YOUTHPRISE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For The Years Ended
December 31, 2023 and 2022

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YOUTHPRISE
TABLE OF CONTENTS

	Reference	Page Number
Independent Auditor's Report		1
FINANCIAL STATEMENTS		
Statements of Financial Position	Statement 1	6
Statements of Activities	Statement 2	7
Statements of Functional Expenses	Statement 3	8
Statements of Cash Flows	Statement 4	9
Notes to Financial Statements		11

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REDPATH AND COMPANY

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Youthprise
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Youthprise (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Youthprise as of December 31, 2023 and 2022, and the changes in its net assets and its 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Youthprise 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Youthprise's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of 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 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 generally accepted auditing standards and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental 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 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 Youthprise'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Youthprise'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2024 on our consideration of Youthprise's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Youthprise's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Youthprise's internal control over financial reporting and compliance.

Redpath and Company, LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

August 9, 2024

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FINANCIAL STATEMENTS

YOUTHPRISE
STATEMENTS OF FINANCIAL POSITION **Statement 1**
December 31, 2023 and 2022

	2023	2022
Assets:		
Current assets:		
Cash and cash equivalents	$11,305,530	$5,828,159
Contributions and grants receivable	4,999,953	1,705,592
Other receivables	111,442	44,540
Inventory	5,771	7,960
Prepaid expenses	63,781	39,498
Refundable advance, grants disbursed	195,417	43,364
Fiscal agency receivable	1,136,686	1,084,195
Total current assets	17,818,580	8,753,308
Security deposits	9,200	9,200
Long-term contributions and grants receivable, net of discount	1,436,782	4,078
Right-of-use asset - operating lease	85,651	157,105
Fixed assets, net	22,989	28,322
Total assets	$19,373,202	$8,952,013
Liabilities and net assets:		
Current liabilities:		
Accounts payable	($4,647)	$27,690
Grants payable	361,180	419,734
Accrued liabilities	205,905	217,849
Refundable advance, grants received	874,626	683,122
Lease liability - operating lease, current portion	81,187	77,524
Total current liabilities	1,518,251	1,425,919
Noncurrent liabilities:		
Lease liability - operating lease, net of current portion	13,765	94,953
Total liabilities	1,532,016	1,520,872
Net assets:		
Without donor restrictions:		
Undesignated	2,452,592	2,480,966
Designated by the Board for working capital reserve	1,000,000	1,000,000
Total without donor restrictions	3,452,592	3,480,966
With donor restrictions	14,388,594	3,950,175
Total net assets	17,841,186	7,431,141
Total liabilities and net assets	$19,373,202	$8,952,013

The accompanying notes are an integral part of these financial statements.

YOUTHPRISE
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2023 and 2022

Statement 2

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:						
Contributions and grants	$1,973,549	$15,373,335	$17,346,884	$2,959,319	$3,833,390	$6,792,709
Contract fee for service	269,851	-	269,851	475,469	-	475,469
Interest income	144,214	-	144,214	11,602	-	11,602
Miscellaneous income	34,384	-	34,384	32,152	-	32,152
Net support and revenue	2,421,998	15,373,335	17,795,333	3,478,542	3,833,390	7,311,932
Net assets released from restriction	4,934,916	(4,934,916)	-	5,896,536	(5,896,536)	-
Total support and revenues	7,356,914	10,438,419	17,795,333	9,375,078	(2,063,146)	7,311,932
Expenses:						
Program services	5,527,833	-	5,527,833	7,215,506	-	7,215,506
Supportive services:						
Management and general	1,231,455	-	1,231,455	1,126,253	-	1,126,253
Fundraising	626,000	-	626,000	598,428	-	598,428
Total expenses	7,385,288	0	7,385,288	8,940,187	0	8,940,187
Change in net assets	(28,374)	10,438,419	10,410,045	434,891	(2,063,146)	(1,628,255)
Net assets - beginning of year	3,480,966	3,950,175	7,431,141	3,046,075	6,013,321	9,059,396
Net assets - end of year	$3,452,592	$14,388,594	$17,841,186	$3,480,966	$3,950,175	$7,431,141

The accompanying notes are an integral part of these financial statements.

