

**Fresh Youth Initiatives, Inc.**

Financial Statements

June 30, 2020

## Independent Auditors' Report

### **The Board of Directors Fresh Youth Initiatives, Inc.**

We have audited the accompanying financial statements of Fresh Youth Initiatives, Inc. ("FYI") which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fresh Youth Initiatives, Inc. as of June 30, 2020, 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.

***Report on Summarized Comparative Information***

We have previously audited Fresh Youth Initiatives, Inc.'s June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

December 8, 2020

**Fresh Youth Initiatives, Inc.**

Statement of Financial Position  
June 30, 2020  
(with comparative amounts at June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,243,411	\$ 817,378
Grants and pledges receivable	585,381	337,384
Investments	113,142	134,730
Prepaid expenses and deposits	-	9,748
Property and equipment, net	<u>2,628,989</u>	<u>2,699,728</u>
	<u>\$ 4,570,923</u>	<u>\$ 3,998,968</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 25,384	\$ 10,635
Deferred revenue	68,327	17,575
Loan payable	<u>454,855</u>	<u>-</u>
Total Liabilities	<u>548,566</u>	<u>28,210</u>
Net Assets		
Without donor restrictions	3,669,215	3,666,028
With donor restrictions	<u>353,142</u>	<u>304,730</u>
Total Net Assets	<u>4,022,357</u>	<u>3,970,758</u>
	<u>\$ 4,570,923</u>	<u>\$ 3,998,968</u>

See notes to financial statements

**Fresh Youth Initiatives, Inc.**

Statement of Activities  
Year Ended June 30, 2020  
(with summarized totals for year ended June 30, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>OPERATING SUPPORT AND REVENUE</b>				
Contributions	\$ 702,394	\$ 375,000	\$ 1,077,394	\$ 494,180
Special events, net of direct costs of \$1,383 and \$33,999	54,119	-	54,119	114,043
Government grant revenue	1,804,846	-	1,804,846	1,744,361
Investment return	195	(13,695)	(13,500)	10,808
Other income	3,990	-	3,990	1,568
Net assets released from restriction	312,893	(312,893)	-	-
Total Operating Support and Revenue	<u>2,878,437</u>	<u>48,412</u>	<u>2,926,849</u>	<u>2,364,960</u>
<b>OPERATING EXPENSES</b>				
Program services	2,361,077	-	2,361,077	2,051,550
General and administrative	187,132	-	187,132	191,793
Fundraising	327,041	-	327,041	199,395
Total Operating Expenses	<u>2,875,250</u>	<u>-</u>	<u>2,875,250</u>	<u>2,442,738</u>
Change in Net Assets	3,187	48,412	51,599	(77,778)
<b>NET ASSETS</b>				
Beginning of year	<u>3,666,028</u>	<u>304,730</u>	<u>3,970,758</u>	<u>4,048,536</u>
End of year	<u>\$ 3,669,215</u>	<u>\$ 353,142</u>	<u>\$ 4,022,357</u>	<u>\$ 3,970,758</u>

**Fresh Youth Initiatives, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2020  
(with summarized totals for year ended June 30, 2019)

