

Fresh Youth Initiatives, Inc.

Financial Statements

June 30, 2022

Independent Auditors' Report

The Board of Directors
Fresh Youth Initiatives, Inc.

Opinion

We have audited the accompanying financial statements of Fresh Youth Initiatives, Inc, ("FYI") which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FYI as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

Auditors' Responsibility for the Audit of the Financial Statements (continued)

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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the 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 FYI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FYI's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Fresh Youth Initiatives, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

January 18, 2023

Fresh Youth Initiatives, Inc.

Statement of Financial Position
June 30, 2022
(with comparative amounts at June 30, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 1,338,232	\$ 967,389
Grants and pledges receivable, net	904,757	685,438
Investments	119,414	130,007
Property and equipment, net	2,425,833	2,514,358
	\$ 4,788,236	\$ 4,297,192
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 15,141	\$ 14,450
Deferred revenue	93,662	78,181
Total Liabilities	108,803	92,631
 Net Assets		
Without Donor Restrictions		
Operations	4,009,599	3,807,263
Board designated	150,000	-
	4,159,599	3,807,263
With donor restrictions	519,834	397,298
Total Net Assets	4,679,433	4,204,561
	\$ 4,788,236	\$ 4,297,192

See notes to financial statements

Fresh Youth Initiatives, Inc.

Statement of Activities
Year Ended June 30, 2022
(with summarized totals for year ended June 30, 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING SUPPORT AND REVENUE				
Contributions	\$ 1,007,780	\$ 380,000	\$ 1,387,780	\$ 1,170,256
Special events, net of direct costs of \$61,290 and \$6,000	176,312	-	176,312	102,252
Government grant revenue	1,957,383	-	1,957,383	1,734,687
Investment return	(3,119)	(2,940)	(6,059)	27,623
CARES Act stimulus revenue	-	-	-	454,855
Other income	1,874	-	1,874	-
Net assets released from restriction	254,524	(254,524)	-	-
Total Operating Support and Revenue	<u>3,394,754</u>	<u>122,536</u>	<u>3,517,290</u>	<u>3,489,673</u>
OPERATING EXPENSES				
Program services	2,455,314	-	2,455,314	2,761,560
General and administrative	278,527	-	278,527	228,916
Fundraising	308,577	-	308,577	316,993
Total Operating Expenses	<u>3,042,418</u>	<u>-</u>	<u>3,042,418</u>	<u>3,307,469</u>
Change in Net Assets	352,336	122,536	474,872	182,204
NET ASSETS				
Beginning of year	<u>3,807,263</u>	<u>397,298</u>	<u>4,204,561</u>	<u>4,022,357</u>
End of year	<u>\$ 4,159,599</u>	<u>\$ 519,834</u>	<u>\$ 4,679,433</u>	<u>\$ 4,204,561</u>

Fresh Youth Initiatives, Inc.

Statement of Functional Expenses
Year Ended June 30, 2022
(with summarized totals for year ended June 30, 2021)

