



AMERICAN YOUTH FOUNDATION

FINANCIAL STATEMENTS and SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019



Vredeveld Haefner LLC
CPAs and Consultants

AMERICAN YOUTH FOUNDATION

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INDEPENDENT AUDITORS' REPORT

May 21, 2021

Board of Directors
American Youth Foundation
Shelby, Michigan

We have audited the accompanying financial statements of the American Youth Foundation (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Youth Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program service revenue and net assets released for scholarships on page 19 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Uredaxeld Haefner LLC

AMERICAN YOUTH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 and 2019

Assets	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 1,532,887	\$ 2,432,278
Accounts receivable, net	-	18,710
Inventory	52,417	57,805
Unconditional promises to give		
Due within one year	2,600	6,232
Prepaid expenses	<u>47,720</u>	<u>57,567</u>
 Total current assets	 <u>1,635,624</u>	 <u>2,572,592</u>
 Long-term assets		
Investments - donor purpose restriction and unrestricted	25,351,676	22,590,421
Investments - Board designated	10,231,435	9,649,729
Investments - perpetual restriction	860,680	860,330
Property and equipment, net	<u>9,239,674</u>	<u>9,313,799</u>
 Total long-term assets	 <u>45,683,465</u>	 <u>42,414,279</u>
 Total assets	 <u>\$ 47,319,089</u>	 <u>\$ 44,986,871</u>
 Liabilities		
Accounts payable	\$ 53,443	\$ 281,598
Accrued liabilities	43,151	72,760
Deferred revenue	<u>448,732</u>	<u>516,441</u>
 Total liabilities (all current)	 <u>545,326</u>	 <u>870,799</u>
 Net assets		
Without donor restriction		
Investment in property and equipment	9,239,674	9,313,799
Board designated	10,434,985	9,843,279
Undesignated	<u>538,094</u>	<u>1,187,195</u>
Total without donor restriction	<u>20,212,753</u>	<u>20,344,273</u>
With donor restriction		
Purpose restriction	25,697,830	22,906,869
Time restriction	2,500	4,600
Perpetual restriction	<u>860,680</u>	<u>860,330</u>
Total with donor restriction	<u>26,561,010</u>	<u>23,771,799</u>
 Total net assets	 <u>46,773,763</u>	 <u>44,116,072</u>
 Total liabilities and net assets	 <u>\$ 47,319,089</u>	 <u>\$ 44,986,871</u>

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

AMERICAN YOUTH FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	2020		<u>Total</u>
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	
Revenue and support			
Program fees:			
Camps	\$ 3,470	\$ -	\$ 3,470
Conferences	100	-	100
Community and school programs	29,320	-	29,320
Financial aid and discounts	-	-	-
Other program service	<u>46,960</u>	-	<u>46,960</u>
Net program service	<u>79,850</u>	-	<u>79,850</u>
PPP loan forgiven	626,500	-	626,500
Grants and contributions	<u>739,588</u>	<u>1,676,595</u>	<u>2,416,183</u>
Total Grants and Contributions	<u>1,366,088</u>	<u>1,676,595</u>	<u>3,042,683</u>
Investment income:			
Interest and dividends	184,436	442,131	626,567
Realized gain (loss) on investments	441,602	1,091,056	1,532,658
Unrealized gain (loss) on investments	<u>255,899</u>	<u>639,561</u>	<u>895,460</u>
Total investment income	<u>881,937</u>	<u>2,172,748</u>	<u>3,054,685</u>
Miscellaneous income	-	-	-
Total revenue and support	2,327,875	3,849,343	6,177,218
Net assets released from restriction scholarships	-	-	-
Net assets released from time restriction	-	-	-
Net assets released from restriction other	<u>1,060,132</u>	<u>(1,060,132)</u>	-
Total revenue, support and release	<u>3,388,007</u>	<u>2,789,211</u>	<u>6,177,218</u>
Expenses			
Program services:			
Camps	779,225	-	779,225
Conferences	59,518	-	59,518
Community and school programs	473,577	-	473,577
Facilities and operations	<u>1,544,698</u>	-	<u>1,544,698</u>
Total program services	2,857,018	-	2,857,018
General and administrative	349,129	-	349,129
Fundraising	<u>313,380</u>	-	<u>313,380</u>
Total expenses	<u>3,519,527</u>	-	<u>3,519,527</u>
Change in net assets	(131,520)	2,789,211	2,657,691
Net assets, beginning of year	<u>20,344,273</u>	<u>23,771,799</u>	<u>44,116,072</u>
Net assets, end of year	<u>\$ 20,212,753</u>	<u>\$ 26,561,010</u>	<u>\$ 46,773,763</u>

