



GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidated Financial Statements and Schedules

December 31, 2021

(With Independent Auditors' Report Thereon)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2021, 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.

In our opinion, the accompanying consolidated financial statements 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, 2021, and the changes in their net assets and their 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

Other Matter

December 31, 2020 Consolidated Financial Statements

The consolidated financial statements of Gifford Youth Achievement Center, Inc. and Gifford Youth Achievement Center Foundation, Inc. for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on May 27, 2021.

(Continued)



Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

(Continued)



Supplementary Information

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.

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited consolidated financial statements, referred to above, from which it has been derived.

JACOBY AND HAWLEY, PLLC

April 26, 2022

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidated Statement of Financial Position

December 31, 2021
(with comparative totals as of December 31, 2020)

<u>Assets</u>	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u> <u>2021</u>	<u>Total</u> <u>2020</u>
Current assets:				
Cash and cash equivalents	\$ 486,850	268,479	755,329	425,419
Investments (note 4)	291,198	278,297	569,495	685,279
Accounts receivable (note 5)	19,834	108,354	128,188	176,298
Prepaid expenses	<u>31,332</u>	<u>—</u>	<u>31,332</u>	<u>30,815</u>
Total current assets	829,214	655,130	1,484,344	1,317,811
Investments (note 4)	431,333	5,897,193	6,328,526	4,922,607
Assets held for endowment and capital projects (notes 5 and 6)	—	517,115	517,115	895,589
Net property and equipment (note 7)	3,152,261	—	3,152,261	3,221,370
Deposits	449	—	449	449
Leasehold interest (note 8)	<u>—</u>	<u>1,973,613</u>	<u>1,973,613</u>	<u>1,973,667</u>
Total assets	\$ <u>4,413,257</u>	<u>9,043,051</u>	<u>13,456,308</u>	<u>12,331,493</u>
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable	8,237	—	8,237	5,351
Accrued expenses	<u>48,897</u>	<u>—</u>	<u>48,897</u>	<u>44,448</u>
Total current liabilities	57,134	—	57,134	49,799
Commitments (notes 8 and 9)				
Net assets:				
Without donor restrictions:				
Undesignated	3,960,280	—	3,960,280	3,691,322
Designated for endowment	395,843	—	395,843	20,765
With donor restrictions (note 14)	<u>—</u>	<u>9,043,051</u>	<u>9,043,051</u>	<u>8,569,607</u>
Total net assets	4,356,123	9,043,051	13,399,174	12,281,694
Total liabilities and net assets	\$ <u>4,413,257</u>	<u>9,043,051</u>	<u>13,456,308</u>	<u>12,331,493</u>

See accompanying notes to consolidated financial statements.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidated Statement of Activities

Year ended December 31, 2021
(with comparative totals for the year ended December 31, 2020)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u> <u>2021</u>	<u>Total</u> <u>2020</u>
Revenues and other support:				
Contributions – operating	\$ 1,681,206	238,286	1,919,492	1,249,200
Contributions – capital	–	44,375	44,375	277,755
Contributions – endowment	–	53,273	53,273	137,932
Indian River County grants	154,688	4,770	159,458	158,366
Donated land and facilities	–	177,630	177,630	177,634
United Way of Indian River County	–	43,375	43,375	49,559
Special events	44,100	–	44,100	49,885
Membership and tuition	54,972	–	54,972	32,896
Rental income	1,377	–	1,377	1,913
Investment income, net	24,826	780,396	805,222	422,799
Miscellaneous income (note 10)	<u>2,783</u>	<u>–</u>	<u>2,783</u>	<u>229,426</u>
	1,963,952	1,342,105	3,306,057	2,787,365
Net assets released from restrictions (note 14)	<u>868,661</u>	<u>(868,661)</u>	<u>–</u>	<u>–</u>
Total revenues and other support	<u>2,832,613</u>	<u>473,444</u>	<u>3,306,057</u>	<u>2,787,365</u>
Expenses:				
Program services	1,778,277	–	1,778,277	1,656,222
Management and general	237,650	–	237,650	197,663
Fund raising	<u>172,650</u>	<u>–</u>	<u>172,650</u>	<u>198,370</u>
Total expenses	<u>2,188,577</u>	<u>–</u>	<u>2,188,577</u>	<u>2,052,255</u>
Change in net assets	644,036	473,444	1,117,480	735,110
Net assets at beginning of year	<u>3,712,087</u>	<u>8,569,607</u>	<u>12,281,694</u>	<u>11,546,584</u>
Net assets at end of year	\$ <u>4,356,123</u>	<u>9,043,051</u>	<u>13,399,174</u>	<u>12,281,694</u>