	2022											
	Program Services											
	Amistad	Compass Explore	Luperon	PS128	PS319	On-Site 505	Program Services Total	General and Administrative	Fundraising	Total	2021 Total	
PERSONNEL COSTS												
Salaries	\$ 247,738	\$ 60,229	\$ 436,532	\$ 656,511	\$ 14,604	\$ 251,060	\$ 1,666,674	\$ 190,991	\$ 214,392	\$ 2,072,057	\$ 2,286,631	
Payroll taxes and benefits	22,617	5,638	40,606	56,528	1,346	137,852	264,587	30,321	34,035	328,943	375,999	
Total Personnel Costs	270,355	65,867	477,138	713,039	15,950	388,912	1,931,261	221,312	248,427	2,401,000	2,662,630	
OTHER THAN PERSONNEL COSTS												
Processing fees	-	-	-	-	-	-	-	-	-	-	9,204	
Professional fees	-	-	100	-	-	42,402	42,502	25,440	30,590	98,532	103,822	
Supplies	23,241	1,200	7,877	23,781	-	45,951	102,050	3,526	64,809	170,385	86,998	
Stipends	-	-	-	-	-	-	-	-	-	-	2,197	
Postage and printing	-	-	-	-	-	-	-	-	-	-	9,431	
Repairs and maintenance	52	-	136	-	-	20,709	20,897	3,882	2,636	27,415	24,448	
Travel and conference	6,637	3,230	1,700	1,785	-	4,464	17,816	305	265	18,386	5,312	
Food and beverage	2,708	375	2,523	1,119	-	18,700	25,425	596	268	26,289	58,091	
Activity fees	-	-	-	-	-	-	-	-	-	-	11,287	
Insurance	-	-	-	-	-	40,442	40,442	4,634	5,202	50,278	38,519	
Telephone and utilities	1,201	1,686	-	-	-	22,389	25,276	2,527	2,836	30,639	34,117	
Dues and fees	-	-	-	-	-	-	-	-	-	-	6,158	
Bad debt	-	-	-	-	-	-	-	-	-	-	80,488	
Bank fees	-	-	-	-	-	-	-	-	-	-	754	
Other program expenses	5,627	1,186	47,434	20,967	105	81,258	156,577	5,641	2,862	165,080	60,715	
Depreciation	7,763	1,935	13,938	19,404	462	49,566	93,068	10,664	11,972	115,704	119,298	
Total Expenses	317,584	75,479	550,846	780,095	16,517	714,793	2,455,314	278,527	369,867	3,103,708	3,313,469	
Less expenses of direct benefit to donors	-	-	-	-	-	-	-	-	(61,290)	(61,290)	(6,000)	
Total Operating Expenses	\$ 317,584	\$ 75,479	\$ 550,846	\$ 780,095	\$ 16,517	\$ 714,793	\$ 2,455,314	\$ 278,527	\$ 308,577	\$ 3,042,418	\$ 3,307,469	

Fresh Youth Initiatives, Inc.

Statement of Cash Flows
Year Ended June 30, 2022
(with comparative amounts for year ended June 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 474,872	\$ 182,204
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	115,704	119,298
Forgiveness of Paycheck Protection Program loan	-	(454,855)
Net unrealized and realized (gain) loss on investments	11,268	(18,667)
Donated stock	(24,838)	-
Discount on grants and pledges receivable	(629)	5,209
Changes in operating assets and liabilities		
Grants and pledges receivable	(218,690)	(105,266)
Accounts payable and accrued expenses	691	(10,934)
Deferred revenue	15,481	9,854
Net Cash From Operating Activities	373,859	(273,157)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(8,411)	(24,529)
Proceeds from sales of investments	32,574	26,331
Purchase of equipment	(27,179)	(4,667)
Net Cash From Investing Activities	(3,016)	(2,865)
Net Change in Cash and Cash Equivalents	370,843	(276,022)
CASH AND CASH EQUIVALENTS		
Beginning of year	967,389	1,243,411
End of year	\$ 1,338,232	\$ 967,389
NON-CASH INVESTING AND FINANCING ACTIVITY		
PPP loan forgiveness	\$ -	\$ 454,855

See notes to financial statements

Fresh Youth Initiatives, Inc.

Notes to Financial Statements
June 30, 2022

1. Organization and Tax Status

Fresh Youth Initiatives, Inc. ("FYI"), is a non-profit organization that is the leading provider of youth development services to low-income, immigrant youth in the New York City communities of Washington Heights and Inwood. FYI's mission is to empower children who have the fewest resources to reach their greatest potential. FYI operates programs at five sites on the west side of Manhattan from 165th to 204th Streets reaching 1,200 children in grades Pre-K through 12. FYI's core literacy, mental health, enrichment, college access and youth development programs prepare participants to succeed in college and the workplace while guiding them through key developmental transitions as well as the challenges of immigration.

