agreement, which document contributor wishes
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- Current investment policies

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

The endowment investment objective of the Organization is to provide for the Organization's long-term principal value of the investments and to support Organization programming as budgeted and directed by the Board of Directors on an annual basis. The investment goals for the funds of the endowment are: meet the payout requirements of the endowment, provide sufficient liquidity to meet distribution requirements, and earn a reasonable return on investment. Investment goals and performance are to be computed net of investment management fees.

The following tables presents the Organization's investments that are measured at fair value on a recurring basis at December 31, 2020 and 2019.

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Equity funds:				
Large cap	\$ 1,386,878	—	—	1,386,878
Mid cap	249,340	—	—	249,340
Small cap	148,613	—	—	148,613
International developed	340,498	—	—	340,498
International emerging	265,473	—	—	265,473
Total equity securities	<u>2,390,802</u>	<u>—</u>	<u>—</u>	<u>2,390,802</u>
Equity securities:				
Communication services	29,363	—	—	29,363
Consumer discretionary	75,420	—	—	75,420
Consumer staples	74,159	—	—	74,159
Energy	20,933	—	—	20,933
Financials	128,541	—	—	128,541
Health care	120,041	—	—	120,041
Industrials	68,365	—	—	68,365
Information technology	177,733	—	—	177,733
Materials	29,291	—	—	29,291
Real estate	50,690	—	—	50,690
Utilities	79,852	—	—	79,852
Total equity securities	<u>854,388</u>	<u>—</u>	<u>—</u>	<u>854,388</u>
Fixed income funds:				
Fixed income	246,714	—	—	246,714
High yield	309,808	—	—	309,808
Intermediate government	475,999	—	—	475,999
Intermediate corporate	307,961	—	—	307,961
Mutual funds	273	—	—	273
Total fixed income securities	<u>1,340,755</u>	<u>—</u>	<u>—</u>	<u>1,340,755</u>
Commodities		—	—	
Real estate funds	181,440	—	—	181,440
Money market funds	<u>840,501</u>	<u>—</u>	<u>—</u>	<u>840,501</u>
Total investments	\$ <u>5,607,886</u>	<u>—</u>	<u>—</u>	<u>5,607,886</u>

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equity funds:				
Large cap	\$ 589,881	—	—	589,881
Mid cap	133,442	—	—	133,442
Small cap	109,782	—	—	109,782
International developed	308,761	—	—	308,761
International emerging	180,122	—	—	180,122
Total equity securities	<u>1,321,988</u>	<u>—</u>	<u>—</u>	<u>1,321,988</u>
Equity securities:				
Communication services	11,737	—	—	11,737
Consumer discretionary	79,591	—	—	79,591
Consumer staples	61,729	—	—	61,729
Energy	54,996	—	—	54,996
Financials	138,741	—	—	138,741
Health care	100,610	—	—	100,610
Industrials	68,276	—	—	68,276
Information technology	151,628	—	—	151,628
Materials	34,244	—	—	34,244
Real estate	54,446	—	—	54,446
Utilities	76,011	—	—	76,011
Total equity securities	<u>832,009</u>	<u>—</u>	<u>—</u>	<u>832,009</u>
Fixed income funds:				
Fixed income	123,358	—	—	123,358
High yield	269,049	—	—	269,049
Intermediate government	95,627	—	—	95,627
Intermediate corporate	233,022	—	—	233,022
Mutual funds	267	—	—	267
Total fixed income securities	<u>721,323</u>	<u>—</u>	<u>—</u>	<u>721,323</u>
Commodities	163,056	—	—	163,056
Real estate funds	116,469	—	—	116,469
Money market funds	<u>1,093,560</u>	<u>—</u>	<u>—</u>	<u>1,093,560</u>
Total investments	\$ <u>4,248,405</u>	<u>—</u>	<u>—</u>	<u>4,248,405</u>

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

Changes in investments for the years ended December 31, 2020 and 2019:

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investments, January 1, 2020	\$ 68,583	4,179,822	4,248,405
Investment return:			
Dividends and interest	1,039	84,756	85,795
Net realized and unrealized gains	<u>4,247</u>	<u>331,549</u>	<u>335,796</u>
	5,286	416,305	421,591
Contributions added to investments	243,725	1,460,458	1,704,183
Other changes	(110,234)	(656,059)	(766,293)
Total change in funds	<u>138,777</u>	<u>1,220,704</u>	<u>1,359,481</u>
Investments, December 31, 2020	\$ <u>207,360</u>	<u>5,400,526</u>	<u>5,607,886</u>
Classification:			
Current investments	156,179	529,100	685,279
Noncurrent investments	<u>51,181</u>	<u>4,871,426</u>	<u>4,922,607</u>
Total investments	\$ <u>207,360</u>	<u>5,400,526</u>	<u>5,607,886</u>
	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investments, January 1, 2019	\$ 46,212	4,435,522	4,481,734
Investment return:			
Dividends and interest	2,366	98,629	100,995
Net realized and unrealized gains	<u>7,702</u>	<u>463,669</u>	<u>471,371</u>
	10,068	562,298	572,366
Contributions added to investments	—	437,600	437,600
Other changes	<u>12,303</u>	<u>(1,255,598)</u>	<u>(1,243,295)</u>
Total change in funds	<u>22,371</u>	<u>(255,700)</u>	<u>(233,329)</u>
Investments, December 31, 2019	\$ <u>68,583</u>	<u>4,179,822</u>	<u>4,248,405</u>
Classification:			
Current investments	20,933	390,492	411,425
Noncurrent investments	47,650	3,172,653	3,220,303
Assets restricted for capital projects	<u>—</u>	<u>616,677</u>	<u>616,677</u>
Total investments	\$ <u>68,583</u>	<u>4,179,822</u>	<u>4,248,405</u>

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

(6) *Receivables*

At December 31, 2020, receivables consist of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Due within one year:				
Endowment and Capital campaign	\$ —	339,938	339,938	526,883
Scholarship fund	—	40,000	40,000	40,000
Indian River County – repair reserve	—	43,767	43,767	38,789
After School Program	—	27,110	27,110	27,948
Operational Grant	15,772	—	15,772	15,818
Youth and Family Guidance Grant	13,341	—	13,341	10,355
Other	—	—	—	9
	<u>29,113</u>	<u>450,815</u>	<u>479,928</u>	<u>659,802</u>
Due within two to nine years:				
Endowment and Capital campaign:				
Two to five years	—	520,406	520,406	870,324
Six to nine years	—	20,000	20,000	30,000
Scholarship fund – two to five years	—	39,183	39,183	80,000
Less unamortized discount	<u>—</u>	<u>(31,665)</u>	<u>(31,665)</u>	<u>(58,612)</u>
	<u>—</u>	<u>547,924</u>	<u>547,924</u>	<u>921,712</u>
	\$ <u>29,113</u>	<u>998,739</u>	<u>1,027,852</u>	<u>1,581,514</u>

Endowment and capital campaign pledges receivable and scholarship funds receivable due longer than one year are discounted to the present value of estimated future cash flows using a risk-free rate of return, which was 1.69%. The Organization anticipates collection on all accounts and pledges receivable; therefore, no allowance for doubtful accounts has been established.

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GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

(7) *Assets Held for Endowment and Capital Projects*

As of December 31, assets held for endowment and assets held for capital project consisted of the following:

	<u>2020</u>	<u>2019</u>
Endowment:		
Cash and cash equivalents	\$ —	45,700
Pledges receivable	<u>851,554</u>	<u>500,160</u>
Assets held for endowment	<u>851,554</u>	<u>545,860</u>
Capital Projects:		
Cash and cash equivalents	44,035	185,232
Investments	—	616,677
Pledges receivable	<u>—</u>	<u>874,481</u>
Assets held for capital projects	<u>44,035</u>	<u>1,676,390</u>
Assets held for endowment and capital projects	\$ <u>895,589</u>	<u>2,222,250</u>

(8) *Property and Equipment*

At December 31, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 284,594	259,528
Buildings – Modular	3,142,798	3,127,151
Equipment	397,927	391,623
Computer equipment and software	49,738	91,508
Office equipment	40,545	40,545
Vehicles	<u>92,435</u>	<u>92,435</u>
	4,008,037	4,002,790
Less accumulated depreciation	<u>786,667</u>	<u>667,988</u>
Net property and equipment	\$ <u>3,221,370</u>	<u>3,334,802</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$171,059 and \$122,814, respectively.

(9) *Leasehold Interest*

The Organization received a contribution of leasehold interests for land and facilities for a forty-year term beginning November 19, 2002 from Indian River County, Florida (the County). On January 20, 2015, the Organization received an extension of the County's lease to December 31, 2114 under substantially the same terms. The fair market value of the leasehold interests is being amortized over the life of the lease. The Organization's yearly rent under a signed lease agreement is \$1 per year.

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

The present value of the fair market rent of \$177,684 per year for the Youth Activity Organization is being recognized by the Organization and is offset by leasehold interest amortization of \$50 and contribution revenue of \$177,634 for the year ended December 31, 2020.

