

International Youth Foundation and Affiliates

Consolidated Financial Statements
and Supplementary Information

December 31, 2020

International Youth Foundation and Affiliates

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Independent Auditors' Report

To the Board of Directors of
International Youth Foundation and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of International Youth Foundation and Affiliates (IYF), which comprise the consolidated statement of financial position as of December 31, 2020, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IYF as of December 31, 2020, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Adjustments to Prior Period Consolidated Financial Statements

The 2019 consolidated financial statements of IYF were audited by other auditors whose report dated June 17, 2020, expressed an unmodified opinion on those consolidated financial statements. As discussed in Note 2 to the consolidated financial statements, IYF restated its net asset balances at January 1, 2020 to correct errors relating to recording of grants and contributions, grants and contributions receivable, net, deferred revenue and classification of net assets as of and for the year ended December 31, 2019. The other auditors reported on the consolidated financial statements before the adjustments.

As part of our audit of the 2020 consolidated financial statements, we also audited the prior period adjustments described in Note 2 to the 2020 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2019 consolidated financial statements of IYF other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 consolidated financial statements as a whole.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 20 to 22 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, change in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Also, the supplementary information on pages 23 to 24 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

New York, New York
August 23, 2021

International Youth Foundation and Affiliates

Consolidated Statement of Financial Position

December 31, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 7,744,995
Investments	6,819,203
Grants and contributions receivable, net	3,965,899
Promises to give	113,046
Contracts receivable	491,999
Prepaid expenses and other current assets	621,543
Total current assets	<u>19,756,685</u>

Noncurrent Assets

Cash and cash equivalents	980,828
Restricted cash	1,773,145
Grants and contributions receivable, net	1,443,635
Promises to give, net	20,192
Investments	6,133,160
Property and equipment, net	50,351
Other assets	59,512
Total noncurrent assets	<u>10,460,823</u>

Total assets \$ 30,217,508

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities	\$ 628,133
Accrued salaries and related benefits	961,939
Deferred revenue	2,435,704
Grants payable	161,283
Total current liabilities	<u>4,187,059</u>

Noncurrent Liabilities

Deferred rent	283,022
Other liabilities	59,512
Total liabilities	<u>4,529,593</u>

Commitments and Contingency

Net Assets

Without donor restrictions:	
Undesignated	2,951,147
Designated for reserve	5,942,329
Designated for endowment	3,754,981
Total net assets without donor restrictions	<u>12,648,457</u>
With donor restrictions	<u>13,039,458</u>
Total net assets	<u>25,687,915</u>
Total liabilities and net assets	<u>\$ 30,217,508</u>

See notes to consolidated financial statements

International Youth Foundation and Affiliates

Consolidated Statement of Activities

Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Program support:			
Grants and contributions	\$ 1,348,000	\$ 9,127,572	\$ 10,475,572
Contracts	5,457,594	-	5,457,594
General support	452,030	2,688	454,718
Investment income, net of fees	105,679	8,944	114,623
Sales and fees	47,004	-	47,004
Other	30,032	-	30,032
Net assets released from restrictions	<u>11,125,296</u>	<u>(11,125,296)</u>	<u>-</u>
Total support and revenue	<u>18,565,635</u>	<u>(1,986,092)</u>	<u>16,579,543</u>
Expenses			
Program services	15,270,456	-	15,270,456
General and administrative	<u>3,864,338</u>	<u>-</u>	<u>3,864,338</u>
Total expenses	<u>19,134,794</u>	<u>-</u>	<u>19,134,794</u>
Change in net assets before other items	(569,159)	(1,986,092)	(2,555,251)
Other Items			
Realized and unrealized gains on investments, net	1,247,607	249,099	1,496,706
Foreign currency translation adjustment losses, net	<u>(10,797)</u>	<u>(100,767)</u>	<u>(111,564)</u>
Change in net assets	667,651	(1,837,760)	(1,170,109)
Net Assets, Beginning, as Restated	<u>11,980,806</u>	<u>14,877,218</u>	<u>26,858,024</u>
Net Assets, Ending	<u>\$ 12,648,457</u>	<u>\$ 13,039,458</u>	<u>\$ 25,687,915</u>

See notes to consolidated financial statements

International Youth Foundation and Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries, benefits and payroll taxes	\$ 8,548,192	\$ 2,687,368	\$ 11,235,560
Grants to other organizations	1,683,935	-	1,683,935
Consultants and professional fees	3,025,461	460,097	3,485,558
Travel	493,438	9,744	503,182
Office and supplies expenses	858,951	274,925	1,133,876
Occupancy	250,452	431,664	682,116
Depreciation and other	410,027	540	410,567
	<u>\$ 15,270,456</u>	<u>\$ 3,864,338</u>	<u>\$ 19,134,794</u>

