



**GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

Consolidated Financial Statements and Schedules

December 31, 2022

(With Independent Auditors' Report Thereon)

# **GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

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**December 31, 2022**

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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, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our 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.

#### ***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.

(Continued)





### ***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.

### ***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.

(Continued)





***Report on Summarized Comparative Information***

We have previously audited the Organization's December 31, 2021 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated April 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*JACOBY AND HANDLEY, PLLC*

May 25, 2023

**GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

Consolidated Statement of Financial Position

December 31, 2022

(with comparative totals as of December 31, 2021)

<u>Assets</u>	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u> <u>2022</u>	<u>Total</u> <u>2021</u>
Current assets:				
Cash and cash equivalents	\$ 249,478	134,336	383,814	755,329
Investments (note 4)	938,784	336,593	1,275,377	569,495
Accounts receivable (note 5)	74,999	79,702	154,701	128,188
Prepaid expenses	38,416	—	38,416	31,332
Total current assets	1,301,677	550,631	1,852,308	1,484,344
Investments (note 4)	46,493	5,445,372	5,491,865	6,328,526
Assets held for endowment and capital projects (notes 5 and 6)	—	252,484	252,484	517,115
Net property and equipment (note 7)	3,104,277	—	3,104,277	3,152,261
Deposits	449	—	449	449
Leasehold interest (note 8)	—	1,973,554	1,973,554	1,973,613
Total assets	\$ 4,452,896	8,222,041	12,674,937	13,456,308
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable	18,793	—	18,793	8,237
Accrued expenses	65,140	—	65,140	48,897
Total current liabilities	83,933	—	83,933	57,134
Commitments (notes 8 and 9)				
Net assets:				
Without donor restrictions:				
Undesignated	4,248,198	—	4,248,198	3,960,280
Designations for endowment and repairs	120,765	—	120,765	395,843
With donor restrictions (note 13)	—	8,222,041	8,222,041	9,043,051
Total net assets	4,368,963	8,222,041	12,591,004	13,399,174
Total liabilities and net assets	\$ 4,452,896	8,222,041	12,674,937	13,456,308

See accompanying notes to consolidated financial statements.

# **GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

## Consolidated Statement of Activities

Year ended December 31, 2022  
(with comparative totals for the year ended December 31, 2021)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<b><u>Total</u></b> <b><u>2022</u></b>	<b><u>Total</u></b> <b><u>2021</u></b>
Revenues and other support:				
Contributions – operating	\$ 1,448,910	163,156	1,612,066	1,919,492
Contributions – capital	–	100,000	100,000	44,375
Contributions – endowment	–	315,014	315,014	53,273
Indian River County grants	163,595	5,412	169,007	159,458
Donated land and facilities	–	177,625	177,625	177,630
United Way of Indian River County	–	51,508	51,508	43,375
Special events	71,377	–	71,377	44,100
Membership and tuition	79,247	–	79,247	54,972
Rental income	4,268	–	4,268	1,377
Investment income, net	1,708	(928,917)	(927,209)	805,222
Miscellaneous income	<u>6,748</u>	<u>–</u>	<u>6,748</u>	<u>2,783</u>
	1,775,853	(116,202)	1,659,651	3,306,057
Net assets released from restrictions (note 13)	<u>704,808</u>	<u>(704,808)</u>	<u>–</u>	<u>–</u>
Total revenues and other support	<u>2,480,661</u>	<u>(821,010)</u>	<u>1,659,651</u>	<u>3,306,057</u>
Expenses:				
Program services	1,975,191	–	1,975,191	1,778,277
Management and general	297,623	–	297,623	237,650
Fund raising	<u>195,007</u>	<u>–</u>	<u>195,007</u>	<u>172,650</u>
Total expenses	<u>2,467,821</u>	<u>–</u>	<u>2,467,821</u>	<u>2,188,577</u>
Change in net assets	12,840	(821,010)	(808,170)	1,117,480
Net assets at beginning of year	<u>4,356,123</u>	<u>9,043,051</u>	<u>13,399,174</u>	<u>12,281,694</u>
Net assets at end of year	\$ <u>4,368,963</u>	<u>8,222,041</u>	<u>12,591,004</u>	<u>13,399,174</u>

See accompanying notes to consolidated financial statements.