The expected time expirations on restrictions of leasehold interest are:

Year Ending December 31,

2021	\$ 177,684
2022	177,684
2023	177,684
2024	177,684
2025	177,684
Thereafter	<u>15,813,876</u>
Total	<u>16,702,296</u>
Less discount to be recognized as additional contributions	<u>14,728,629</u>
Leasehold interest	\$ <u>1,973,667</u>

(10) CommitmentsLeases

The Organization maintains operating leases for various equipment with future minimum lease payments at December 31, 2020 as follows:

2021	\$ 7,371
2022	7,371
2023	7,371
2024	<u>2,342</u>
	\$ <u>24,455</u>

Total rental expense amounted to \$185,549 and \$183,843 for the years ending December 31, 2020 and 2019, respectively, inclusive of the fair market leasehold interest rent of \$177,684. See note 9.

(11) Note Payable to Bank under Paycheck Protection Program (PPP)

On April 29, 2020, in consideration of such economic uncertainties, the Organization obtained a Paycheck Protection Program loan provided by the Small Business Administration (SBA) in the amount of \$215,547. The promissory note bears interest at 1% and provides for monthly payments of \$9,115 including interest beginning October 29, 2020 through September 29, 2022.

On December 31, 2020, the entire PPP loan balance, and all related interest, was extinguished through forgiveness by the SBA.

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GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

(12) *Compensated Absences*

Employees of the Organization are entitled to paid vacation and paid sick days depending on length of service. A maximum of ten days of accumulated annual leave may be carried over at the end of the year. As of December 31, 2020 and 2019, the Organization had a liability of \$19,454 and \$13,144, respectively, for accrued annual leave. Ten days of sick time is awarded at the beginning of the year and may be accumulated and carried over to the next year. Employees terminating during the year may have deducted from their final check sick time used in excess of 6.67 hours per month worked, however, no amounts are paid for unused sick time.

(13) *Employee Benefit Plan*

The Organization has a defined contribution retirement plan covering eligible employees who have received at least \$5,000 in compensation in any one calendar year prior to the participating year and who are expected to receive at least \$5,000 in compensation in the participating year. Participants may elect a percentage of compensation to be deferred not to exceed the Federal guidelines. Employer matching contributions are equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year and are fully vested. Employer contributions totaled \$14,552 and \$14,905 for 2020 and 2019, respectively.

(14) *Grants*

The Board of County Commissioners of Indian River County, Florida awarded grants to the Organization for operations and programs of the Gifford Youth Activity Center. These grants are for the County's fiscal year (October to September) and were as follows:

		<u>Fiscal Year Ending September 30,</u>		
		<u>2021</u>	<u>2020</u>	<u>2019</u>
Operations	\$	99,601	99,601	97,840
Youth and Family Guidance Program		<u>60,680</u>	<u>60,680</u>	<u>41,195</u>
	\$	<u>160,281</u>	<u>160,281</u>	<u>139,035</u>

The Organization is required to submit expenses in order to receive reimbursement; therefore, the grants were recorded as support when earned. During 2020 and 2019, the Organization earned the following:

		<u>2020</u>	<u>2019</u>
Operations	\$	99,553	100,998
Youth and Family Guidance Program		<u>58,813</u>	<u>46,106</u>
	\$	<u>158,366</u>	<u>147,104</u>

In accordance with the terms of the County's Operations grant, 5 percent of the monthly reimbursements are held by the County in a fund restricted for future repairs to the Organization's facility. As of December 31, 2020 and 2019, the County was holding \$43,767 and \$38,789, respectively. See note 15.

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

In June 2019, the Organization received a \$55,896 operational grant from the United Way of Indian River County for the period of July 1, 2019 through June 30, 2020, which was subsequently reduced by \$4,660 due to COVID-19. In June 2020, the Organization received a two-year \$54,220 operational grant from the United Way of Indian River County for the period of July 1, 2020 through June 30, 2021. Accounts receivable includes \$27,110 and \$27,948 as of December 31, 2020 and 2019, respectively, representing the portion to be received for the six month periods ending June 30, 2021 and 2020, respectively.