YOUTHPRISE
STATEMENTS OF FUNCTIONAL EXPENSES
For The Years Ended December 31, 2023 and 2022

Statement 3

	2023			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Expenses:				
Strategic investments	$2,516,387	$13,080	$ -	$2,529,467
Salaries	1,769,215	339,140	434,910	2,543,265
Benefits and payroll taxes	498,463	79,076	90,550	668,089
Fees for services (non-employees):				
Management	1,717	217,632	-	219,349
Legal	-	24,349	-	24,349
Audit	10,700	41,350	-	52,050
Administrative support	1,320	157,699	-	159,019
Research	26,684	-	-	26,684
Evaluation	19,400	-	-	19,400
Fundraising	-	-	76,383	76,383
Other	492,185	-	-	492,185
Office expenses	40,804	32,869	1,454	75,127
Information technology	90,655	83,970	9,184	183,809
Occupancy	1,902	174,798	-	176,700
Travel	44,807	9,472	2,141	56,420
Depreciation	555	14,777	-	15,332
Insurance and other expenses	13,039	43,243	11,378	67,660
Total expenses	$5,527,833	$1,231,455	$626,000	$7,385,288

	2022			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Expenses:				
Strategic investments	$4,473,790	$ -	$ -	$4,473,790
Salaries	1,674,616	310,250	380,610	2,365,476
Benefits and payroll taxes	449,132	81,972	72,962	604,066
Fees for services (non-employees):				
Management	67,421	181,576	-	248,997
Legal	43,925	23,288	-	67,213
Audit	-	21,600	-	21,600
Administrative support	-	121,723	-	121,723
Research	12,333	-	-	12,333
Fundraising	-	-	85,088	85,088
Other	325,813	(50)	37,800	363,563
Office expenses	68,658	76,890	1,748	147,296
Information technology	76,316	69,264	8,883	154,463
Occupancy	1,755	174,090	-	175,845
Travel	19,547	8,939	8,755	37,241
Depreciation	-	19,962	-	19,962
Insurance and other expenses	2,200	36,749	2,582	41,531
Total expenses	$7,215,506	$1,126,253	$598,428	$8,940,187

The accompanying notes are an integral part of these financial statements.

YOUTHPRISE
STATEMENTS OF CASH FLOWS **Statement 4**
For The Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$10,410,045	($1,628,255)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	15,332	19,962
Noncash operating lease expense	(6,071)	(4,213)
Changes in assets and liabilities:		
(Increase) decrease in contributions and grants receivable	(4,727,065)	1,983,142
(Increase) decrease in other receivables	(66,902)	(1,540)
(Increase) decrease in inventory	2,189	15,213
(Increase) decrease in prepaid expenses	(24,283)	7,692
(Increase) decrease in refundable advance, grants disbursed	(152,053)	(43,364)
(Increase) decrease in fiscal agency receivable/obligation	(52,491)	(1,909,818)
Increase (decrease) in accounts payable	(32,337)	(60,042)
Increase (decrease) in grants payable	(58,554)	(1,037,003)
Increase (decrease) in accrued liabilities	(11,944)	(70,048)
Increase (decrease) in deferred revenue	-	(85,409)
Increase (decrease) in refundable advance, grants received	191,504	(116,878)
Net cash provided (used) by operating activities	5,487,370	(2,930,561)
Cash flows from investing activities:		
Purchase of property and equipment	(9,999)	-
Net increase (decrease) in cash and cash equivalents	5,477,371	(2,930,561)
Cash and cash equivalents - beginning of year	5,828,159	8,758,720
Cash and cash equivalents - end of year	$11,305,530	$5,828,159

The accompanying notes are an integral part of these financial statements.

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

Youthprise (the Organization) is a Minnesota not-for-profit 501(c)(3) corporation established in 2010 by The McKnight Foundation. Youthprise is a youth-centered philanthropic organization that invests in the future of Minnesota by investing in youth. Our mission is to increase equity with and for Minnesota's indigenous, low-income, and racially diverse youth. We envision a Minnesota where outcomes for youth are no longer predictable by race, geography, or socioeconomic status. We strategically combine funding, capacity building, policy advocacy, and research, and authentically engage young people in our governance and operations.