See accompanying notes to consolidated financial statements.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidated Statement of Functional Expenses

Year ended December 31, 2021
(with comparative totals for the year ended December 31, 2020)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Salaries and benefits	\$ 926,996	102,454	134,846	1,164,296	1,095,071
Rent expense	183,169	2,503	519	186,191	187,223
Scholarship awards	120,000	—	—	120,000	72,332
Liability insurance	91,732	2,092	1,573	95,397	95,014
Supplies	61,080	22,178	10	83,268	71,358
Repairs and maintenance	57,624	14,318	162	72,104	63,462
Telephone, communication and publications	45,330	12,215	7,445	64,990	48,130
Utilities	52,548	721	149	53,418	28,580
Professional fees	—	45,500	—	45,500	42,500
Travel and seminars	33,895	6,128	1,143	41,166	20,472
Contract services	33,865	5,721	205	39,791	52,112
Fundraising events	—	—	26,144	26,144	63,239
Activities and appreciation	11,806	12,886	—	24,692	18,517
Other	10,520	3,295	29	13,844	18,760
Advertising and promotion	419	5,597	1	6,017	3,701
Program expenses	<u>500</u>	<u>—</u>	<u>—</u>	<u>500</u>	<u>725</u>
Expenses before depreciation	1,629,484	235,608	172,226	2,037,318	1,881,196
Depreciation	<u>148,793</u>	<u>2,042</u>	<u>424</u>	<u>151,259</u>	<u>171,059</u>
Total	\$ <u>1,778,277</u>	<u>237,650</u>	<u>172,650</u>	<u>2,188,577</u>	<u>2,052,255</u>

See accompanying notes to consolidated financial statements.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidated Statement of Cash Flows

Year ended December 31, 2021
(with comparative totals for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,117,480	735,110
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Contributions restricted for capital projects	(44,375)	(277,755)
Contributions restricted for Foundation endowment	(53,273)	(137,932)
Depreciation	151,259	171,059
Leasehold interest rental expense, net	54	50
Realized and unrealized gain on investments	(658,565)	(335,937)
Gain on forgiveness of PPP note payable	—	(215,547)
(Increase) decrease in:		
Accounts receivable	48,110	30,575
Prepaid expenses	(517)	(15,608)
Increase (decrease) in:		
Accounts payable	2,886	(25,513)
Accrued expenses	<u>4,449</u>	<u>9,850</u>
Net cash provided (used) by operating activities	<u>567,508</u>	<u>(61,648)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(82,150)	(57,627)
Purchase of investments	(4,191,716)	(8,849,613)
Sale of investments	<u>3,560,146</u>	<u>7,826,069</u>
Net cash used by investing activities	<u>(713,720)</u>	<u>(1,081,171)</u>
Cash flows from financing activities:		
Proceeds from PPP note payable	—	215,547
Contributions restricted for capital projects	44,375	1,152,236
Contributions restricted for Foundation endowment	<u>387,712</u>	<u>(213,462)</u>
Net cash provided by financing activities	<u>432,087</u>	<u>1,154,321</u>
Net increase in cash, cash equivalents and restricted cash	285,875	11,502
Cash, cash equivalents and restricted cash at beginning of year	<u>469,454</u>	<u>457,952</u>
Cash, cash equivalents and restricted cash at end of year	\$ <u>755,329</u>	<u>469,454</u>

See accompanying notes to consolidated financial statements.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

December 31, 2021

(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.

The Organization presents restricted cash in accordance with FASB Statement ASU 2016-18, Statement of Cash Flows, which requires restricted cash to be included with cash and cash equivalents. Restricted cash consists of cash held for capital projects of \$-0- and \$44,035 as of December 31, 2021 and 2020, respectively.

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

(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.

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 \$1,000 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 2018-2021.

(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, 2020 from which the summarized information was derived.