See notes to consolidated financial statements

International Youth Foundation and Affiliates

Consolidated Statement of Cash Flows

Year Ended December 31, 2020

Cash Flows From Operating Activities

Change in net assets	\$ (1,170,109)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation and amortization	32,770
Realized and unrealized gains on investments, net	(1,496,706)
Contributions restricted to long-term investment	(4,272)
Change in discount on long-term promises to give	(1,585)
Change in discount on long-term grants and contributions receivable	(36,164)
Deferred rent	(47,384)
Changes in assets and liabilities:	
(Increase) decrease in:	
Contract receivables	(293,005)
Grants and contributions receivable	2,224,819
Promises to give	44,824
Prepaid expenses and other current assets	(289,581)
Other assets	11,041
Increase (decrease) in:	
Accounts payable and accrued liabilities	(226,280)
Accrued salaries and related benefits	341,266
Deferred revenue	1,336,538
Grants payable	(27,315)
Other liabilities	(11,041)
Net cash flows from operating activities	<u>387,816</u>

Cash Flows From Investing Activities

Purchase of investments	(2,871,653)
Proceeds from sale of investments	<u>4,094,700</u>
Net cash flows from investing activities	<u>1,223,047</u>

Cash Flows From Financing Activities

Proceeds from contributions restricted to long-term investment	<u>4,272</u>
Net cash flows from financing activities	<u>4,272</u>
Net increase in cash and cash equivalents and restricted cash	1,615,135

Cash and Cash Equivalents and Restricted Cash, Beginning 8,883,833

Cash and Cash Equivalents and Restricted Cash, Ending \$ 10,498,968

Reconciliation of Cash and Cash Equivalents and Restricted Cash to the Consolidated Statement of Cash Flows

Cash and cash equivalents, current	\$ 7,744,995
Cash and cash equivalents, noncurrent	980,828
Restricted cash	<u>1,773,145</u>
Total cash and cash equivalents and restricted cash	<u><u>\$ 10,498,968</u></u>

See notes to consolidated financial statements

International Youth Foundation and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

International Youth Foundation and Affiliates (collectively, IYF) are described as follows:

International Youth Foundation

International Youth Foundation is a nonprofit organization, incorporated in the state of Illinois. Founded in April 1990, International Youth Foundation is an independent, international nongovernmental organization dedicated to improving the conditions and prospects of youth. Working with national and regional organizations, International Youth Foundation works to identify, strengthen and expand existing programs that have proven effective in meeting young people's needs. In addition to supporting existing programs, International Youth Foundation works to increase global awareness of youth issues, strengthen the organizational skills of youth program leaders and increase international philanthropy in support of youth.

International Youth Foundation Inc., S.A.R.L.A.U.

In 2014, International Youth Foundation incorporated International Youth Foundation Inc., S.A.R.L.A.U. (IYF-MOR), a Limited Liability Company (LLC), in Morocco to support IYF programs and activities in that region. International Youth Foundation is the sole member of the LLC. IYF decided in February 2021 to dissolve IYF-MOR as a subsidiary in Morocco and expects this entity to be dissolved on or before December 2021.

A summary of IYF's significant accounting policies are as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of IYF and IYF-MOR (collectively, IYF). All significant intercompany transactions have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

IYF follows the Nonprofit Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under this topic, IYF is required to report information regarding its financial position and activities according to the following classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are the net assets that are neither restricted in perpetuity, nor purpose or time restricted by donor-imposed stipulations. Board-designated net assets are net assets without donor restrictions designated by the Board of Directors for specific purposes. Board-designated net assets consist of the following:

Reserve

Funds set aside as a reserve against current operating losses or for future programs.

Board-Designated Endowment

In 2007, the Board of Directors designated \$2,000,000 from its reserve funds to establish an endowment. It is the Board of Director's intention to invest the funds in perpetuity, consolidating them with net assets with donor-restricted contributions (see Note 8), to create a sustainable income stream for future years.