Building Power through Learning and Leadership: We invest in learning opportunities that build knowledge, power, and agency among our youth; we support and amplify youth as leaders by building networks, developmental opportunities, and shifting policy/laws. Youthprise promotes the learning, leadership, and social-emotional development of youth. Programs and initiatives supported in this area expose youth to arts and culture, enrichment activities, technical assistance, and youth leadership opportunities. We seek to shift how programs interact with youth and support programs that engage youth in leadership and governance, a practice we model at Youthprise. We embed young people across all areas of our organization, and we have a goal of 50% representation of youth on our Board of Directors. In 2023, the Minnesota Afterschool Advance (MAA) program continued with a strong impact, providing 119 computers for distance learning and advancing $603,841 to low-income families across Minnesota to improve access to afterschool activities. Youthprise also made investments in Youth Philanthropy and Youth Participatory Action Research (YPAR), which included $65,000 invested in learning, training, and evaluation; and $9,000 in stipends to young people for their participation in YPAR activities. In 2023, Youthprise invested $601,019 in Learning and Leadership grants and strategic investments.

Advancing Ownership & Wealth through Economic Opportunity: Youthprise creates opportunities for economic prosperity by supporting programs and initiatives that build workforce skills, promote youth entrepreneurship, and expose youth to career pathways. Youthprise works with stakeholders across sectors to equip young people with the economic tools to thrive. In 2023, Youthprise awarded grants to community partners to connect young people with career pathways in high-demand industries such as healthcare, information technology, automotive, and customer service in the Twin Cities and Greater Minnesota communities, including Northfield, Duluth, Mankato, and Sauk Rapids. In 2023, Youthprise invested $748,082 in Economic Opportunity grants and strategic investments.

Promoting Healing through Health and Safety: Youthprise supports programs and initiatives that promote the health and safety of young people. We champion work that promotes the healing of our youth and their right to health and safety. In addition to meeting basic food needs through our Nutrition Program, we work with community-based organizations to link healthy lifestyles with good nutrition. We take a holistic approach to health and safety and advance intervention strategies that prevent the criminalization of youth, which can pose a threat to public safety. In 2023, Youthprise supported 44 Nutrition sites across the Twin Cities and served over 227,822 meals and snacks to school-age children and youth. Additionally, we supported initiatives that seek to increase equity in the juvenile justice system by supporting basic needs for young people who have been justice-involved and through other initiatives. In 2023, Youthprise invested $992,749 in grants and strategic investments.

B. BASIS OF PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis of accounting and are presented in accordance with the FASB Accounting Standards Codification (ASC) 958, 'Not-for-profit Entities.' The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions represent contributions to the Organization whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. The designation of net assets for specific purposes by the Organization itself does not constitute a basis for reclassifying them as net assets with donor restrictions.

C. ACCOUNTING 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 certain reported amounts and related disclosures. Accordingly, actual results could differ from those estimates.

D. CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of six months or less when purchased to be cash equivalents.

E. INVENTORY

The Organization has inventory comprised of program-related Chromebooks held for distribution to program recipients, which are recorded at cost.

F. REFUNDABLE ADVANCES, GRANTS DISBURSED

Grant amounts distributed before grantee incurs qualifying expenditure are reported as refundable advances, grants disbursed, in the statements of financial position. Cost reimbursable grants of $195,417 and $43,364 have not been recognized as strategic investment expenses as of December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred by grantees.

G. FISCAL AGENCY ACTIVITY

The Organization has fiscal agent agreements with two grantors to oversee solicitation, funding, and monitoring of services provided to grantees. The grantors determine the direction for services funded, amounts funded, target populations to be served, and provides overall oversight of the program. The Organization provides administration of grants, including conducting a competitive grant process for the disbursement of funds, and then executes and oversees the grant agreements. The Organization administered fiscal agent grant awards of $2,506,242 and $4,426,640 for the years ended December 31, 2023 and 2022, respectively. The portion of the funds received by the Organization for its administration of grants is treated as contract fee for service revenue once performance obligations are fulfilled. The Organization charged administrative expenses totaling $170,476 and $221,689 for the years ended

December 31, 2023 and 2022, respectively. The remainder of the assets held by the Organization, to be distributed to grantees through the competitive grant process, are recorded at fair value. A related liability for future payments to be made to grantees are recorded at fair value. In subsequent years, the liability for future payments is reduced by the actual payments made to the grantees. Fiscal agency receivables were $1,136,686 and $1,084,195 as of December 31, 2023 and 2022, respectively. Assets held in cash and fiscal agency obligation liabilities were $0 as of December 31, 2023 and 2022.

H. RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

CONTRIBUTIONS AND GRANTS

Contributions and grants receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions and grants receivable that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using the prime lending rate applicable to the year in which the promise is received. Management provides for uncollectible amounts through an allowance for bad debts based on its assessment of the current status of individual account balances that are still outstanding. Once a receivable balance is determined to be uncollectible, the receivable balance is written-off through a charge to the provision for bad debts. There was no allowance for uncollectible accounts as of December 31, 2023 and 2022. Conditional contributions and grants receivable are not included as support until such time as the conditions are substantially met.

CONTRACT FEE FOR SERVICE

Contract fee for service receivables are stated at the amount management expects to collect from outstanding balances. Management reviews the status of the receivables and charges off all accounts which are determined to be uncollectible. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. Accordingly, no allowance for credit losses was deemed necessary at December 31, 2023 and 2022.

I. REVENUE AND REVENUE RECOGNITION

CONTRIBUTIONS AND GRANTS

The Organization recognizes contributions and grants at fair value when cash or an unconditional promise to give is received. Conditional promises to give, that is, those with measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met (Note 11).

All contributions with donor stipulations that limit their use are reported as restricted revenue when received. For net assets with donor restrictions, when the time or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of net assets as released from restriction. Funding sources may, at their discretion, amend the grant amounts. Reimbursements for expenses or return of funds, or both, may be requested as a result of noncompliance with terms of grants. The Organization records such amendments, reimbursements, and returns of funds as an adjustment to revenue in the year of the amendment.

CONTRACT FEE FOR SERVICE

Contract fee for service revenues are exchange transactions recognized in accordance with ASU 606, upon completion the performance obligations specified in the underlying contract. Revenue is reported at the estimated transaction price, which includes an indirect cost charge for administration, or the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing services. The Organization determines the transaction price based on standard charges for services provided. At contract inception, the Organization assesses the services promised to identify the performance obligations. The performance obligations are considered satisfied once all performance obligations are met.

J. DONATED GOODS AND SERVICES

Donations of goods are recorded at the estimated fair value on the date received. Contributed services, which require special skill and the Organization would have paid for if not donated, are recorded at their estimated fair value when the services are rendered.

K. FIXED ASSETS

Fixed assets are stated at cost if purchased by the Organization or at the fair value of the asset at the date of the gift if received by donation. The Organization uses a capitalization threshold of $5,000. Maintenance and repairs of property and equipment are charged to operations, and major renewals are capitalized. Donations of property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Depreciation is provided using the straight-line method over estimated useful lives as follows:

Leasehold improvements	7 years
Furniture	7 years
Equipment and software	3 - 7 years

L. INCOME TAXES

The Organization is exempt from federal income taxes as a publicly supported organization under Section 501(c)(3) of the Internal Revenue Code. Contributions made to the organization are tax deductible.

A tax expense or benefit from an uncertain income tax position (including tax-exempt status) may be recognized only when it is more likely than not that the position will be sustained upon examination by taxing authorities. Management believes the Organization has no uncertain income tax positions that would result in an accrual, expense, or benefit under the more likely than not standard.