(o) Reclassification

Certain 2020 amounts have been reclassified to conform with the 2021 presentation.

(3) Availability and Liquidity

The following represents the Organization's financial assets as of December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 486,850	272,779
Investments	291,198	156,179
Accounts receivable	41,520	56,223
Endowment spending-rate distributions	<u>177,482</u>	<u>177,482</u>
Total financial assets	<u>997,050</u>	<u>662,663</u>
Less amounts not available to be used for general expenditures	<u>—</u>	<u>—</u>
Financial assets available to meet general expenditures during the next twelve months	\$ <u>997,050</u>	<u>662,663</u>

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.

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

(4) *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

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.

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GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

The following table presents the Organization's investments that are measured at fair value on a recurring basis (all Level 1 investments) at December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Equity funds:		
Large cap	\$ 2,621,813	1,386,878
Mid cap	—	249,340
Small cap	419,217	148,613
International developed	401,335	340,498
International emerging	<u>315,891</u>	<u>265,473</u>
Total equity securities	<u>3,758,256</u>	<u>2,390,802</u>
Equity securities:		
Communication services	20,404	29,363
Consumer discretionary	95,793	75,420
Consumer staples	100,225	74,159
Energy	26,913	20,933
Financials	159,952	128,541
Health care	129,980	120,041
Industrials	76,860	68,365
Information technology	245,476	177,733
Materials	33,634	29,291
Real estate	89,333	50,690
Utilities	<u>78,985</u>	<u>79,852</u>
Total equity securities	<u>1,057,555</u>	<u>854,388</u>
Fixed income funds:		
Fixed income	240,569	246,714
High yield	438,964	309,808
Intermediate government	155,513	475,999
Intermediate corporate	295,402	307,961
Mutual funds	<u>273</u>	<u>273</u>
Total fixed income securities	<u>1,130,721</u>	<u>1,340,755</u>
Real estate funds	215,483	181,440
Money market funds	<u>736,006</u>	<u>840,501</u>
Total investments	\$ <u>6,898,021</u>	<u>5,607,886</u>

At December 31, investments by organization consisted of the following:

	<u>2021</u>	<u>2020</u>
Gifford Youth Achievement Center, Inc.	\$ 569,495	685,279
Gifford Youth Achievement Center Foundation, Inc.	<u>6,328,526</u>	<u>4,922,607</u>
Total investments	\$ <u>6,898,021</u>	<u>5,607,886</u>

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

Changes in investments for the years ended December 31, 2021 and 2020:

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investments, January 1, 2021	\$ 207,360	5,400,526	5,607,886
Investment return:			
Dividends and interest	4,177	140,121	144,298
Net realized and unrealized gains	<u>18,190</u>	<u>640,275</u>	<u>658,465</u>
	22,367	780,396	802,763
Contributions added to investments	778,713	441,933	1,220,646
Other changes	<u>(285,909)</u>	<u>(447,365)</u>	<u>(733,274)</u>
Total change in funds	<u>515,171</u>	<u>774,964</u>	<u>1,290,135</u>
Investments, December 31, 2021	\$ <u>722,531</u>	<u>6,175,490</u>	<u>6,898,021</u>
Classification:			
Current investments	291,198	278,297	569,495
Noncurrent investments	<u>431,333</u>	<u>5,897,193</u>	<u>6,328,526</u>
Total investments	\$ <u>722,531</u>	<u>6,175,490</u>	<u>6,898,021</u>
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	<u>(110,234)</u>	<u>(656,059)</u>	<u>(766,293)</u>
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>

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

(5) Receivables

At December 31, 2021, receivables consist of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Total 2020</u>
Due within one year:				
Endowment and Capital campaign	\$ —	290,351	290,351	339,938
Scholarship fund	—	38,131	38,131	40,000
Indian River County – repair reserve	—	48,537	48,537	43,767
After School Program	—	21,686	21,686	27,110
Operational Grant	8,186	—	8,186	15,772
Youth and Family Guidance Grant	<u>11,648</u>	<u>—</u>	<u>11,648</u>	<u>13,341</u>
	<u>19,834</u>	<u>398,705</u>	<u>418,539</u>	<u>479,928</u>
Due within two to nine years:				
Endowment and Capital campaign:				
Two to five years	—	231,138	231,138	520,406
Six to nine years	—	10,000	10,000	20,000
Scholarship fund – two to five years	—	—	—	39,183
Less unamortized discount	<u>—</u>	<u>(14,374)</u>	<u>(14,374)</u>	<u>(31,665)</u>
	<u>—</u>	<u>226,764</u>	<u>226,764</u>	<u>547,924</u>
	\$ <u>19,834</u>	<u>625,469</u>	<u>645,303</u>	<u>1,027,852</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.