International Youth Foundation and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020

Net Assets With Donor Restrictions - Net assets with donor restrictions are the net assets that are contributions and endowment investment earnings subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by passage of time or can be fulfilled and removed by actions of IYF pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

IYF considers investments in money market funds of approximately \$1,925,000 as of December 31, 2020 to be cash equivalents. Included in the money market funds are approximately \$981,000 as of December 31, 2020, which represent cash equivalents in the endowment fund which management does not intend to utilize within the next year. These amounts are presented as noncurrent cash and cash equivalents on the consolidated statement of financial position.

At times during the year, IYF maintains cash balances at financial institutions in excess of the federally insured limits by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2020, cash balances totaling approximately \$10,249,000 exceeded the limit. However, management believes the risk in these institutions to be minimal. As of December 31, 2020, cash totaling approximately \$746,000 was held in numerous financial institutions outside the United States, which are not insured by the FDIC.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reflected at fair value. Dividend and interest income, net of investment fees, is included in investment income in the accompanying consolidated statement of activities. Net realized and unrealized gains and losses on investments are excluded from investment income and are presented separately as other items in the consolidated statement of activities.

IYF invests in professionally managed portfolios that contain U.S. Government and municipal bonds, corporate equities, corporate debt securities, mutual funds and private equity investments. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Contracts Receivable

Contracts receivable are carried at the original invoice amount less an estimate made for doubtful receivables based on management's review of outstanding amounts. Receivables are written off when deemed uncollectible. Management has determined all contracts receivable to be fully collectible as of December 31, 2020.

Grants and Contributions Receivable

Grants and contributions receivable are carried at the original or amended grant amount less cash receipts and are further reduced by an estimate made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis and as of year-end. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. There was no provision for doubtful accounts, based on management's evaluation of the collection of grants and contributions receivable as of December 31, 2020.

International Youth Foundation and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020

Promises to Give

Unconditional promises to give are recognized as support in the period that IYF is notified of the contribution by the donor and acknowledged and identified by the donor. Unconditional promises to give are initially recorded at fair value less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Promises to give to be collected after one year are discounted at an appropriate discount rate commensurate with the risks involved. Management determines the allowance for doubtful promises to give by using the historical experience applied to an aging of promises. Promises to give are written off when deemed uncollectible. As of December 31, 2020, management deemed all promises to give to be fully collectible.

Property and Equipment

Property and equipment with cost in excess of \$5,000 are capitalized and stated at cost less accumulated depreciation. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the estimated useful life of the improvement or remaining life of the lease. The cost of maintenance and repairs is recorded as an expense as incurred.

Valuation of Long-Lived Assets

IYF reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. As of December 31, 2020, there have been no such impairment losses.

Deferred Rent

IYF has a lease agreement for rental space in Baltimore, Maryland. Under the terms of the lease agreement, IYF occupied its office space for nine months free of charge during the initial rental period. The benefits that IYF received from the free months and rent increases in future years are being allocated on a straight-line basis over the term of the lease as an offset against each period's occupancy expenditures. In addition, a landlord improvement allowance was provided for leasehold improvements. This benefit is being recognized on a straight-line basis over the life of the lease agreement.

Deferred Revenue

Amounts on contracts and conditional awards received prior to the service being performed are recorded as deferred revenue.

Grants Payable

Grants made by IYF are recognized as payables and expenses when the reimbursement request is received from the grantee and that the grant is either unconditional or the conditions have been substantially met.

International Youth Foundation and Affiliates

Notes to Consolidated Financial Statements

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Revenue Recognition

Contracts With Customers

Contract revenue is considered reciprocal transactions for educational and development services provided to customers. Performance obligations are satisfied over time, which is the service period of the contract. Revenue is recognized as performance obligations are met. Each service is priced separately and conditions and payment terms vary.

Sales and fees include licensing fees for the purchase of IYF's training curriculums. The fee is nonrefundable. Licensing fees are recognized as revenue when IYF provides the curriculum material to the customer. Payment for licensing fees is due upon signing the agreements.

The revenue streams noted above do not include significant financing components as performance obligations are satisfied within a year of receipt of payment. Also, there is no consideration amounts that are variable. Amounts received in advance of services performed, but not yet earned, are recorded as deferred revenue.

Grants and Contributions

Grants and contributions of cash and other assets are considered nonreciprocal transactions and are recognized as receivables and support when the grant or contribution has been received and all donor-imposed conditions, if any, have been met. Conditional promises to give contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation and are recognized when they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional grants and contributions revenue is classified as support with donor restrictions or without donor restrictions, based upon the existence or lack of donor-imposed restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Domestic and international economic downturns can affect the level of revenue for all the revenue streams or can have a positive impact on cash flows in good economic times.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, payroll taxes and employee benefits, information technology services, software maintenance and license fees which benefit all projects. These costs have been allocated based on actual time and effort charged to each project and cost center.