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

2019		
Without Donor Restriction	With Donor Restriction	Total
\$ 3,903,205	\$ -	\$ 3,903,205
204,255	-	204,255
925,596	-	925,596
(905,452)	-	(905,452)
<u>116,892</u>	<u>-</u>	<u>116,892</u>
<u>4,356,567</u>	<u>-</u>	<u>4,244,496</u>
-	-	-
<u>573,271</u>	<u>278,032</u>	<u>851,303</u>
<u>573,271</u>	<u>278,032</u>	<u>851,303</u>
249,951	574,531	824,482
284,657	687,537	972,194
<u>1,157,396</u>	<u>2,787,375</u>	<u>3,944,771</u>
<u>1,692,004</u>	<u>4,049,443</u>	<u>5,741,447</u>
<u>500</u>	<u>-</u>	<u>500</u>
6,510,271	4,327,475	10,837,746
557,833	(557,833)	-
53,388	(53,388)	-
<u>724,933</u>	<u>(724,933)</u>	<u>-</u>
<u>7,846,425</u>	<u>2,991,321</u>	<u>10,837,746</u>
2,833,931	-	2,833,931
151,869	-	151,869
1,101,765	-	1,101,765
<u>1,933,952</u>	<u>-</u>	<u>1,933,952</u>
6,021,517	-	6,021,517
432,076	-	432,076
<u>452,212</u>	<u>-</u>	<u>452,212</u>
<u>6,905,805</u>	<u>-</u>	<u>6,905,805</u>
940,620	2,991,321	3,931,941
<u>19,403,653</u>	<u>20,780,478</u>	<u>40,184,131</u>
<u>\$ 20,344,273</u>	<u>\$ 23,771,799</u>	<u>\$ 44,116,072</u>