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

(6) *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>2021</u>	<u>2020</u>
Endowment:		
Pledges receivable	\$ <u>517,115</u>	<u>851,554</u>
Assets held for endowment	<u>517,115</u>	<u>851,554</u>
Capital Projects:		
Cash and cash equivalents	<u>—</u>	<u>44,035</u>
Assets held for capital projects	<u>—</u>	<u>44,035</u>
Assets held for endowment and capital projects	\$ <u>517,115</u>	<u>895,589</u>

(7) *Property and Equipment*

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

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 340,831	284,594
Buildings	3,142,798	3,142,798
Equipment	416,812	397,927
Computer equipment and software	42,249	49,738
Office equipment	40,545	40,545
Vehicles	<u>92,435</u>	<u>92,435</u>
	4,075,670	4,008,037
Less accumulated depreciation	<u>923,409</u>	<u>786,667</u>
Net property and equipment	\$ <u>3,152,261</u>	<u>3,221,370</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$151,259 and \$171,059, respectively.

(8) *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 \$54 and contribution revenue of \$177,630 for the year ended December 31, 2021.

The expected time expirations on restrictions of leasehold interest are:

Year Ending December 31,

2022	\$ 177,684
2023	177,684
2024	177,684
2025	177,684
2026	177,684
Thereafter	<u>15,636,192</u>
Total	16,524,612
Less discount to be recognized as additional contributions	<u>14,550,999</u>
Leasehold interest	\$ <u><u>1,973,613</u></u>

(9) Commitments

Leases

The Organization maintains operating leases for various equipment with future minimum lease payments at December 31, 2021 as follows:

2022	\$ 7,371
2023	7,371
2024	<u>2,342</u>
	\$ <u><u>17,084</u></u>

Total rental expense amounted to \$185,389 and \$185,549 for the years ending December 31, 2021 and 2020, respectively, inclusive of the fair market leasehold interest rent of \$177,684. See note 8.

(10) 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.

(Continued)

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Notes to Consolidated Financial Statements

(11) *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, 2021 and 2020, the Organization had a liability of \$15,994 and \$19,454, 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.

(12) *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 \$14,996 and \$14,552 for 2021 and 2020, respectively.

(13) *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>2022</u>	<u>2021</u>	<u>2020</u>
Operations	\$	99,601	99,601	99,601
Youth and Family Guidance Program		<u>60,680</u>	<u>60,680</u>	<u>60,680</u>
	\$	<u>160,281</u>	<u>160,281</u>	<u>160,281</u>

The Organization is required to submit expenses in order to receive reimbursement; therefore, the grants were recorded as support when earned. During 2021 and 2020, the Organization earned the following:

		<u>2021</u>	<u>2020</u>
Operations	\$	95,402	99,553
Youth and Family Guidance Program		<u>64,056</u>	<u>58,813</u>
	\$	<u>159,458</u>	<u>158,366</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, 2021 and 2020, the County was holding \$48,537 and \$43,767, respectively. See note 14.

(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 \$21,686 and \$27,110 as of December 31, 2021 and 2020, respectively, representing the portion to be received for the six month periods ending June 30, 2022 and 2021, respectively.