FYI's broadest vision is to disrupt the cycle of intergenerational poverty and educational neglect where it persists in Northern Manhattan. What began nearly three decades ago as an organization aimed at teaching young people the importance of civic engagement and volunteerism has grown to a multi-service agency meeting the critical educational and social-emotional needs of some of New York's most vulnerable children and families.

FYI is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and has been determined to be a publicly supported organization, not a private foundation under Section 509(a) of the Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") which 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.

Net Asset Presentation

The financial statements report amounts separately by class of net assets. Amounts without donor restriction are those currently available for use by FYI. The Board of Directors designated \$150,000 from net assets without donor restrictions to the board designated fund for the fiscal year 2022. Net assets with donor restrictions are those which are stipulated by donors for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction and/or purpose restriction is accomplished, net assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, when restrictions on donor-restricted contributions are met in the same accounting period in which they are received, such amounts are reported as net assets without donor restrictions. Certain restricted amounts contain donor imposed restrictions to be maintained in perpetuity by FYI.

Fresh Youth Initiatives, Inc.

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

Cash and cash equivalents consist principally of demand deposit and money market accounts with maturities of three months or less at the time of purchase.

Fair Value Measurements

FYI follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. There are no level 3 investments held at June 30, 2022 and 2021.

Investments Valuation and Investment Income Recognition

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Property and Equipment

FYI follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000. Property and equipment are reported at cost at the date of acquisition or at their fair values at the date of donation. Minor costs of repairs and maintenance are expensed as incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which are approximately 39 years for the building, 10 to 39 years for building improvements, and 5 to 10 years for furniture, fixtures, computers and office equipment. Construction-in-progress is transferred to building improvements and depreciated when the construction is substantially complete and the assets are placed into service.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to the fair value. There were no asset impairments for the years ended June 30, 2022 and 2021.

Fresh Youth Initiatives, Inc.

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies (continued)

Contributions

Contributions are recorded when received or when an unconditional promise to give is made. Conditional promises to give are recorded when substantially all conditions have been met. Perpetually restricted donations are restricted by donors to be maintained in perpetuity, with only the income from such net assets available for operations. Donor restricted contributions expire by either the passage of time or fulfillment of the purpose restriction. When a restriction expires, donor restricted contributions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Management has concluded that all pledges receivable at June 30, 2022 and 2021 are collectible.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using adjusted risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Government Grant Revenue

Federal, state and other grant awards received for specific purposes are recognized as support and revenue to the extent related expenses are incurred in compliance with the specific grant terms. Unexpended funds are reported as deferred revenue.

Grant revenue is conditional upon the occurrence of allowable expenditures and is recognized as the expenditures are incurred. Amounts received prior to the incurrence of expenditures are recorded as deferred revenue. Amounts expended prior to receipt are recorded as a receivable. Management has concluded that all grants receivable at June 30, 2022 and 2021 are collectible.

Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management either in accordance with grant provisions or by the division of salaries.

Accounting for Uncertainty in Income Taxes

FYI recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that FYI had no uncertain tax positions that would require financial statement recognition or disclosure. FYI is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2019.

Fresh Youth Initiatives, Inc.

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statement was available to be issued, which date is January 18, 2023.

3. Grants and Pledges Receivable

Grants and pledges receivable at June 30, are summarized as follows:

	2022	2021
To be paid within one year	\$ 774,337	\$ 590,647
To be paid within two to five years	135,000	100,000
	909,337	690,647
Discount to present value	(4,580)	(5,209)
	\$ 904,757	\$ 685,438

A present value using rates ranging from 2.87% to 5.01% has been calculated using discount factors that approximate the risk and expected timing of future contribution payments.

4. Investments

Fair value of investments measured on a recurring basis at June 30, are as follows:

	2022		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Exchange traded funds	\$ 48,706	\$ -	\$ 48,706
Domestic equities	44,593	-	44,593
Corporate bonds	-	10,969	10,969
Total Investments, at Fair Value	\$ 93,299	\$ 10,969	104,268
Cash, at cost			15,146
Total Investments			\$ 119,414

Fresh Youth Initiatives, Inc.