Indirect Costs

Indirect costs are charged to U.S. Government grants and nonfederal grants based on an estimate of the final indirect cost rate. Any variance between the estimate and the final negotiated rate is adjusted in the period when finalized. For the year ended December 31, 2020, IYF's indirect cost rate was calculated based on total direct costs.

Foreign Currency Translation

The functional currency of IYF is the U.S. dollar. The consolidated financial statements are presented in U.S. dollars. The transactions of IYF's foreign operations are generally maintained in the relevant local currency and so assets and liabilities are translated into U.S. dollars at the consolidated statement of financial position date at the exchange rate in effect at year-end.

International Youth Foundation and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020

Foreign Currency Transactions

Transaction gains or losses arise from changes in the exchange rates between the functional currency (U.S. dollar) and the currency in which the transaction is denominated. They represent an increase or decrease in: (a) the actual functional currency cash flows realized upon settlement of foreign currency transactions and (b) the expected functional currency cash flows on unsettled foreign currency transactions.

Income Taxes

IYF is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, IYF qualifies for charitable contribution deductions and has been classified as a public charity. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. IYF had no unrelated business income for the year ended December 31, 2020.

Management has evaluated IYF's tax positions and has concluded that IYF has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Measure of Operations

IYF uses the "change in net assets before other items" as the measure of operations that is related to supporting current and future programs and services. Operating activities include all revenue and expenses related to carrying out IYF's mission. Other items such as realized and unrealized gains on investments, net and foreign currency translation adjustment losses, net, are excluded from the measure of operations.

Adopted Accounting Pronouncement

In 2020, IYF adopted the FASB Accounting Standard Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the change during the period in total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows. IYF has adjusted the presentation of these consolidated financial statements accordingly.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for IYF for fiscal years beginning after December 15, 2021, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. IYF is currently evaluating the impact of its pending adoption of the new standard on its consolidated financial statements.

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Notes to Consolidated Financial Statements

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In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after December 31, 2021. Early adoption is permitted. IYF is currently evaluating the impact of ASU 2020-07 on its consolidated financial statements.

2. Restatement

In 2020, IYF determined that errors were made in prior years relating to the recording of grants and contributions, grants and contributions receivable, net, deferred revenue and classification of net assets. As a result, IYF restated its net asset balances as of January 1, 2020 to reflect these items in accordance with current authoritative accounting guidance.

The effect of the restatements on the December 31, 2019 consolidated net assets was as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Net assets, beginning of year, as previously stated	\$ 12,114,379	\$ 6,567,433	\$ 18,681,812
IYF correction of grants and contributions	(133,573)	8,309,785	8,176,212
Net assets, beginning of year, restated	<u>\$ 11,980,806</u>	<u>\$ 14,877,218</u>	<u>\$ 26,858,024</u>

The effect of the restatement on the 2019 consolidated change in net assets was a decrease of \$1,352,246.

3. Liquidity and Availability

IYF's goal is to maintain financial assets to meet 30 days of operating expenses (approximately \$1.6 million). Excess cash is invested in money market accounts. The following represents IYF's financial assets as of December 31, 2020:

Financial assets:	
Cash and cash equivalents	\$ 10,498,968
Promises to give	133,238
Grants and contributions receivable	5,409,534
Contracts receivable	491,999
Investments	<u>12,952,363</u>
Total financial assets	<u>29,486,102</u>
Less:	
Amounts set aside for operating reserve	5,942,329
Restrictions by donor with time or purpose restrictions	6,096,372
Quasi-endowment fund, primarily for long-term investing	3,754,981
Donor-restricted endowments	2,242,556
Promises to give to be received greater than one year	20,192
Grants and contributions receivable to be received greater than one year	<u>1,443,635</u>
	<u>19,500,065</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,986,037</u>

International Youth Foundation and Affiliates

Notes to Consolidated Financial Statements

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IYF's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowment. Income from endowments is utilized for general operating purposes. As described in Note 8, IYF has a spending policy and approximately \$198,000 of appropriation from the endowments will be available in the next 12 months. IYF's cash and cash equivalents consists of restricted cash of approximately \$1,773,000 as of December 31, 2020, as designated by the grantor in a separate interest bearing bank account.