M. FUNCTIONAL EXPENSES

The costs of providing programs and supporting services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In 2016, the Organization implemented a Cost Allocation Plan to be in conformity with the Office of Management and Budget (OMB) Part 200 for Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. In compliance with OMB Part 200 referenced above, the Organization expenses costs to three pools: 1) direct, 2) intermediate indirect, or 3) indirect for facilities and administration (F&A). Costs that can be identified specifically with one or more projects (cost objectives) are charged directly to those projects. Costs that are not readily identifiable with one or more projects, but that benefit one or more projects of the organization are assigned to the intermediate indirect cost pool, and allocated across applicable projects on a non-financial base. The Organization has determined that the base which provides the most equitable distribution of intermediate indirect costs is employee hours as reported on electronic timesheets in the two payroll periods that most closely fall within the calendar month. For grant reporting only, costs assigned to indirect F & A are allocated across all programs using a 10% de minimis rate.

N. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

The Organization adopted the provisions of FASB Accounting Standards Codification (FASB ASC) 326: Financial Instruments—Credit Losses as of January 1, 2023, which replaced the incurred loss impairment method with a method that reflects lifetime expected credit losses. The Organization adopted the changes in accounting for credit losses using a modified retrospective transition method. Adoption of the new standard did not materially impact the Organization's financial statements. The comparative financial information has not been restated and continues to be reported under the accounting standard in effect for those periods.

O. RECLASSIFICATION

Certain reclassifications have been made to the December 31, 2022 presentation to provide comparability to the December 31, 2023 presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 2 LIQUIDITY AND AVAILABILITY

At December 31, 2023, the Organization has $3,510,113 of financial assets available within one year to meet cash needs for general expenditure consisting of cash of $274,427, contributions and grants receivable of $3,124,244 and other receivables of $111,442. $14,343,594 of the financial assets are subject to donor, time or other contracted restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

At December 31, 2022, the Organization had $3,632,194 of financial assets available within one year to meet cash needs for general expenditure consisting of cash of $1,924,273, contributions and grants receivable of $1,663,381 and other receivables of $44,540. $3,950,175 of the financial assets are subject to donor, time or other contracted restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

At December 31, 2023 and 2022, the Organization has board designated net assets of $1,000,000 for a working capital reserve. This amount has not been excluded from financial assets available within one year to meet cash needs for general expenditures as the board could undesignate these net assets if needed.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of operating expenses.

Note 3 CONTRIBUTIONS AND GRANTS RECEIVABLE

Collection of contributions and grants receivable at December 31 is expected as follows:

	2023	2022
Amounts due in:		
Less than one year	$4,999,953	$1,705,592
One to five years	1,500,000	4,324
Less: Present value discount	(63,218)	(246)
Total contributions and grants receivable	$6,436,735	$1,709,670

A discount rate of approximately 4.2% and 5.7% was used as of December 31, 2023 and 2022, respectively. As of December 31, 2023, approximately 69% of contributions receivable was from two grantors. As of December 31, 2022, approximately 36% of contributions receivable was from two grantors.

Note 4 FIXED ASSETS

Fixed assets at December 31 are as follows:

	2023	2022
Leasehold improvements	$35,398	$35,398
Furniture	180,362	180,362
Equipment and software	214,266	204,266
Total	430,026	420,026
Less: Accumulated depreciation	(407,037)	(391,704)
Net fixed assets	$22,989	$28,322

Note 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31 consist of the following:

	2023	2022
Restricted for purpose:		
Program and administration support	$5,804,542	$487,291
Cultural wellness and healing for urban youth of color	3,000,000	
Afterschool infrastructure youth voice	1,681,796	
Opportunity reboot	768,318	84,734
Nutrition program	369,051	728,785
Minnesota afterschool advance	311,648	628,904
Opportunity youth network	190,910	152,287
Everybody's in	49,205	57,408
Youth participatory action research	19,495	18,809
Youth engagement	-	278,165
COVID-19 community support	-	121,113
Other	1,364,045	395,353
Total restricted for purpose	13,559,010	2,952,849
Restricted for time	784,584	997,326
Total net assets with donor restrictions	$14,343,594	$3,950,175

Some net assets restricted for purpose are also restricted for time.

Note 6 DONATED GOODS AND SERVICES

Donated goods are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. No donated goods or services were reported as contributions with donor restrictions in 2023. Donated goods and services are recorded as contributions in the accompanying statements at their estimated fair market values at the date of receipt, based on the estimated US wholesale prices of identical or similar products or services using pricing data under a 'like-kind' methodology considering the goods or services condition and utility for use at the time of the contribution. The Organization received $10,145 and $0 of donated goods for 2023 and 2022, respectively. Donated goods were used as Spread Joy Gifts to Youthprise's Minnesota Afterschool Advance families.