Notes to Financial Statements
June 30, 2022

4. Investments (continued)

	2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Exchange traded funds	\$ 57,048	\$ -	\$ 57,048
Domestic equities	52,947	-	52,947
Corporate bonds	-	9,721	9,721
Total Investments, at Fair Value	\$ 109,995	\$ 9,721	119,716
Cash, at cost			10,291
Total Investments			\$ 130,007

Total investment return is composed of the following elements for the years ended June 30:

	2022	2021
Interest and dividends	6,978	\$ 10,457
Realized (loss) gain	(4,163)	184
Unrealized (loss) gain	(7,105)	18,483
Investment fees	(1,769)	(1,501)
	\$ (6,059)	\$ 27,623

5. Property and Equipment

Property and equipment consisted of the following as of June 30:

	2022	2021
Land	\$ 270,000	\$ 270,000
Building and improvements	3,516,662	3,516,662
Furniture and fixtures	66,078	60,751
Computer and office equipment	217,708	195,856
	4,070,448	4,043,269
Accumulated depreciation	(1,644,615)	(1,528,911)
	\$ 2,425,833	\$ 2,514,358

Fresh Youth Initiatives, Inc.

Notes to Financial Statements
June 30, 2022

6. Paycheck Protection Program Loan Forgiveness

On April 7, 2020, FYI received loan proceeds in the amount of \$454,855 under the Paycheck Protection Program (“PPP Loan”). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest is forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

On May 28, 2021, the SBA notified FYI that its application of forgiveness of the entire PPP Loan had been accepted and no repayment of interest or principal would be required. Consequently, the entire loan amount of \$454,855 has been reported as CARES Act Stimulus revenue in the accompanying 2021 statement of activities.

7. Retirement Plan

FYI has a 403(b) retirement investment plan (the “Plan”) for eligible employees who met plan requirements. Employer contributions are based on the Plan’s guidelines. For the years ended June 30, 2022 and 2021, there was no expense related to the Plan.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Time or Purpose Restricted		
Time restricted donations	\$ 400,420	\$ 267,291
General operations	6,743	7,653
Deficiency in RAS Foundation Endowment Fund	<u>(37,329)</u>	<u>(27,646)</u>
	369,834	247,298
Held in Perpetuity		
RAS Foundation Endowment Fund	<u>150,000</u>	<u>150,000</u>
	<u>\$ 519,834</u>	<u>\$ 397,298</u>

Amounts released from restrictions during the years ended June 30, were for the following purposes:

	<u>2022</u>	<u>2021</u>
General - time restricted	\$ 246,871	\$ 105,000
Development support	-	25,000
Reading zone program	-	75,000
Food relief services	-	35,000
General operations	7,653	7,495
	<u>\$ 254,524</u>	<u>\$ 247,495</u>

Fresh Youth Initiatives, Inc.

Notes to Financial Statements
June 30, 2022

9. Endowment

General

FYI's endowment consists of a donor-restricted endowment fund established for the future cash flow needs of the programs. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

During 2010, New York State adopted the Uniform Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA includes provisions that differ from previous law, including the elimination of the historic dollar value rule with respect to endowment spending, establishment of new standards governing the expenditure and modification of restrictions on endowment funds, and revision of the prudence standard for the management and investment of endowment funds.

Interpretation of Relevant Law

The Board of FYI has interpreted NYPMIFA as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, FYI classified as net assets held in perpetuity (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations of investment returns to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by FYI in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objectives, Strategies Employed and Spending Policy

FYI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that FYI must hold in perpetuity or for a donor-specified period. The primary objective of the endowment is to generate income which would be withdrawn and used to support current year programs. Interest and dividends earned from the endowment investment assets are to be used for general operations of FYI. The remaining investment return would be used to grow the endowment, though growth of the assets is a secondary objective. Interest and dividends earned are distributed annually to FYI for general operations.