4. Investments

Investments consist of the following as of December 31, 2020:

Equity mutual funds	\$	5,805,812
Fixed income mutual funds		2,658,103
Corporate equity securities		2,344,985
U.S. Government bonds and municipal bonds		935,614
Corporate bonds and notes		1,195,590
Private equity		12,259
		<u>12,952,363</u>
	\$	<u>12,952,363</u>

5. Grants and Contributions Receivable

Grants and contributions receivable to be collected in more than one year from the date of the donor's commitment are measured using the present value of future cash flows based on a discount rate of 4 percent. As of December 31, 2020, grants and contributions receivable are due as follows:

Due within one year	\$	3,965,899
Due within three years		<u>1,512,418</u>
		5,478,317
Less discount to present value		<u>(68,783)</u>
Total	\$	<u>5,409,534</u>

6. Promises to Give

Promises to give to be collected in more than one year from the date of the donor's commitment are measured using the present value of future cash flows based on a discount rate of 4 percent. Promises to give as of December 31, 2020, consist of the following:

Promises to give	\$	134,046
Less discount to present value		<u>(808)</u>
	\$	<u>133,238</u>

Anticipated collections of outstanding promises to give are as follows:

Due in less than one year	\$	113,046
Due in one to five years		<u>21,000</u>
	\$	<u>134,046</u>

International Youth Foundation and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020

7. Property and Equipment

Property and equipment consist of the following as of December 31, 2020:

Furniture and equipment	\$	164,503
Leasehold improvements		54,139
		<u>218,642</u>
Less depreciation and amortization		<u>(168,291)</u>
	\$	<u>50,351</u>

Depreciation and amortization expense for the year ended December 31, 2020 was approximately \$33,000.

8. Endowment Net Assets

IYF's endowment consists of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Uniform Prudent Management of Institutional Fund Act (UPMIFA) as requiring the preservation of the fair 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, IYF classifies as net assets with perpetual donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the 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 is classified as donor-restricted net assets until those amounts are appropriated for expenditure by IYF in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, IYF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of IYF and the donor-restricted endowment fund
- General economic conditions and the possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Investment policies of IYF

Endowment net asset composition by type of fund as of December 31, 2020, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,242,556	\$ 2,242,556
Board-designated endowment funds	3,754,981	-	3,754,981
	<u>\$ 3,754,981</u>	<u>\$ 2,242,556</u>	<u>\$ 5,997,537</u>

International Youth Foundation and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020

Changes in endowment net assets for the year ended December 31, 2020, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,911,499	\$ 2,179,906	\$ 6,091,405
Contributions	-	4,272	4,272
Investments earnings	-	258,043	258,043
Amounts appropriated for expenditure	(156,518)	(199,665)	(356,183)
	(156,518)	62,650	(93,868)
Endowment net assets, end of year	<u>\$ 3,754,981</u>	<u>\$ 2,242,556</u>	<u>\$ 5,997,537</u>

Return Objectives and Risk Parameters

IYF has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to 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 IYF must hold in perpetuity or for a donor specified period, as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is long-term oriented and include assets which are not intended for current use. The primary objective is to provide for consistent long-term growth of principal, without undue exposure to risk. Investment performance is measured on a rolling five-year basis. The total return will be expected to exceed the return of a Blended Market Index that represents the target asset allocation. The total return shall exceed the U.S. Consumer Price Index +3 percent. The investment manager shall rank in the top 50 percent versus the appropriate manager universe with a similar equity exposure and with a similar investment philosophy. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, IYF relies on a total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The objectives shall be accomplished utilizing a strategy of fixed income, equities and cash equivalents in a mix, which is conducive to participation in rising markets while allowing for protection in falling markets within prudent risk constraints.

Spending Policy

The current spending policy allows IYF to take an annual distribution of up to 4 percent of the fair value of the endowment fund, calculated based on the average of the calendar year-end market values of the rolling prior three years.

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Notes to Consolidated Financial Statements

December 31, 2020

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31, 2020:

Time and purpose restriction:	
Grants and contributions receivable	\$ 4,566,146
Purpose restrictions:	
Grants	6,230,756
Donor-restricted endowment fund not yet appropriated	531,508
	<u>6,762,264</u>
Restricted in perpetuity:	
Endowment funds	1,711,048
	<u>\$ 13,039,458</u>

Net assets were released from donor restrictions through appropriation, expiration of time restrictions and/or by incurring expenses to satisfy the restricted purpose by the donor as follows for the year ended December 31, 2020:

Purpose restrictions accomplished:	
Grants	\$ 10,925,631
Donor-restricted endowment fund appropriated	199,665
	<u>\$ 11,125,296</u>

10. Retirement Plans

Retirement benefits are provided to all employees under a defined contribution plan, the Retirement Savings Plan. All participants have a fully vested interest in the employee contributions made to their accounts. Employer contributions include a variable matching contribution and nonmatching contribution, and a defined safe-harbor nonmatching contribution. IYF has no liability under the plan, other than its annual contribution, which is calculated as a percentage of employees' salaries. Retirement plan expense for the year ended December 31, 2020 was approximately \$529,000.