# **GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

## Consolidated Statement of Functional Expenses

Year ended December 31, 2022  
(with comparative totals for the year ended December 31, 2021)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
Salaries and benefits	\$ 1,096,365	121,174	159,483	1,377,022	1,164,296
Rent expense	184,575	2,533	525	187,633	186,191
Liability insurance	112,308	2,207	1,343	115,858	95,397
Scholarship awards	95,829	—	—	95,829	120,000
Telephone, communication and publications	58,220	20,116	3,590	81,926	64,990
Repairs and maintenance	66,966	7,094	171	74,231	72,104
Utilities	61,473	844	175	62,492	53,418
Contract services	44,440	10,743	480	55,663	39,791
Supplies	31,465	23,618	16	55,099	83,268
Travel and seminars	39,366	6,869	1,151	47,386	41,166
Professional fees	—	43,000	—	43,000	45,500
Advertising and promotion	1,175	38,444	94	39,713	6,017
Activities and appreciation	18,857	16,198	92	35,147	24,692
Fundraising events	—	—	27,435	27,435	26,144
Other	14,040	2,786	38	16,864	13,844
Program expenses	<u>4,586</u>	<u>—</u>	<u>—</u>	<u>4,586</u>	<u>500</u>
Expenses before depreciation	1,829,665	295,626	194,593	2,319,884	2,037,318
Depreciation	<u>145,526</u>	<u>1,997</u>	<u>414</u>	<u>147,937</u>	<u>151,259</u>
Total	\$ <u>1,975,191</u>	<u>297,623</u>	<u>195,007</u>	<u>2,467,821</u>	<u>2,188,577</u>

See accompanying notes to consolidated financial statements.

**GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

Consolidated Statement of Cash Flows

Year ended December 31, 2022  
(with comparative totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (808,170)	1,117,480
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for capital projects	(100,000)	(44,375)
Contributions restricted for Foundation endowment	(315,014)	(53,273)
Depreciation	147,937	151,259
Leasehold interest rental expense, net	59	54
Realized and unrealized (gain) loss on investments	1,122,396	(658,565)
Loss on disposal of property and equipment	5,055	-
(Increase) decrease in:		
Accounts receivable	(26,513)	48,110
Prepaid expenses	(7,084)	(517)
Increase (decrease) in:		
Accounts payable	10,556	2,886
Accrued expenses	<u>16,243</u>	<u>4,449</u>
Net cash provided by operating activities	<u>45,465</u>	<u>567,508</u>
Cash flows from investing activities:		
Purchase of property and equipment	(105,008)	(82,150)
Purchase of investments	(9,006,529)	(4,191,716)
Sale of investments	<u>8,014,912</u>	<u>3,560,146</u>
Net cash used by investing activities	<u>(1,096,625)</u>	<u>(713,720)</u>
Cash flows from financing activities:		
Contributions restricted for capital projects	100,000	44,375
Contributions restricted for Foundation endowment	<u>616,383</u>	<u>387,712</u>
Net cash provided by financing activities	<u>716,383</u>	<u>432,087</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(334,777)	285,875
Cash, cash equivalents and restricted cash at beginning of year	<u>755,329</u>	<u>469,454</u>
Cash, cash equivalents and restricted cash at end of year	\$ <u>420,552</u>	<u>755,329</u>

See accompanying notes to consolidated financial statements.

# GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

## Notes to Consolidated Financial Statements

December 31, 2022

### (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.

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**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.

**(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 \$36,738 and \$-0- as of December 31, 2022 and 2021, 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 2019 – 2022.

**(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.

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# 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, 2021 from which the summarized information was derived.

### (3) *Availability and Liquidity*

The following represents the Organization's financial assets as of December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 249,478	486,850
Investments	938,783	291,198
Accounts receivable	74,999	41,520
Endowment spending-rate distributions	<u>177,482</u>	<u>177,482</u>
Total financial assets	<u>1,440,742</u>	<u>997,050</u>
Less amounts not available to be used for general expenditures	<u>120,765</u>	<u>20,765</u>
Financial assets available to meet general expenditures during the next twelve months	\$ <u>1,319,977</u>	<u>976,285</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.