(15) Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following specific purposes:

	<u>2020</u>	<u>2019</u>
Specific purpose:		
Leasehold interest in land and facilities	\$ 1,973,667	1,973,717
Capital campaign	–	1,676,390
Scholarships	494,679	550,545
Boys mentoring program	49,438	57,181
Capital improvements	44,035	–
Leasehold repair reserve	43,767	38,789
Science camp	28,194	26,503
School supplies	9,780	1,577
Homework assistance program	7,832	7,832
Etiquette training	201	373
Youth employment	–	2,024
Other	22,672	11,014
Passage of time:		
Capital campaign contributions for future operations	155,827	–
Homework assistance program	27,110	27,948
Endowment:		
Original gift value to be held in perpetuity	5,111,877	3,380,870
Unappropriated endowment earnings	<u>600,528</u>	<u>332,114</u>
Total net assets with donor restrictions	\$ <u>8,569,607</u>	<u>8,086,877</u>

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

Net assets with donor restrictions released from donor restrictions by incurring expenses or by otherwise satisfying restrictions during 2020 and 2019 were as follows:

		<u>2020</u>	<u>2019</u>
Rental of land and facilities	\$	177,684	177,684
Capital campaign		158,052	1,823,181
Scholarships		72,332	54,435
Boys mentoring program		7,743	13,630
Science camp		23,309	27,972
Homework assistance program		50,398	55,719
Capital improvements		5,965	100,000
School supplies		6,442	1,081
Youth employment		2,024	7,976
Etiquette training		172	—
Other		12,018	21,837
Endowment earnings utilized		<u>143,502</u>	<u>130,858</u>
Total	\$	<u>659,641</u>	<u>2,414,373</u>

(16) Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 27, 2021, the date the consolidated financial statements were available to be issued. Management has determined that there are no material events that would require recognition or disclosure in the consolidated financial statements.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidating Statement of Financial Position

December 31, 2020

<u>Assets</u>	<u>Gifford Youth Achievement Center Inc.</u>	<u>Gifford Youth Achievement Center Foundation Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 425,419	—	—	425,419
Investments	685,279	—	—	685,279
Accounts receivable	187,068	478,919	(489,689)	176,298
Prepaid expenses	30,815	—	—	30,815
Total current assets	<u>1,328,581</u>	<u>478,919</u>	<u>(489,689)</u>	<u>1,317,811</u>
Investments	—	4,922,607	—	4,922,607
Assets held for endowment and capital projects	522,955	372,634	—	895,589
Net property and equipment	3,221,370	—	—	3,221,370
Deposits	449	—	—	449
Leasehold interest	<u>1,973,667</u>	<u>—</u>	<u>—</u>	<u>1,973,667</u>
Total assets	\$ <u>7,047,022</u>	<u>5,774,160</u>	<u>(489,689)</u>	<u>12,331,493</u>
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable	484,270	10,770	(489,689)	5,351
Accrued expenses	44,448	—	—	44,448
Total current liabilities	<u>528,718</u>	<u>10,770</u>	<u>(489,689)</u>	<u>49,799</u>
Net assets:				
Without donor restrictions:				
Undesignated	3,661,102	30,220	—	3,691,322
Designated for endowment	—	20,765	—	20,765
With donor restrictions	<u>2,857,202</u>	<u>5,712,405</u>	<u>—</u>	<u>8,569,607</u>
Total net assets	<u>6,518,304</u>	<u>5,763,390</u>	<u>—</u>	<u>12,281,694</u>
Total liabilities and net assets	\$ <u>7,047,022</u>	<u>5,774,160</u>	<u>(489,689)</u>	<u>12,331,493</u>

See independent auditors' report.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidating Statement of Activities

Year ended December 31, 2020

	Gifford Youth Achievement Center Inc. <u>Inc.</u>	Gifford Youth Achievement Center Foundation Inc. <u>Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Revenues and other support:				
Contributions – operating	\$ 1,387,991	—	(138,791)	1,249,200
Contributions – capital	277,755	—	—	277,755
Contributions – endowment	—	137,932	—	137,932
Indian River County grants	158,366	—	—	158,366
Donated land and facilities	177,634	—	—	177,634
United Way of Indian River County	49,559	—	—	49,559
Special events	49,885	—	—	49,885
Membership and tuition	32,896	—	—	32,896
Rental income	1,913	—	—	1,913
Investment income	5,608	417,191	—	422,799
Miscellaneous income	229,426	—	—	229,426
Total revenues and other support	<u>2,371,033</u>	<u>555,123</u>	<u>(138,791)</u>	<u>2,787,365</u>
Expenses:				
Program services	1,656,222	138,791	(138,791)	1,656,222
Management and general	191,114	6,549	—	197,663
Fund raising	198,370	—	—	198,370
Total expenses	<u>2,045,706</u>	<u>145,340</u>	<u>(138,791)</u>	<u>2,052,255</u>
Change in net assets	325,327	409,783	—	735,110
Net assets at beginning of year	7,786,052	3,760,532	—	11,546,584
Transfer of net assets	<u>(1,593,075)</u>	<u>1,593,075</u>	<u>—</u>	<u>—</u>
Net assets at end of year	\$ <u>6,518,304</u>	<u>5,763,390</u>	<u>—</u>	<u>12,281,694</u>

See independent auditors' report.