AMERICAN YOUTH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Camp Programs			Conference Programs	Community and School Programs			Other Program Services - Facilities and Operations					General and Administrative	General Fundraising	Total
	Miniwanca	Merrowvista	Total	National Leadership Conference	Miniwanca	Merrowvista	Total	Nonoperating	Michigan	New Hampshire	Total				
Cost of Sales	\$ 600	\$ -	\$ 600	\$ 10,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,876	\$ 18,878
Personnel															
Salaries and wages	247,932	128,655	376,587	16,194	95,012	93,170	188,182	150,637	247,383	240,959	638,979	244,699	154,809	1,619,450	
Employee benefits	85,055	80,319	165,374	10,011	67,813	48,973	116,786	50,854	47,268	35,639	133,761	29,439	55,699	511,070	
Travel and staff development	512	739	1,251	1,105	315	1,240	1,555	-	415	3	418	20,420	1,964	26,713	
Food Services	1,600	1,374	2,974	356	1,601	8,148	9,749	-	-	2	2	-	-	13,081	
Supplies															
Direct program	6,622	4,190	10,812	7,252	3,732	1,359	5,091	-	12	7	19	1	-	23,175	
Medical, training, and office	6,962	7,493	14,455	2,278	4,400	3,818	8,218	-	726	806	1,532	262	15,741	42,486	
Janitorial and other	2,040	394	2,434	423	2,040	686	2,726	-	90	72	162	-	-	5,745	
Facilities															
Utilities	24,438	14,093	38,531	3,505	24,439	8,968	33,407	-	6,560	2,530	9,090	-	2,475	87,008	
Rental	1,380	2,435	3,815	167	1,170	1,549	2,719	-	279	443	722	-	1,460	8,883	
Maintenance and repair	10,707	12,294	23,001	1,512	24,683	7,748	32,431	-	8,899	6,595	15,494	1,943	729	75,110	
Professional and consulting	4,555	4,894	9,449	518	2,012	3,584	5,596	-	584	1,024	1,608	32,767	42,946	92,884	
Other expenses															
Bank charges	23,954	15,052	39,006	756	-	-	-	-	-	-	-	7,517	4,437	51,716	
Property/casualty insurance	11,496	15,054	26,550	1,642	11,496	9,580	21,076	74,045	2,738	2,738	79,521	-	1,013	129,802	
Communications	22,782	34,419	57,201	3,257	22,781	21,558	44,339	-	5,425	5,934	11,359	912	14,474	131,542	
Postage and delivery	32	664	696	4	31	445	476	-	(41)	140	99	665	7,632	9,572	
Advertising and promotion	4,070	2,419	6,489	136	539	687	1,226	-	2,045	2,072	4,117	-	2,125	14,093	
Taxes and licenses	-	-	-	-	-	-	-	-	7,058	4,200	11,258	182	-	11,440	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	10,322	-	10,322	
Depreciation	-	-	-	-	-	-	-	103,520	404,701	128,336	636,557	-	-	636,557	
Total expenses	\$ 454,737	\$ 324,488	\$ 779,225	\$ 59,518	\$ 262,064	\$ 211,513	\$ 473,577	\$ 379,056	\$ 734,142	\$ 431,500	\$ 1,544,698	\$ 349,129	\$ 313,380	\$ 3,519,527	

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

AMERICAN YOUTH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Camp Programs			Conference Programs	Community and School Programs			Other Program Services - Facilities and Operations					General and Administrative	General Fundraising	Total
	Miniwanca	Merrowvista	Total	National Leadership Conference	Miniwanca	Merrowvista	Total	Nonoperating	Michigan	New Hampshire	Total				
Cost of Sales	\$ 18,567	\$ -	\$ 18,567	\$ 11,531	\$ -	\$ -	\$ -	\$ -	\$ 29,354	\$ -	\$ 29,354	\$ -	\$ 91,935	\$ 151,387	
Personnel															
Salaries and wages	648,401	587,641	1,236,042	26,576	171,524	236,245	407,769	92,163	335,649	326,245	754,057	252,954	141,569	2,818,967	
Employee benefits	131,566	112,543	244,109	7,178	44,236	75,452	119,688	23,439	85,050	77,690	186,179	40,991	44,041	642,186	
Travel and staff development	54,480	54,968	109,448	30,396	10,607	14,181	24,788	-	14,244	5,784	20,028	30,136	15,337	230,133	
Food Services	116,551	117,586	234,137	24,775	112,245	78,746	190,991	-	319	657	976	-	-	450,879	
Supplies															
Direct program	166,348	142,566	308,914	14,701	18,816	23,786	42,602	-	66	2,167	2,233	173	831	369,454	
Medical, training, and office	9,602	10,928	20,530	1,272	9,602	6,926	16,528	-	2,586	2,205	4,791	66	33,419	76,606	
Janitorial and other	7,360	5,723	13,083	8,274	7,360	2,068	9,428	8,768	439	398	9,605	-	243	40,633	
Equipment															
Rental	38,093	32,063	70,156	-	5,667	-	5,667	-	-	-	-	-	-	75,823	
Facilities															
Utilities	45,616	42,953	88,569	6,553	45,617	26,197	71,814	-	17,547	8,453	26,000	-	4,026	196,962	
Rental	2,573	2,925	5,498	246	1,700	1,862	3,562	-	395	532	927	-	1,414	11,647	
Maintenance and repair	133,232	72,915	206,147	8,954	56,693	31,226	87,919	-	125,749	10,895	136,644	2,976	3,364	446,004	
Professional and consulting	4,974	12,261	17,235	790	4,999	6,405	11,404	-	12,462	2,899	15,361	80,640	38,692	164,122	
Other expenses															
Bank charges	49,986	35,728	85,714	2,080	16	-	16	-	140	73	213	6,650	5,193	99,866	
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	43,133	43,133	
Property/casualty insurance	36,352	37,355	73,707	1,921	20,629	19,114	39,743	70,436	3,201	3,517	77,154	-	3,581	196,106	
Communications	38,473	46,285	84,758	5,307	37,007	29,125	66,132	-	9,620	8,462	18,082	2,893	18,025	195,197	
Postage and delivery	132	738	870	19	132	470	602	-	43	1,658	1,701	2,626	5,377	11,195	
Advertising and promotion	9,970	5,177	15,147	1,296	809	1,953	2,762	-	137	124	261	-	2,032	21,498	
Taxes and licenses	-	-	-	-	-	350	350	-	7,829	4,700	12,529	75	-	12,954	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	11,896	-	11,896	
Depreciation	-	1,300	1,300	-	-	-	-	79,914	431,692	126,251	637,857	-	-	639,157	
Total expenses	\$ 1,512,276	\$ 1,321,655	\$ 2,833,931	\$ 151,869	\$ 547,659	\$ 554,106	\$ 1,101,765	\$ 274,720	\$ 1,076,522	\$ 582,710	\$ 1,933,952	\$ 432,076	\$ 452,212	\$ 6,905,805	