(Continued)

# 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, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Equity funds:		
Large cap	\$ 1,876,244	2,621,813
Small cap	346,740	419,217
International developed	441,115	401,335
International emerging	<u>167,789</u>	<u>315,891</u>
Total equity securities	<u>2,831,888</u>	<u>3,758,256</u>
Equity securities:		
Communication services	—	20,404
Consumer discretionary	77,392	95,793
Consumer staples	117,242	100,225
Energy	65,161	26,913
Financials	120,892	159,952
Health care	136,987	129,980
Industrials	81,670	76,860
Information technology	167,497	245,476
Materials	32,847	33,634
Real estate	64,279	89,333
Utilities	<u>72,912</u>	<u>78,985</u>
Total equity securities	<u>936,879</u>	<u>1,057,555</u>
Fixed income funds:		
Fixed income	286,716	240,569
High yield	708,707	438,964
Intermediate government	151,262	155,513
Intermediate corporate	164,207	295,402
Mutual funds	<u>1,044,902</u>	<u>273</u>
Total fixed income securities	<u>2,355,794</u>	<u>1,130,721</u>
Real estate funds	108,884	215,483
Money market funds	<u>533,797</u>	<u>736,006</u>
Total investments	\$ <u>6,767,242</u>	<u>6,898,021</u>

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

	<u>2022</u>	<u>2021</u>
Gifford Youth Achievement Center, Inc.	\$ 1,275,377	569,495
Gifford Youth Achievement Center Foundation, Inc.	<u>5,491,865</u>	<u>6,328,526</u>
Total investments	\$ <u>6,767,242</u>	<u>6,898,021</u>

(Continued)



**GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

Notes to Consolidated Financial Statements

Changes in investments for the years ended December 31, 2022 and 2021:

	<b>2022</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investments, January 1, 2022	\$ 722,531	6,175,490	6,898,021
Investment return:			
Dividends and interest	3,196	185,171	188,367
Net realized and unrealized gains	<u>(9,571)</u>	<u>(1,113,434)</u>	<u>(1,123,005)</u>
	(6,375)	(928,263)	(934,638)
Contributions added to investments	—	675,221	675,221
Other changes	<u>269,121</u>	<u>(140,483)</u>	<u>128,638</u>
Total change in funds	<u>262,746</u>	<u>(393,525)</u>	<u>(130,779)</u>
Investments, December 31, 2022	\$ <u>985,277</u>	<u>5,781,965</u>	<u>6,767,242</u>
Classification:			
Current investments	938,784	336,593	1,275,377
Noncurrent investments	<u>46,493</u>	<u>5,445,372</u>	<u>5,491,865</u>
Total investments	\$ <u>985,277</u>	<u>5,781,965</u>	<u>6,767,242</u>
<b>2021</b>			
	<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>

(Continued)

**GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

Notes to Consolidated Financial Statements

**(5) Receivables**

At December 31, 2022, receivables consist of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>Total 2021</u>
Due within one year:				
Endowment campaign	\$ —	180,030	180,030	290,351
Scholarship fund	6,000	—	6,000	38,131
Indian River County – repair reserve	—	53,949	53,949	48,537
After School Program	30,000	25,753	55,753	21,686
Operational Grants	14,602	—	14,602	8,186
Youth and Family Guidance Grant	<u>24,397</u>	<u>—</u>	<u>24,397</u>	<u>11,648</u>
	<u>74,999</u>	<u>259,732</u>	<u>334,731</u>	<u>418,539</u>
Due within two to nine years:				
Endowment campaign:				
Two to five years	—	41,000	41,000	231,138
Six to nine years	—	—	—	10,000
Scholarship fund – two to five years	—	—	—	—
Less unamortized discount	<u>—</u>	<u>(5,284)</u>	<u>(5,284)</u>	<u>(14,374)</u>
	<u>—</u>	<u>35,716</u>	<u>35,716</u>	<u>226,764</u>
	\$ <u>74,999</u>	<u>295,448</u>	<u>370,447</u>	<u>645,303</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.