(14) Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Specific purpose:		
Leasehold interest in land and facilities	\$ 1,973,613	1,973,667
Scholarships	404,328	494,679
Employability	68,465	—
Boys mentoring program	49,438	49,438
Capital improvements	—	44,035
Leasehold repair reserve	48,537	43,767
Science camp	33,096	28,194
Sunday reading	27,377	—
Mental health	19,281	—
School supplies	11,829	9,780
Homework assistance program	7,832	7,832
Etiquette training	201	201
Other	13,600	22,672
Passage of time:		
Capital campaign contributions for future operations	—	155,827
Homework assistance program	21,686	27,110
Endowment:		
Original gift value to be held in perpetuity	5,165,150	5,111,877
Unappropriated endowment earnings	<u>1,198,618</u>	<u>600,528</u>
Total net assets with donor restrictions	\$ <u>9,043,051</u>	<u>8,569,607</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 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Rental of land and facilities	\$ 177,684	177,684
Capital campaign	155,827	158,052
Scholarships	120,000	72,332
Employability and youth employment	26,535	2,024
Boys mentoring program	—	7,743
Science camp	25,098	23,309
Homework assistance program	48,798	50,398
Capital improvements	83,410	5,965
School supplies	7,214	6,442
Sunday reading	22,623	—
Mental health	3,219	—
Etiquette training	—	172
Other	15,972	12,018
Endowment earnings utilized	<u>182,281</u>	<u>143,502</u>
Total	\$ <u>868,661</u>	<u>659,641</u>

(15) Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 26, 2022, 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, 2021

<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	\$ 755,329	—	—	755,329
Investments	569,495	—	—	569,495
Accounts receivable	128,188	229,696	(229,696)	128,188
Prepaid expenses	31,332	—	—	31,332
Total current assets	<u>1,484,344</u>	<u>229,696</u>	<u>(229,696)</u>	<u>1,484,344</u>
Investments	—	6,328,526	—	6,328,526
Assets held for endowment and capital projects	658,996	233,197	(375,078)	517,115
Net property and equipment	3,152,261	—	—	3,152,261
Deposits	449	—	—	449
Leasehold interest	<u>1,973,613</u>	<u>—</u>	<u>—</u>	<u>1,973,613</u>
Total assets	\$ <u>7,269,663</u>	<u>6,791,419</u>	<u>(604,774)</u>	<u>13,456,308</u>
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable	241,683	371,328	(604,774)	8,237
Accrued expenses	48,897	—	—	48,897
Total current liabilities	<u>290,580</u>	<u>371,328</u>	<u>(604,774)</u>	<u>57,134</u>
Net assets:				
Without donor restrictions:				
Undesignated	3,924,722	35,558	—	3,960,280
Designated for endowment	375,078	20,765	—	395,843
With donor restrictions	<u>2,679,283</u>	<u>6,363,768</u>	<u>—</u>	<u>9,043,051</u>
Total net assets	<u>6,979,083</u>	<u>6,420,091</u>	<u>—</u>	<u>13,399,174</u>
Total liabilities and net assets	\$ <u>7,269,663</u>	<u>6,791,419</u>	<u>(604,774)</u>	<u>13,456,308</u>

See independent auditors' report.

GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

Consolidating Statement of Activities

Year ended December 31, 2021

	Gifford Youth Achievement Center Inc.	Gifford Youth Achievement Center Foundation Inc.	<u>Eliminations</u>	<u>Total</u>
Revenues and other support:				
Contributions – operating	\$ 2,096,974	–	(177,482)	1,919,492
Contributions – capital	44,375	–	–	44,375
Contributions – endowment	–	53,273	–	53,273
Indian River County grants	159,458	–	–	159,458
Donated land and facilities	177,630	–	–	177,630
United Way of Indian River County	43,375	–	–	43,375
Special events	44,100	–	–	44,100
Membership and tuition	54,972	–	–	54,972
Rental income	1,377	–	–	1,377
Investment income	17,886	787,336	–	805,222
Miscellaneous income	2,783	–	–	2,783
Total revenues and other support	<u>2,642,930</u>	<u>840,609</u>	<u>(177,482)</u>	<u>3,306,057</u>
Expenses:				
Program services	1,778,277	177,482	(177,482)	1,778,277
Management and general	231,224	6,426	–	237,650
Fund raising	172,650	–	–	172,650
Total expenses	<u>2,182,151</u>	<u>183,908</u>	<u>(177,482)</u>	<u>2,188,577</u>
Change in net assets	460,779	656,701	–	1,117,480
Net assets at beginning of year	<u>6,518,304</u>	<u>5,763,390</u>	<u>–</u>	<u>12,281,694</u>
Net assets at end of year	\$ <u>6,979,083</u>	<u>6,420,091</u>	<u>–</u>	<u>13,399,174</u>

See independent auditors' report.