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

AMERICAN YOUTH FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 2,657,691	\$ 3,931,941
Adjustments to reconcile change in net assets to net cash provided (used in) operating activities:		
Depreciation	636,557	639,157
Contributions restricted for long-term purposes	(350)	-
Donated investments	(1,768,683)	(45,409)
Realized (gain) loss on investments	(1,532,658)	(972,194)
Unrealized (gain) loss on investments	(895,460)	(3,944,771)
Changes in operating assets and liabilities which provided (used) cash:		
Receivables	22,342	81,460
Inventory	5,388	(19,709)
Prepaid expenses	9,847	36,821
Accounts payable	(228,155)	87,795
Accrued liabilities	(29,609)	4,151
Deferred revenue	(67,709)	95,363
	(1,190,799)	(105,395)
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Proceeds from sales of investments	6,814,737	1,415,762
Cash used to purchase investments	(5,852,524)	(705,722)
Investment fees	(110,133)	(107,497)
Purchases of property and equipment	(560,672)	(312,991)
	291,408	289,552
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	(899,391)	184,157
Cash and cash equivalents, beginning of year	2,432,278	2,248,121
Cash and cash equivalents, end of year	\$ 1,532,887	\$ 2,432,278

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

AMERICAN YOUTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

1. NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The American Youth Foundation (the “Foundation”) is a national, not-for-profit youth development organization with centers in Michigan and New Hampshire. The Foundation also maintains a developmental office in St. Louis, Missouri. The American Youth Foundation inspires people to discover and develop their personal best, to seek balance in mental, physical, social and spiritual living and to make a positive difference in their communities and in the wider world. The Foundation is an equal opportunity employer committed to ensuring that staff and participants come from diverse backgrounds. Below are the major service categories and the related programs:

Camps

Summer Camps – As a leader in youth development, the Foundation inspires people to be their best selves. They achieve this by creating a fun and safe environment where campers learn new skills and make new friends. Campers ages 8-17 will find a progression of age appropriate adventures and opportunities waiting for them. The philosophy of “Best Self”, “Balanced Living” and “Healthy Friendships” is intentionally interwoven throughout the camp experiences.

Conferences

American Youth Foundation National Leadership Conferences – Since 1925, young people ages 15-18 from high schools around the world have come together at the National Leadership Conference to discover their personal best and develop their leadership skills needed to make a difference in their homes, schools, communities and in the wider world.