**(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>2022</u>	<u>2021</u>
Endowment:		
Pledges receivable	\$ 215,746	517,115
Capital Projects:		
Cash and cash equivalents	<u>36,738</u>	<u>—</u>
Assets held for endowment and capital projects	\$ <u>252,484</u>	<u>517,115</u>

(Continued)

**GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

Notes to Consolidated Financial Statements

**(7) Property and Equipment**

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

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 405,483	340,831
Buildings	3,142,798	3,142,798
Equipment	429,766	416,812
Computer equipment and software	54,993	42,249
Office equipment	40,545	40,545
Vehicles	<u>92,435</u>	<u>92,435</u>
	4,166,020	4,075,670
Less accumulated depreciation	<u>1,061,743</u>	<u>923,409</u>
Net property and equipment	\$ <u>3,104,277</u>	<u>3,152,261</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$147,937 and \$151,259, 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.

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 \$59 and contribution revenue of \$177,625 for the year ended December 31, 2022.

The expected time expirations on restrictions of leasehold interest are:

Year Ending December 31,

2023	\$ 177,684
2024	177,684
2025	177,684
2026	177,684
2027	177,684
Thereafter	<u>15,458,508</u>
Total	16,346,928
Less discount to be recognized as additional contributions	<u>14,373,374</u>
Leasehold interest	\$ <u>1,973,554</u>

(Continued)



**GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

Notes to Consolidated Financial Statements

**(9) Commitments**

Leases

The Organization maintains operating leases for various equipment with future minimum lease payments at December 31, 2022 as follows:

2023	\$	7,371
2024		<u>2,342</u>
	\$	<u>9,713</u>

Total rental expense amounted to \$186,213 and \$185,389 for the years ending December 31, 2022 and 2021, respectively, inclusive of the fair market leasehold interest rent of \$177,684. See note 8.

**(10) 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, 2022 and 2021, the Organization had a liability of \$17,652 and \$15,994, 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.

**(11) 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 \$15,265 and \$14,996 for 2022 and 2021, respectively.

(Continued)

# GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

## Notes to Consolidated Financial Statements

### (12) *Grants*

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

		<u>Fiscal Year Ending September 30,</u>		
		<u>2023</u>	<u>2022</u>	<u>2021</u>
Operations	\$	106,500	103,000	99,601
Youth and Family Guidance Program		<u>62,000</u>	<u>60,680</u>	<u>60,680</u>
	\$	<u>168,500</u>	<u>163,680</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 2022 and 2021, the Center earned the following:

		<u>2022</u>	<u>2021</u>
Operations	\$	108,237	95,402
Youth and Family Guidance Program		<u>60,770</u>	<u>64,056</u>
	\$	<u>169,007</u>	<u>159,458</u>

As of December 31, 2022 and 2021, remaining unspent funding under these grants totaled \$125,753 and \$126,261, respectively.

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, 2022 and 2021, the County was holding \$53,949 and \$48,537, respectively. See note 13.

During 2022, the Organization received a \$100,000 reimbursement grant for its youth employability program, funded over two year. As of December 31, 2022, \$42,562 had been expended and reimbursed under the program.

The Organization received a \$54,220 operational grant from the United Way of Indian River County for the periods of July 1, 2021 through June 30, 2022. The Organization also received a \$51,508 operational grant from the United Way of Indian River County for the periods of July 1, 2022 through June 30, 2023. Accounts receivable includes \$25,753 and \$21,686 as of December 31, 2022 and 2021, respectively, representing the portion to be received for the six month periods ending June 30, 2023 and 2022, respectively.

(Continued)

# GIFFORD YOUTH ACHIEVEMENT CENTER, INC.

## Notes to Consolidated Financial Statements

### (13) *Net Assets With Donor Restrictions*

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

	<u>2022</u>	<u>2021</u>
Specific purpose:		
Leasehold interest in land and facilities	\$ 1,973,554	1,973,613
Scholarships	359,288	404,328
Boys mentoring program	55,406	49,438
Leasehold repair reserve	53,949	48,537
Employability	47,175	68,465
Science camp	37,334	33,096
Capital improvements	36,738	-
School supplies	17,155	11,829
Mental health	8,712	19,281
Homework assistance program	7,832	7,832
Sunday reading	2,340	27,377
Etiquette training	201	201
Other	29,704	13,600
Passage of time:		
Homework assistance program	25,753	21,686
Endowment:		
Original gift value to be held in perpetuity	5,480,164	5,165,150
Unappropriated endowment earnings	<u>86,736</u>	<u>1,198,618</u>
Total net assets with donor restrictions	\$ <u>8,222,041</u>	<u>9,043,051</u>