Retirement benefits have been provided to certain executives under a 457(b) deferred compensation plan. IYF contributes an annual contribution, which was approximately \$2,000 for the year ended December 31, 2020. This contribution was calculated as a percentage of employees' salaries in excess of IRC limitations. As of December 31, 2020, the total value of these accounts totaled approximately \$60,000 and is reported as other assets and other liabilities on the consolidated statement of financial position.

11. Contingency

IYF participates in federally assisted grant programs, which are subject to a financial and compliance audit by the federal agency or its representatives. As such, there exists a contingent liability for potential questioned costs that may result from such an audit. Management does not anticipate any significant adjustments as a result of such an audit.

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Notes to Consolidated Financial Statements

December 31, 2020

12. Fair Value Measurements

The Fair Value Measurement Topic of the FASB ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy are described below:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market-based inputs or unobservable inputs corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

To determine the appropriate levels, IYF performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. IYF had no Level 3 assets or liabilities as of December 31, 2020.

Financial assets recorded in the consolidated statement of financial position are categorized based on the inputs to the valuation technique as follows as of December 31, 2020:

<u>Asset Category</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments included in cash and cash equivalents:				
Money market funds	\$ 1,924,953	\$ -	\$ -	\$ 1,924,953
Total cash and cash equivalents	<u>\$ 1,924,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,924,953</u>
Investments:				
Equity mutual funds	\$ 5,805,812	\$ -	\$ -	\$ 5,805,812
U.S. Government bonds and municipal bonds	-	935,614	-	935,614
Corporate bonds and notes	-	1,195,590	-	1,195,590
Corporate equity securities	2,344,985	-	-	2,344,985
Fixed income mutual fund	<u>2,658,103</u>	<u>-</u>	<u>-</u>	<u>2,658,103</u>
Classified investments by fair value level	<u>\$ 10,808,900</u>	<u>\$ 2,131,204</u>	<u>\$ -</u>	12,940,104
Total measured at net asset value (a)				<u>12,259</u>
Total investments				<u>\$ 12,952,363</u>

(a) As of December 31, 2020, IYF's assets include private equity funds utilizing the net asset value (NAV) per share or its equivalent as a practical expedient to estimate the fair value of these investments. In accordance with ASC Topic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

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Notes to Consolidated Financial Statements

December 31, 2020

The money market, equity securities and mutual funds of IYF are publicly traded and are considered Level 1 items. IYF corporate and government fixed income securities (bonds) are priced based on their stated interest rates and quality ratings. The interest and quality ratings are observable at commonly quoted intervals for the full term of the instruments and are therefore considered Level 2 items.

The following table provides additional information about the investments held at NAV by major category:

<u>Investments</u>	<u>Fair Value as of December 31, 2020</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private equity investments	\$ 12,259	\$ -	None	None

13. Office Lease

IYF entered into a lease agreement on October 26, 2015, for office space. The lease commenced on March 24, 2016. The term of the lease is for ten years. IYF received nine months of free rent as a lease incentive. As of December 31, 2020, deferred rent related to this lease was approximately \$283,000.

Total future minimum lease payments are as follows:

Years ending December 31:	
2021	\$ 441,817
2022	452,862
2023	464,184
2024	475,788
2025	487,683
Thereafter	<u>124,709</u>
Total	<u>\$ 2,447,043</u>

14. Conditional Grants

As of December 31, 2020, IYF has approximately \$3,680,092 of revenue to be earned on various conditional grants from various sources of funding, including foundations and corporations. The amount is not recognized in the accompanying consolidated financial statements as such revenue is recognized over the multi-year period of each respective grant agreement, conditional upon management of IYF complying with the respective grant conditions.

15. Paycheck Protection Program

On May 3, 2020, IYF received proceeds in the amount of \$1,348,000 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying nonprofit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying nonprofit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities.

International Youth Foundation and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020

The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25 percent during the covered period. IYF initially recorded the funds as a refundable advance and will record forgiveness in accordance with guidance for conditional contributions when there is no longer measurable performance or other barrier and a right of return on the PPP loan, or when such conditions are explicitly waived.