Participants will find themselves living in a dynamic, diverse community where they are encouraged to open their mind to new ways of seeing themselves and others. They will take on real challenges and meaningful responsibility as they live and learn with other young leaders. Using time-tested curriculum relevant to today’s young people, they will participate in large group and small group activities. These activities are specifically designed to provide opportunity to both learn and practice leadership skills essential for any of life’s vocations.

National Leadership Award – The American Youth Foundation’s National Leadership Award is a unique opportunity to honor extraordinary young people for their character and leadership. The award recognizes youth ages 15-18 years old who strive to be their personal best and make a positive difference in their schools, youth groups, 4-H clubs and communities.

Community and School Programs

Community and School Programs – The Foundation’s Community and School Programs serve thousands of youth, educators and youth advocates through programs designed to promote the discovery and development of the Foundation’s core concepts: Best Self, Balanced Living and Positive Relationships. As a leader in the field of Positive Youth Development, we seek to provide youth with opportunities to identify and accentuate their personal assets and translate those assets into productive components of their lives.

Other Program Services

The Foundation conducts various activities that support its primary program services. Included are charter transportation used to transport participants to various Foundation program sites and other facility costs.

AMERICAN YOUTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

General and Administrative

Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Foundation's program strategy, secure proper administrative functions of the Board of Directors, maintain component legal services for the program administration of the Foundation and manage the financial and budgetary responsibilities of the Foundation.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, organizations and corporations.

Program Service Revenue and COVID-19

Due to state, local and industry guidance regarding COVID-19 no camps, and minimal other participant programs, occurred during 2020. For 2021 a single three-week session, limited in size will be held at each camp location. Other participant programming is also limited for 2021 to maintain the safety of staff and program participants.

Basis of Accounting/Presentation

The Foundation financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United State of America (GAAP). GAAP requires the Foundation to report information regarding its financial position and activities according to two classes of net assets depending on the existence or absence of donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks and cash on hand. The Foundation maintains demand deposits in banks that are insured by the Federal Deposit Insurance Corporation up to the legal limit. Management believes the Foundation is not exposed to any significant interest rate or other risk on these deposits.

Investments

Investments are carried at fair value as determined by quoted market prices. Realized and unrealized gains and losses, if any, are included as changes in net assets in the accompanying statement of activities.

AMERICAN YOUTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, such as the reporting entity's own data.

For assets and liabilities recorded at fair value, it is the Foundation's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements for those financial instruments for which there is an active market. In cases where the market for a financial asset or liability is not active, the Foundation includes appropriate risk adjustments that market participants would make for nonperformance and liquidity risks when developing fair value measurements. Fair value measurements for assets and liabilities for which limited or no observable market data exists are accordingly based primarily upon estimates and are often calculated based on the economic and competitive environment, the characteristics of the asset or liability and other factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values. For a further discussion of fair value measurements, refer to Note 3.

Accounts Receivable and Unconditional Promises to Give

Unconditional promises to give consist of pledged donations from various corporations, foundations and individuals. Many of these donations have been restricted by time and use for facility needs. Unconditional promises to give are recognized as revenues in the period the promises are received. Accounts receivable and unconditional promises to give are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of its credit history with customers and donors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Receivables deemed to be uncollectable by management are expensed when they are determined to be uncollectable.

Inventory

Inventory consists of books held for sale in conjunction with the National Leadership Program. Inventory is stated at cost using the first in, first-out method of inventory accounting.

Prepaid Expenses

Payments to vendors for services that will benefit periods beyond the Foundation's year-end are recorded as prepaid expenses.

Property and Equipment and Depreciation

Facilities and equipment acquired are recorded at cost, if purchased, or at fair value, if donated. Management's policy is to capitalize individual assets or groups of assets which will be used together as a system with a cost of \$2,500 or greater and estimated lives of three years or more. Expenditures for repairs or maintenance that do not extend the useful lives of capital assets are expensed. The costs of improvements are capitalized and depreciated over the remaining useful lives of the related capital asset. Depreciation is recorded using the straight-line method over periods ranging from 3 to 40 years.