	2020												
	Program Services												
	Advantage	College Access	Amistad	Compass	Luperon	PS128	On-Site 505	Program Services Total	General and Administrative	Fundraising	Total	2019 Total	
<b>PERSONNEL COSTS</b>													
Salaries	\$ 28,815	\$ 36,256	\$ 170,418	\$ 37,268	\$ 495,939	\$ 592,130	\$ 297,164	\$ 1,657,990	\$ 141,328	\$ 215,569	\$ 2,014,887	\$ 1,614,585	
Payroll taxes and benefits	4,652	5,856	27,524	6,019	80,066	95,617	47,988	267,722	22,804	34,811	325,337	265,970	
Total Personnel Costs	33,467	42,112	197,942	43,287	576,005	687,747	345,152	1,925,712	164,132	250,380	2,340,224	1,880,555	
<b>OTHER THAN PERSONNEL COSTS</b>													
Processing fees	37	46	218	48	634	757	380	2,120	181	276	2,577	7,873	
Professional fees	1,088	1,369	6,437	1,408	19,693	22,360	11,222	63,577	5,333	47,756	116,666	103,028	
Supplies	1,160	559	5,015	1,912	12,373	23,521	11,048	55,588	2,178	4,844	62,610	95,408	
Stipends	-	-	-	1,740	3,435	1,514	-	6,689	-	-	6,689	14,721	
Postage and printing	3	4	16	4	538	61	141	767	14	324	1,105	7,125	
Repairs and maintenance	302	381	1,789	391	5,224	6,240	3,119	17,446	1,482	3,247	22,175	22,921	
Travel and conference	8	1,092	60	1,846	3,004	155	730	6,895	36	65	6,996	27,164	
Evaluation fees	-	-	-	-	32,000	19,200	-	51,200	-	-	51,200	53,072	
Food and beverage	960	72	550	876	1,920	2,461	42,190	49,029	281	865	50,175	22,455	
Activity fees	-	-	807	-	10,077	5,450	1,286	17,620	-	-	17,620	53,333	
Insurance	486	612	2,876	629	8,366	9,991	5,014	27,974	2,383	3,638	33,995	29,018	
Telephone and utilities	496	624	4,121	642	9,042	11,606	5,116	31,647	2,432	3,711	37,790	37,506	
Dues and fees	452	211	1,041	262	3,703	4,559	2,339	12,567	822	1,311	14,700	3,392	
In-kind expenses	-	-	-	-	-	-	-	-	-	-	-	2,391	
Bank fees	5	7	31	7	89	106	53	298	25	51	374	317	
Depreciation	1,598	2,011	9,453	2,067	27,498	32,840	16,481	91,948	7,833	11,956	111,737	116,458	
Total Expenses	40,062	49,100	230,356	55,119	713,601	828,568	444,271	2,361,077	187,132	328,424	2,876,633	2,476,737	
Less expenses of direct benefit to donors	-	-	-	-	-	-	-	-	-	(1,383)	(1,383)	(33,999)	
Total Operating Expenses	\$ 40,062	\$ 49,100	\$ 230,356	\$ 55,119	\$ 713,601	\$ 828,568	\$ 444,271	\$ 2,361,077	\$ 187,132	\$ 327,041	\$ 2,875,250	\$ 2,442,738	

## Fresh Youth Initiatives, Inc.

Statement of Cash Flows  
Year Ended June 30, 2020  
(with comparative amounts for year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 51,599	\$ (77,778)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	111,737	116,458
Net unrealized and realized loss (gain) on investments	19,390	(3,587)
Changes in operating assets and liabilities		
Grants and pledges receivable	(247,997)	30,781
Prepaid expenses and deposits	9,748	(9,748)
Accounts payable and accrued expenses	14,749	13,190
Deferred revenue	<u>50,752</u>	<u>17,575</u>
Net Cash From Operating Activities	<u>9,978</u>	<u>86,891</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(28,293)	(12,672)
Proceeds from sales of investments	30,491	14,226
Purchase of equipment	<u>(40,998)</u>	<u>(48,366)</u>
Net Cash From Investing Activities	<u>(38,800)</u>	<u>(46,812)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	<u>454,855</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	426,033	40,079
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>817,378</u>	<u>777,299</u>
End of year	<u>\$ 1,243,411</u>	<u>\$ 817,378</u>

See notes to financial statements

## **Fresh Youth Initiatives, Inc.**

Notes to Financial Statements  
June 30, 2020

### **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.

#### ***Change in Accounting Principle***

Effective July 1, 2019, FYI adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09").

ASU 2014-09 provides a single comprehensive model for entities to use in accounting for revenue arising from contracts and supersedes the most current revenue recognition guidance. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgements made by entities when following this framework.



## **Fresh Youth Initiatives, Inc.**

Notes to Financial Statements  
June 30, 2020

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

#### ***Change in Accounting Principle (continued)***

FYI adopted ASU 2014-09 on a prospective basis and has determined there to be no material impact on its financial statements.