Fresh Youth Initiatives, Inc.

Notes to Financial Statements
June 30, 2022

9. Endowment (continued)

Return Objectives, Strategies Employed and Spending Policy (continued)

Changes in the endowment by type of fund in fiscal year 2022 and 2021 were as follows:

	2022		
	Time or Purpose Restricted	Restricted in Perpetuity	Total
Balance, July 1, 2021	\$ 7,653	\$ 122,354	\$ 130,007
Investment return	6,743	(9,683)	(2,940)
Appropriated for expenditure	(7,653)	-	(7,653)
Balance, June 30, 2022	\$ 6,743	\$ 112,671	\$ 119,414

	2021		
	Time or Purpose Restricted	Restricted in Perpetuity	Total
Balance, July 1, 2020	\$ 7,495	\$ 105,647	\$ 113,142
Investment return	7,653	16,707	24,360
Appropriated for expenditure	(7,495)	-	(7,495)
Balance, June 30, 2021	\$ 7,653	\$ 122,354	\$ 130,007

Funds with Deficiencies

Due to unfavorable market fluctuations, from time to time the fair value of assets associated with individual donor-restricted endowment funds may decline below historic dollar value of the donor's original perpetually restricted contribution. A deficiency of this nature exists with FYI's endowment fund, which has an original gift value of \$150,000 and as of June 30, 2022 and 2021 had a fair value of \$112,671 and \$122,354 and a deficiency of \$37,329 and \$27,646.

10. Liquidity and Availability

FYI's working capital and cash flows are primarily driven by contributions from individual and corporate donors, and governmental grant revenue. In addition, FYI holds special events throughout the year to provide additional contribution revenue and further their purpose. Grants and pledges receivable are expected to be collected during the normal course of business. At June 30, 2022, FYI has an endowment fund of \$119,414. The purpose of the endowment is to support FYI and its mission over the long-term. The primary investment objectives of the endowment are to provide an annual contribution derived from interest and dividend income for general operations of FYI, with the secondary investment objective being to preserve the real purchasing power of the principal.

Fresh Youth Initiatives, Inc.

Notes to Financial Statements
June 30, 2022

10. Liquidity and Availability (continued)

The following reflects FYI's financial assets as of June 30, reduced by amounts not available for general use within one year of the statement of financial position date because of donor designations. Amounts not available include restricted contributions for time and amounts held in perpetuity.

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 1,338,232	\$ 967,389
Grants and pledges receivable, net	904,757	685,438
Investments	119,414	130,007
Total financial assets	<u>2,362,403</u>	<u>1,782,834</u>
Less contractual or donor imposed restricted amounts:		
Restricted by donor with time or purpose restrictions	407,163	274,944
Board designated	150,000	-
Endowment funds		
RAS Foundation Endowment Fund	<u>150,000</u>	<u>150,000</u>
	<u>707,163</u>	<u>424,944</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,655,240</u>	<u>\$ 1,357,890</u>

11. Concentration of Credit Risk

Financial instruments that potentially subject FYI to concentrations of credit risk consist principally of cash and cash equivalents, grants and pledges receivable, and investments. FYI maintains cash and cash equivalent balances with large, commercial banking institutions with limited insurance provided by the Federal Deposit Insurance Corporation ("FDIC"). At times cash balances may be in excess of federally insured limits. FYI has not experienced any losses in such accounts. Grants and pledges receivable are expected to be collected in the normal course of business. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of market risk.

12. Risks and Uncertainties

The ongoing Coronavirus pandemic has resulted in substantial volatility in the global economy. While management has implemented measures to mitigate the impact of the pandemic, the extent to which FYI's operations are impacted will depend on future developments.

As a result, management cannot reasonably estimate the overall impact of the Coronavirus pandemic to FYI's future results of operations, cash flows, or financial condition.

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