Note 7 REVENUE CONCENTRATIONS

The Organization received 57% of contribution and grant revenue from two foundations for 2023. The Organization received 33% of contribution and grant revenue from two governmental entities, one foundation, and one corporation for 2022.

Note 8 RETIREMENT PLAN

The Organization sponsors a retirement plan for all employees pursuant to section 403(b) of the Internal Revenue Code. Retirement expense was $124,628 and $105,236 for 2023 and 2022, respectively.

Note 9 STRATEGIC INVESTMENTS

During 2023 and 2022, the Board of Directors approved $2,529,467 and $4,473,790 in contracts, leveraging matching grants, challenge grants, and field-building efforts to provide technical assistance. These contracts, leverage matching grants and challenge grants are recognized as the services are provided or the conditions of the leverage matching grants or challenge grants are met.

Note 10 LEASED FACILITIES AND EQUIPMENT

Effective November 15, 2017, the Organization entered into a lease agreement for its administrative and program office, covering the period from November 15, 2017 through February 28, 2025. The lease is recorded in the Organization's assets and liabilities for its right-of-use of the asset for the lease term. Leased office expenses are straight-lined over the life of the lease.

The lease includes base rent and variable additional rent for taxes and operating costs. The Organization has two options to extend the lease for five years each. These options are not recognized as part of the Organization's lease-related assets and liabilities. The operating lease liability was determined using a present value rate of 2.28% based on comparable U.S. Treasury bond rates.

Minimum future lease payments for the operating lease base rent are:

2024	$82,511
2025	13,803
Total	96,314
Present value adjustment	(1,362)
Net lease liability	$94,952

A telephone system is also rented on a month-to-month basis. Total 2023 and 2022 rent and equipment lease expenses were $176,700 and $180,058, respectively.

Note 11 CONDITIONAL GRANTS

Conditional grants are recognized as revenue as the conditions are met. Conditional grants awarded to the Organization at December 31 are as follows:

- A five-year conditional grant of $2,000,000 was awarded in 2019. As of December 31, 2023 and 2022, approximately $319,000 and $117,000 of cumulative grant revenue has been recognized, respectively. Revenue will be recognized as the Organization incurs qualifying expenditures and required reports are submitted in accordance with the grant agreement.
- A three-year conditional grant of approximately $1,000,000 was awarded in 2020. As of December 31, 2023 and 2022, approximately $990,000 and $744,000 of cumulative grant revenue has been recognized, respectively. The grant ended in 2023, therefore no further grant revenue will be recognized.
- A two-year conditional grant of $500,000 was awarded in 2023. As of December 31, 2023, $250,000 of grant revenue had been recognized. Revenue will be recognized as satisfactory progress towards the grant's purpose, meeting specific defined grant outcomes as specified in the grant agreement, and the grantor's decision to continue funding for 2024.

Note 12 COMMITMENTS AND CONTINGENCIES

GRANT COMPLIANCE AUDITS

The continuation of funding from federal and other sources is contingent upon availability of funds and project performance. The funds are awarded annually based either upon receipt and approval of a program application or upon completion of a performance review. In addition, expenditures made under federal grants are subject to review and audit by the grantor agencies. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowances at the time the final assessment is made.

PAYCHECK PROTECTION PROGRAM LOAN

The Organization entered into an unsecured loan agreement on April 17, 2020 for $308,900, pursuant to the Paycheck Protection Program. The Organization recognized the full amount as revenue in fiscal year 2021, upon receiving notification of full forgiveness by the SBA, which occurred on April 26, 2021. Loan forgiveness is subject to a six-year audit period.

Note 13 SUBSEQUENT EVENTS

On April 26, 2024, the Organization signed a new building purchase agreement for $4,100,000. The Organization is currently in the due diligence phase of the purchase. The closing date on the building purchase is currently scheduled for October 1, 2024.

Management has evaluated subsequent events through August 9, 2024, the date that the report was available to be issued.

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