AMERICAN YOUTH FOUNDATION

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Management annually reviews these assets to determine whether the carrying values have been impaired and useful lives are reasonable.

Deferred Revenue

Deferred revenue results primarily from deposits received in advance for camp and program enrollment.

Contributions

Contributions received are recorded as contributions without donor restrictions and with donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, net asset with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restriction.

Revenue Recognition

Program service fees, excluding contributions, are billed to individuals and organizations. Revenues are generally recognized on a monthly basis as the services are provided.

Functional Allocation of Expenses

Expenses are charged to program services and supporting activities by specific identification where possible. Common costs have been allocated among the programs and supporting services based on the benefits receive by each activity. Methods for allocating common cost include allocation based on direct wages, program participants and other factors.

Donated Services, Facilities and Supplies

Certain professional services are donated to the Foundation by various organizations and individuals. Since these donated services meet the criteria for recognition, they are recorded at fair value at the date of donation. In addition, a substantial number of volunteers have donated a significant amount of their time to the Foundation's programs. However such donated services have not been recorded because they do not meet criteria for recognition.

Various facilities and supplies are donated to the Foundation. These items are recorded as contributions at their respective estimated fair values at the date of the donation.

Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes in the accompanying financial statements. As of December 31, 2020, the years 2017 through 2019 remain subject to examination by major taxing jurisdictions. The Foundation has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements.

Subsequent Events

In preparing these financial statements, management has evaluated significant events and transactions for potential recognition or disclosure subsequent to December 31, 2020 and through the auditors' report date, the date the financial statements were available to be issued. On February 1, 2021 the Foundation secured a second loan through the Paycheck Protection Program (PPP) which was established to provide COVID-19 relief. The loan amounted to \$874,541 and can be forgiven if certain conditions are met.

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FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation had the following financial assets available within one year of the balance sheet dates to provide for general operations:

<u>Account</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$1,532,887	\$2,432,278
Accounts receivable, net	-	18,710
Unconditional promises to give	2,600	6,232
Investments	36,443,791	33,100,480
Less net assets with donor restrictions included above:		
Purpose restriction	(25,697,833)	(22,906,869)
Time restriction	(2,500)	(4,600)
Perpetual restriction	(860,680)	(860,330)
Less net assets without donor restriction included above:		
Board designated – available for Board appropriation	(10,434,985)	(9,843,279)
 Total	 <u>\$ 983,280</u>	 <u>\$1,942,622</u>

As part of its liquidity management, the Foundation collects donations and seasonal camp, conference and community and school fees that support general operations. In addition, net assets without donor restrictions (Board designated) and net assets with donor restrictions including purpose and time restrictions are typically available for appropriation and expenditure based on Foundation policy and donor restrictions.

3. INVESTMENTS AND FAIR VALUE MEASUREMENT

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments measured at fair value at December 31:

<u>2020</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds and cash	\$ 145,315	\$ 145,315	\$ -	\$ -
Equity mutual funds	25,990,537	25,990,537	-	-
Fixed income mutual funds	10,307,939	10,307,939	-	-
	<u>\$36,443,791</u>	<u>\$36,443,791</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds and cash	\$ 110,323	\$ 110,323	\$ -	\$ -
Equity mutual funds	23,910,432	23,910,432	-	-
Fixed income mutual funds	9,079,725	9,079,725	-	-
	<u>\$33,100,480</u>	<u>\$33,100,480</u>	<u>\$ -</u>	<u>\$ -</u>

Fair value is defined by generally accepted accounting principles as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

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In addition to defining fair value, accounting standards establish a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - inputs are unadjusted quoted market prices in active markets for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - inputs to the valuation methodology include:

- a) quoted prices for similar assets and liabilities in active markets
- b) quoted prices for identical or similar assets and liabilities in markets that are not active
- c) other inputs that are observable or can be corroborated by observable market data
- d) inputs that are derived from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs are generally unobservable and significant to the fair value measurement. Such inputs typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability, including certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

4. CAMPAIGN PLEDGES RECEIVABLE

Unconditional promises to give received from the fund drive consist of the following:

	<u>2020</u>	<u>2019</u>
Receivable due in less than one year	\$2,600	\$6,232
Receivable due in two to four years	-	-
	<hr/>	<hr/>
Unconditional promises to give	2,600	6,232
Less: discount to net present value	-	-
	<hr/>	<hr/>
Unconditional promises to give, net	\$2,600	\$6,232
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

5. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,242,668	\$ 1,242,668
Construction in progress	727,659	223,824
Land and leasehold improvements	1,835,703	1,835,703
Buildings and improvements	17,651,499	17,615,999
Vehicles	496,227	474,013
Equipment	848,300	848,300
Total property and equipment	22,802,056	22,240,507
Less: accumulated depreciation and amortization	13,562,382	12,926,708
Property and equipment, net	<u>\$9,239,674</u>	<u>\$9,313,799</u>

6. ENDOWMENT FUNDS AND NET ASSETS

The Foundation's endowment funds consist of a combination of select net assets with donor restrictions and board designated net assets without donor restrictions.

Interpretation of Relevant Law

The Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date for donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (perpetually restricted) (a) the original value of gifts required to be held in perpetuity, (b) the original value of subsequent gifts required to be held in perpetuity (c) the accumulations to net assets with donor restrictions perpetually restricted required to be maintained in perpetuity as required by the donor's gift instrument. The remaining portion of the net assets with donor restrictions included in the endowment fund are donor restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate funds:

- The duration and preservation of the fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

AMERICAN YOUTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

Following is the composition of Foundation's net assets as of December 31:

	<u>Endowment Funds</u>				
	<u>Net Assets Without Donor Restrictions</u>			<u>Net Assets Without Donor Restrictions</u>	
	<u>Board Designated</u>	<u>Purpose Restriction</u>	<u>Perpetual Restriction</u>	<u>Board Designated</u>	<u>Purpose/Time Restricted</u>
2020					
Capital projects and infrastructure	\$10,085,818	\$14,449,442	\$ 28,197	\$254,115	\$167,454
Scholarships	66,187	810,095	710,572	-	130,555
Environmental awareness	-	159,210	-	-	-
Leadership	-	1,311,850	20,000	-	19,237
General operations	89,430	66,725	-	(60,565)	101,521
Strategic activity	-	8,541,713	101,911	-	(57,472)
Total	\$10,241,435	\$25,339,035	\$860,680	\$193,550	\$361,295

	<u>Endowment Funds</u>				
	<u>Net Assets Without Donor Restrictions</u>			<u>Net Assets Without Donor Restrictions</u>	
	<u>Board Designated</u>	<u>Purpose Restriction</u>	<u>Perpetual Restriction</u>	<u>Board Designated</u>	<u>Purpose/Time Restricted</u>
2019					
Capital projects and infrastructure	\$9,499,137	\$13,216,144	\$ 28,197	\$254,115	\$122,686
Scholarships	66,187	560,479	710,222	-	460,584
Environmental awareness	-	139,075	-	-	-
Leadership	-	18,657	20,000	-	34,539
General operations	84,405	71,914	-	(60,565)	(2,226)
Campaign	-	457,675	-	-	(240,264)
Strategic activity	-	8,125,082	101,911	-	(57,476)
Total	\$9,649,729	\$22,589,026	\$860,330	\$193,550	\$317,843

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FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

Following are the changes in endowment net assets for the years ended December 31:

	Endowment Funds		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	
	<u>Board Designated</u>	<u>Purpose Restriction</u>	<u>Perpetual Restriction</u>
Net assets, January 1, 2019	\$8,429,557	\$19,418,335	\$860,330
Investment return			
Investment income, net of expense	238,460	574,531	-
Realized and unrealized gain (loss)	1,442,267	3,474,911	-
Contributions	-	-	-
Reclassification		(125,401)	-
Release of assets for expenditure	(460,555)	(753,350)	-
Net assets, December 31, 2019	\$9,649,729	\$22,589,026	\$860,330
Investment return			
Investment income, net of expense	171,728	442,131	-
Realized and unrealized gain (loss)	697,501	1,730,617	-
Contributions	-	1,195,980	350
Reclassification	-	210,788	-
Release of assets for expenditure	(277,613)	(829,507)	-
Net assets, December 31, 2020	\$10,241,345	\$25,339,035	\$860,680

Earnings on net assets with donor perpetual restrictions are reported as income of net assets with donor purpose restrictions. Realized and unrealized gain/(loss) is not separately tracked for net assets of each endowment and non-endowment account. Realized and unrealized gain/(loss) are allocated for purposes of the financial statements and above disclosure between classes of net assets based on year-end investment income balances.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA require the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2020.

Return Objectives and Risk Parameters

The principal objectives of the Foundation's investment program applies to all investments, both restricted and unrestricted, and are stated as follows: 1) preservation of capital on an absolute basis, 2) generation of income to fulfill the charitable purpose of the Foundation and 3) provide market equivalent return on investment.

AMERICAN YOUTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation policy 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 Foundation targets a diversified asset allocation that is designed to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year no more than 5 percent of its investment's average fair value over the prior 5 years average market value. In establishing this policy, the Foundation considered the long-term expected return on its investments. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

7. RETIREMENT PLAN

The Foundation offers a Simple IRA plan to all full-time employees. The plan allows the participants to make contributions to the plan through salary deferrals. The plan also provides for employer matching contributions to a maximum of 3% of eligible compensation. For 2020 and 2019, the Foundation's contributions to the plan were \$39,942 and \$44,668 respectively.

8. PAYCHECK PROTECTION PROGRAM LOAN

During 2020 the Foundation secured a loan through the Paycheck Protection Program (PPP) which was established to provide COVID-19 relief. The loan amounted to \$626,500 and can be forgiven if certain conditions are met. Through December 31, 2020, management believes they have met the criteria to obtain forgiveness of the loan and has recognized the PPP loan as PPP loan forgiven revenue at December 31, 2020.

Subsequent to year end, the Foundation completed an application seeking forgiveness of the loan. The lending agency notified the Foundation that the PPP loan was fully forgiven during February, 2021.

9. RELATED PARTY TRANSACTIONS

Approximately 3% and 21% of total grants and contribution revenues received during 2020 and 2019, respectively, were from individuals and organizations related to Board members.

10. RISK MANAGEMENT

The Foundation is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. Management estimates approximately 40% of its buildings and improvements are self-insured for property damage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

AMERICAN YOUTH FOUNDATION

SCHEDULE OF PROGRAM SERVICE REVENUE AND NET ASSETS RELEASED FOR SCHOLARSHIPS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Camp Programs			Conference Programs	Community and School Programs			Administration	Grand	Total
	<u>Miniwanca</u>	<u>Merrowvista</u>	<u>Total</u>	<u>National Leadership Conference</u>	<u>Miniwanca</u>	<u>Merrowvista</u>	<u>Total</u>			
Program fees										
Regular	\$ 800	\$ 2,670	\$ 3,470	\$ 100	\$ -	\$ 29,320	\$ 29,320	\$ -	\$	32,890
Less										
Financial aid and discounts	-	-	-	-	-	-	-	-	-	-
Net tuition	800	2,670	3,470	100	-	29,320	29,320	-		32,890
Other program service fees	16,891	668	17,559	29,205	-	-	-	196		46,960
Net assets released from restriction for scholarships	-	-	-	-	-	-	-	-	-	-
Total	\$ 17,691	\$ 3,338	\$ 21,029	\$ 29,305	\$ -	\$ 29,320	\$ 29,320	\$ 196	\$	79,850