As of December 31, 2020, IYF had expended all of the PPP funds received on qualified expenses, met all of the conditions attached to the PPP funds, and, on January 12, 2021, received notice from the SBA that forgiveness of the \$1,348,000 of the PPP proceeds was granted. Therefore, IYF has recorded the PPP funds as grant revenue of \$1,348,000 within its consolidated statement of activities for the year ended December 31, 2020.

16. Subsequent Events

IYF evaluated subsequent events through August 23, 2021, which is the date the consolidated financial statements were available to be issued.

Based on that evaluation, IYF has determined that no subsequent events have occurred, which require disclosure in the consolidated financial statements, other than the following:

On January 12, 2021, IYF received notice from the SBA that it has forgiven \$1,348,000 of the PPP proceeds.

International Youth Foundation and Affiliates

Consolidating Statement of Financial Position

December 31, 2020

	<u>IYF</u>	<u>IYF-MOR</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 7,450,267	\$ 294,728	\$ -	\$ 7,744,995
Investments	6,819,203	-	-	6,819,203
Grants and contributions receivable, net	3,965,899	-	-	3,965,899
Promises to give	113,046	-	-	113,046
Contracts receivable	418,608	73,391	-	491,999
Prepaid expenses and other current assets	621,543	-	-	621,543
Intercompany receivables	50,830	-	(50,830)	-
Total current assets	<u>19,439,396</u>	<u>368,119</u>	<u>(50,830)</u>	<u>19,756,685</u>
Noncurrent Assets				
Cash and cash equivalents	980,828	-	-	980,828
Restricted cash	1,773,145	-	-	1,773,145
Grants and contributions receivable, net	1,443,635	-	-	1,443,635
Promises to give, net	20,192	-	-	20,192
Investments	6,138,435	-	(5,275)	6,133,160
Property and equipment, net	50,351	-	-	50,351
Other assets	59,512	-	-	59,512
Total noncurrent assets	<u>10,466,098</u>	<u>-</u>	<u>(5,275)</u>	<u>10,460,823</u>
Total assets	<u>\$ 29,905,494</u>	<u>\$ 368,119</u>	<u>\$ (56,105)</u>	<u>\$ 30,217,508</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 599,522	\$ 61,928	\$ (33,317)	\$ 628,133
Accrued salaries and related benefits	720,231	241,708	-	961,939
Deferred revenue	2,323,068	112,636	-	2,435,704
Grants payable	161,283	-	-	161,283
Total current liabilities	<u>3,804,104</u>	<u>416,272</u>	<u>(33,317)</u>	<u>4,187,059</u>
Noncurrent Liabilities				
Deferred rent	283,022	-	-	283,022
Other liabilities	59,512	-	-	59,512
Intercompany payables	-	17,513	(17,513)	-
Total liabilities	<u>4,146,638</u>	<u>433,785</u>	<u>(50,830)</u>	<u>4,529,593</u>
Net Assets				
Without donor restrictions	12,719,398	(65,666)	(5,275)	12,648,457
With donor restrictions	13,039,458	-	-	13,039,458
Total net assets	<u>25,758,856</u>	<u>(65,666)</u>	<u>(5,275)</u>	<u>25,687,915</u>
Total liabilities and net assets	<u>\$ 29,905,494</u>	<u>\$ 368,119</u>	<u>\$ (56,105)</u>	<u>\$ 30,217,508</u>