In June 2018, the Financial Accounting Standards Board issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08").

ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange or as contribution (nonreciprocal) transactions. Exchange transactions are reciprocal transfers in which each party receives and sacrifices approximately commensurate value. In a contribution transaction, the resource provider often receives value indirectly by providing a societal benefit, although the benefit is not considered to be commensurate value.

ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. FYI adopted ASU 2018-08 on a prospective basis and has determined there to be no material impact to its financial statements.

#### ***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. 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. Certain restricted amounts contain donor imposed restrictions to be maintained in perpetuity by FYI.

#### ***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, 2020 and 2019.

## **Fresh Youth Initiatives, Inc.**

Notes to Financial Statements  
June 30, 2020

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

#### ***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 value 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, 2020 and 2019.

#### ***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. All donor-restricted contributions are recorded as donor restricted revenue. 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, 2020 and 2019 are collectible.

#### ***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, 2020 and 2019 are collectible.

## Fresh Youth Initiatives, Inc.

Notes to Financial Statements  
June 30, 2020

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

#### ***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 2017.

#### ***Prior-year Summarized Financial Information***

The financial statements include 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 U.S. GAAP. Accordingly, such information should be read in conjunction with FYI's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

#### ***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 December 8, 2020.

### 3. Grants and Pledges Receivable

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

	2020	2019
To be paid within one year	\$ 585,381	\$ 262,384
To be paid within two to five years	-	75,000
	<u>\$ 585,381</u>	<u>\$ 337,384</u>

**Fresh Youth Initiatives, Inc.**

Notes to Financial Statements  
June 30, 2020

**4. Investments**

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

	2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Exchange traded funds	\$ 46,747	\$ -	\$ 46,747
Domestic equities	41,294	-	41,294
Corporate bonds	-	11,405	11,405
<b>Total Investments, at Fair Value</b>	<b><u>\$ 88,041</u></b>	<b><u>\$ 11,405</u></b>	99,446
Cash, at cost			<u>13,696</u>
<b>Total Investments</b>			<b><u>\$ 113,142</u></b>

	2019		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Exchange traded funds	\$ 53,212	\$ -	\$ 53,212
Domestic equities	49,778	-	49,778
Corporate bonds	-	23,719	23,719
<b>Total Investments, at Fair Value</b>	<b><u>\$ 102,990</u></b>	<b><u>\$ 23,719</u></b>	126,709
Cash, at cost			<u>8,021</u>
<b>Total Investments</b>			<b><u>\$ 134,730</u></b>

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

	2020	2019
Interest and dividends	\$ 9,852	\$ 8,974
Realized (loss) gain	(6,449)	1,335
Unrealized (loss) gain	(12,941)	2,252
Investment fees	(3,962)	(1,753)
	<b><u>\$ (13,500)</u></b>	<b><u>\$ 10,808</u></b>

**Fresh Youth Initiatives, Inc.**

Notes to Financial Statements  
June 30, 2020

**5. Property and Equipment**

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

	2020	2019
Land	\$ 270,000	\$ 270,000
Building and improvements	3,520,741	3,493,421
Furniture and fixtures	60,751	60,751
Computer and office equipment	<u>187,110</u>	<u>173,432</u>
	4,038,602	3,997,604
Accumulated depreciation	<u>(1,409,613)</u>	<u>(1,297,876)</u>
	<u>\$ 2,628,989</u>	<u>\$ 2,699,728</u>

**6. Loan Payable**

***Paycheck Protection Program***

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 loans and accrued interest are 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.

The unforgiven portion of the PPP Loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. FYI intends to use the entire PPP Loan amount for qualifying expenses. Under the terms of the PPP Loan, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The approximate annual maturity of the PPP Loan over the next two years are payable as follows (provided the PPP Loan is not forgiven) for the fiscal years ending June 30:

2021	\$ 200,088
2022	<u>254,767</u>
	<u>\$ 454,855</u>

**7. Retirement Plan**

FYI has a 403(b) retirement investment plan (the "Plan") for eligible employees who met plan requirements. Employer contribution is based on the Plan's guidelines. For the years ended June 30, 2020 and 2019, there was no expense related to the Plan.