Net assets with donor restrictions released from donor restrictions by incurring expenses or by otherwise satisfying restrictions during 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Rental of land and facilities	\$ 177,684	177,684
Capital campaign	-	155,827
Scholarships	95,829	120,000
Capital improvements	63,263	83,410
Employability and youth employment	62,165	26,535
Homework assistance program	47,441	48,798
Science camp	25,762	25,098
Sunday reading	25,037	22,623
Mental health	10,570	3,219
Boys mentoring program	5,132	-
School supplies	2,279	7,214
Other	6,681	15,972
Endowment earnings utilized	<u>182,965</u>	<u>182,281</u>
Total	\$ <u>704,808</u>	<u>868,661</u>

(Continued)



**GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

## Notes to Consolidated Financial Statements

**(14) *Subsequent Events***

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 25, 2023, 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, 2022

<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	\$ 383,814	—	—	383,814
Investments	1,275,377	—	—	1,275,377
Accounts receivable	154,701	23,567	(23,567)	154,701
Prepaid expenses	38,416	—	—	38,416
Total current assets	1,852,308	23,567	(23,567)	1,852,308
Investments	—	5,491,865	—	5,491,865
Assets held for endowment and capital projects	153,365	99,119	—	252,484
Net property and equipment	3,104,277	—	—	3,104,277
Deposits	449	—	—	449
Leasehold interest	1,973,554	—	—	1,973,554
Total assets	\$ 7,083,953	5,614,551	(23,567)	12,674,937
<b><u>Liabilities and Net Assets</u></b>				
Current liabilities:				
Accounts payable	41,191	1,169	(23,567)	18,793
Accrued expenses	65,140	—	—	65,140
Total current liabilities	106,331	1,169	(23,567)	83,933
Net assets:				
Without donor restrictions:				
Undesignated	4,222,481	25,717	—	4,248,198
Designations for endowment and repairs	100,000	20,765	—	120,765
With donor restrictions	2,655,141	5,566,900	—	8,222,041
Total net assets	6,977,622	5,613,382	—	12,591,004
Total liabilities and net assets	\$ 7,083,953	5,614,551	(23,567)	12,674,937

See independent auditors' report.

**GIFFORD YOUTH ACHIEVEMENT CENTER, INC.**

## Consolidating Statement of Activities

Year ended December 31, 2022

	<b>Gifford Youth Achievement Center Inc.</b>	<b>Gifford Youth Achievement Center Foundation Inc.</b>	<b><u>Eliminations</u></b>	<b><u>Total</u></b>
Revenues and other support:				
Contributions – operating	\$ 1,789,548	–	(177,482)	1,612,066
Contributions – capital	100,000	–	–	100,000
Contributions – endowment	–	315,014	–	315,014
Indian River County grants	169,007	–	–	169,007
Donated land and facilities	177,625	–	–	177,625
United Way of Indian River County	51,508	–	–	51,508
Special events	71,377	–	–	71,377
Membership and tuition	79,247	–	–	79,247
Rental income	4,268	–	–	4,268
Investment income	9,929	(937,138)	–	(927,209)
Miscellaneous income	6,745	–	–	6,745
Total revenues and other support	<u>2,459,257</u>	<u>(622,124)</u>	<u>(177,482)</u>	<u>1,659,651</u>
Expenses:				
Program services	1,975,191	177,482	(177,482)	1,975,191
Management and general	290,520	7,103	–	297,623
Fund raising	195,007	–	–	195,007
Total expenses	<u>2,460,718</u>	<u>184,585</u>	<u>(177,482)</u>	<u>2,467,821</u>
Change in net assets	(1,461)	(806,709)	–	(808,170)
Net assets at beginning of year	<u>6,979,083</u>	<u>6,420,091</u>	<u>–</u>	<u>13,399,174</u>
Net assets at end of year	\$ <u>6,977,622</u>	<u>5,613,382</u>	<u>–</u>	<u>12,591,004</u>

See independent auditors' report.