International Youth Foundation and Affiliates

Consolidating Statement of Activities

Year Ended December 31, 2020

	<u>IYF</u>	<u>IYF-MOR</u>	<u>Eliminations</u>	<u>Total</u>
Change in Net Assets Without Donor Restrictions				
Support and revenue:				
Program support:				
Grants and contributions	\$ 1,348,000	\$ -	\$ -	\$ 1,348,000
Contracts	4,999,294	553,662	(95,362)	5,457,594
General support	452,030	-	-	452,030
Investment income, net of fees	105,679	-	-	105,679
Sales and fees	47,004	-	-	47,004
Other	30,032	-	-	30,032
	<u>6,982,039</u>	<u>553,662</u>	<u>(95,362)</u>	<u>7,440,339</u>
Total support and revenue without donor restrictions				
	6,982,039	553,662	(95,362)	7,440,339
Total net assets released from restrictions	<u>11,125,296</u>	<u>-</u>	<u>-</u>	<u>11,125,296</u>
Total revenues and other support without donor restrictions	<u>18,107,335</u>	<u>553,662</u>	<u>(95,362)</u>	<u>18,565,635</u>
Expenses:				
Program services	14,726,586	639,232	(95,362)	15,270,456
General and administrative	3,864,338	-	-	3,864,338
	<u>18,590,924</u>	<u>639,232</u>	<u>(95,362)</u>	<u>19,134,794</u>
Total expenses				
	18,590,924	639,232	(95,362)	19,134,794
Change in net assets without donor restrictions and before other items	(483,589)	(85,570)	-	(569,159)
Other items:				
Realized and unrealized gains on investments, net	1,247,607	-	-	1,247,607
Foreign currency translation adjustment losses, net	(10,797)	-	-	(10,797)
	<u>753,221</u>	<u>(85,570)</u>	<u>-</u>	<u>667,651</u>
Change in net assets without donor restrictions				
	753,221	(85,570)	-	667,651
Net Assets Without Donor Restrictions, Beginning, as Restated	<u>11,966,177</u>	<u>19,904</u>	<u>(5,275)</u>	<u>11,980,806</u>
Net Assets Without Donor Restrictions, Ending	<u>\$ 12,719,398</u>	<u>\$ (65,666)</u>	<u>\$ (5,275)</u>	<u>\$ 12,648,457</u>

International Youth Foundation and Affiliates

Consolidating Statement of Activities

Year Ended December 31, 2020

	<u>IYF</u>	<u>IYF-MOR</u>	<u>Eliminations</u>	<u>Total</u>
Change in Net Assets With Donor Restrictions				
Support and revenue:				
Program support:				
Grants and contributions	\$ 9,127,572	\$ -	\$ -	\$ 9,127,572
General support	2,688	-	-	2,688
Investment income, net of fees	8,944	-	-	8,944
	<u>9,139,204</u>	<u>-</u>	<u>-</u>	<u>9,139,204</u>
Total support and revenue with donor restrictions	9,139,204	-	-	9,139,204
Total net assets released from restrictions	<u>(11,125,296)</u>	<u>-</u>	<u>-</u>	<u>(11,125,296)</u>
Total revenues and other support with donor restrictions	(1,986,092)	-	-	(1,986,092)
Other items:				
Realized and unrealized gains on sales of investments, net	249,099	-	-	249,099
Foreign currency translation adjustment losses, net	<u>(100,767)</u>	<u>-</u>	<u>-</u>	<u>(100,767)</u>
Change in net assets with donor restrictions	(1,837,760)	-	-	(1,837,760)
Net Assets With Donor Restrictions, Beginning, as Restated	<u>14,877,218</u>	<u>-</u>	<u>-</u>	<u>14,877,218</u>
Net Assets With Donor Restrictions, Ending	<u>\$ 13,039,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,039,458</u>
Change in Total Net Assets	\$ (1,084,539)	\$ (85,570)	\$ -	\$ (1,170,109)
Total Net Assets, Beginning	<u>26,843,395</u>	<u>19,904</u>	<u>(5,275)</u>	<u>26,858,024</u>
Total Net Assets, Ending	<u>\$ 25,758,856</u>	<u>\$ (65,666)</u>	<u>\$ (5,275)</u>	<u>\$ 25,687,915</u>

International Youth Foundation and Affiliates

Schedule of Cash Receipts and Expenditures - Project Skills for Life South Africa
Current Report on Period: January 1, 2020 to December 31, 2020

Cash Receipts

Amount Remaining from Prior Year	\$ 158,744
Cash Receipts 2020, Embassy of Ireland	<u>347,976</u>
Total cash receipts	<u>506,720</u>

Expenditures

Management and quality assurance staff	30,874
Program implementation staff	74,848
Travel and transportation	10,298
Project supplies	1,009
Consultants	81,524
Project office costs	16,009
Overhead	<u>40,094</u>
Total expenditures	<u>254,656</u>

Amount Remaining as of December 31, 2020	<u><u>\$ 252,064</u></u>
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International Youth Foundation and Affiliates

Schedule of Cash Receipts and Expenditures - Project Skills for Prosperity Programme

Current Report on Period: January 1, 2020 to December 31, 2020

Cash Receipts 2020, DFID	\$ 460,752
Expenditures	
Project personnel	227,603
Grants to partners	16,709
Contracts and consultants	116,686
Travel and transportation	14,454
Project supplies and office costs	22,881
Overhead	62,403
	<hr/>
Total expenditures	\$ 460,736