**Fresh Youth Initiatives, Inc.**

Notes to Financial Statements  
June 30, 2020

**8. Net Assets with Donor Restrictions**

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

	2020	2019
<b>Time or Purpose Restricted</b>		
Time restricted donations	\$ 105,000	\$ 95,000
Reading zone program	75,000	-
Food relief services	35,000	-
Early intervention for immigrant youth	-	75,000
Development support	25,000	-
General operations	7,495	7,893
Deficiency in RAS Foundation Endowment Fund	<u>(44,353)</u>	<u>(23,163)</u>
	203,142	154,730
<b>Held in Perpetuity</b>		
RAS Foundation Endowment Fund	<u>150,000</u>	<u>150,000</u>
	<u>\$ 353,142</u>	<u>\$ 304,730</u>

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

	2020	2019
General - time restricted	\$ 50,000	\$ 270,000
Development support	100,000	-
Early intervention for immigrant youth	75,000	-
Reading zone program	75,000	-
Food relief services	5,000	-
General operations	7,893	7,910
	<u>\$ 312,893</u>	<u>\$ 277,910</u>

**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.

## Fresh Youth Initiatives, Inc.

Notes to Financial Statements  
June 30, 2020

### 9. Endowment (*continued*)

#### ***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 for either time or purpose 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.

Changes in the endowment by type of fund in fiscal year 2020 and 2019 were as follows:

	2020		
	Time or Purpose Restricted	Restricted in Perpetuity	Total
Balance, July 1, 2019	\$ 7,893	\$ 126,837	\$ 134,730
Investment return	7,495	(21,190)	(13,695)
Appropriated for expenditure	(7,893)	-	(7,893)
Balance, June 30, 2020	<u>\$ 7,495</u>	<u>\$ 105,647</u>	<u>\$ 113,142</u>

**Fresh Youth Initiatives, Inc.**

Notes to Financial Statements  
June 30, 2020

**9. Endowment (continued)**

	2019		
	Time or Purpose Restricted	Restricted in Perpetuity	Total
Balance, July 1, 2018	\$ 7,910	\$ 124,789	\$ 132,699
Investment return	7,893	2,048	9,941
Appropriated for expenditure	(7,910)	-	(7,910)
Balance, June 30, 2019	\$ 7,893	\$ 126,837	\$ 134,730

***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, 2020 and 2019 had a fair value of \$105,647 and \$126,837 and a deficiency of \$44,353 and \$23,163.

**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, 2020, FYI has an endowment fund of \$113,142. 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.

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### 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 contractual or donor designations. Amounts not available include restricted contributions for time and amounts held in perpetuity.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 1,243,411	\$ 817,378
Grants and pledges receivable	585,381	337,384
Investments	<u>113,142</u>	<u>134,730</u>
Total financial assets	<u>1,941,934</u>	<u>1,289,492</u>
Less contractual or donor imposed restricted amounts:		
Restricted by donor with time or purpose restrictions	247,495	177,893
Endowment funds		
Deficiency in RAS Foundation Endowment Fund	(44,353)	(23,163)
RAS Foundation Endowment Fund	<u>150,000</u>	<u>150,000</u>
	<u>353,142</u>	<u>304,730</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,588,792</u>	<u>\$ 984,762</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.

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**12. COVID – 19**

In March 2020, FYI instituted remote programs as a precautionary measure to limit opportunities for the spread of the COVID-19 virus. The closure of in-person programs had impact on the 2020 financial statements, but may adversely affect FYI's financial position and operating results in fiscal year ending June 30, 2021. If the outbreak continues and conditions worsen, FYI may experience a disruption in operations as well as a decline in future grants and contributions. The outbreak may adversely affect FYI on an interim basis and the amount of the impact cannot be reasonably estimated at this time. The outbreak also affected to global financial markets and the FYI's investment portfolio experienced some volatility.

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position, and cash flows in 2021 cannot be reasonably estimated at this time.

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