



# **AMERICAN YOUTH FOUNDATION**

## **FINANCIAL STATEMENTS and SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020**



Vredeveld Haefner LLC  
CPAs and Consultants

# AMERICAN YOUTH FOUNDATION

## TABLE OF CONTENTS

---

	<u>Page</u>
<b>Independent Auditors' Report</b>	1-2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-18
<b>Supplementary Information</b>	
Schedule of Program Service Revenue and Net Assets Released for Scholarships	19



## Vredeveld Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Peter S. Haefner, CPA  
(616) 460-9388

### INDEPENDENT AUDITORS' REPORT

May 9, 2022

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Youth Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the American Youth Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the American Youth Foundation's ability to continue as a going concern for a reasonable period of time.

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

#### **Report on Supplementary Information**

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.

*Urodeheld Haefner LLC*

**AMERICAN YOUTH FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 and 2020**

<b>Assets</b>	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 1,672,779	\$ 1,532,887
Inventory	50,157	52,417
Unconditional promises to give		
Due within one year	17,000	2,600
Prepaid expenses	<u>46,217</u>	<u>47,720</u>
 Total current assets	 <u>1,786,153</u>	 <u>1,635,624</u>
 Long-term assets		
Investments - donor purpose restriction and unrestricted	28,595,029	25,351,676
Investments - Board designated	13,328,504	10,231,435
Investments - perpetual restriction	860,830	860,680
Property and equipment, net	<u>8,767,428</u>	<u>9,239,674</u>
 Total long-term assets	 <u>51,551,791</u>	 <u>45,683,465</u>
 <b>Total assets</b>	 <b><u>\$ 53,337,944</u></b>	 <b><u>\$ 47,319,089</u></b>
 <b>Liabilities</b>		
Accounts payable	\$ 80,998	\$ 53,443
Accrued liabilities	84,887	43,151
Deferred revenue	<u>304,879</u>	<u>448,732</u>
 <b>Total liabilities (all current)</b>	 <b><u>470,764</u></b>	 <b><u>545,326</u></b>
 <b>Net assets</b>		
Without donor restriction		
Investment in property and equipment	8,767,428	9,239,674
Board designated	13,665,844	10,434,985
Undesignated	<u>423,175</u>	<u>538,094</u>
Total without donor restriction	<u>22,856,447</u>	<u>20,212,753</u>
With donor restriction		
Purpose restriction	29,132,903	25,697,830
Time restriction	17,000	2,500
Perpetual restriction	<u>860,830</u>	<u>860,680</u>
Total with donor restriction	<u>30,010,733</u>	<u>26,561,010</u>
 Total net assets	 <u>52,867,180</u>	 <u>46,773,763</u>
 <b>Total liabilities and net assets</b>	 <b><u>\$ 53,337,944</u></b>	 <b><u>\$ 47,319,089</u></b>

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

# AMERICAN YOUTH FOUNDATION

## STATEMENT OF ACTIVITIES

**FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020**

	2021		<u>Total</u>
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	
<b>Revenue and support</b>			
Program fees:			
Camps	\$ 1,328,548	\$ -	\$ 1,328,548
Conferences	13,600	-	13,600
Community and school programs	66,955	-	66,955
Financial aid and discounts	(216,619)	-	(216,619)
Other program service	41,561	-	41,561
Net program service	<u>1,234,045</u>	<u>-</u>	<u>1,234,045</u>
PPP loan forgiven	874,542	-	874,542
Grants and contributions	<u>2,640,215</u>	<u>359,411</u>	<u>2,999,626</u>
Total Grants and Contributions	<u>3,514,757</u>	<u>359,411</u>	<u>3,874,168</u>
Investment income:			
Interest and dividends	202,313	529,880	732,193
Realized gain (loss) on investments	630,595	1,615,026	2,245,621
Unrealized gain (loss) on investments	<u>638,053</u>	<u>1,686,196</u>	<u>2,324,249</u>
Total investment income	<u>1,470,961</u>	<u>3,831,102</u>	<u>5,302,063</u>
<b>Total revenue and support</b>	6,219,763	4,190,513	10,410,276
Net assets released from restriction scholarships	24,020	(24,020)	-
Net assets released from restriction other	<u>716,770</u>	<u>(716,770)</u>	<u>-</u>
<b>Total revenue, support and release</b>	<u>6,960,553</u>	<u>3,449,723</u>	<u>10,410,276</u>
<b>Expenses</b>			
Program services:			
Camps	1,535,306	-	1,535,306
Conferences	44,857	-	44,857
Community and school programs	306,388	-	306,388
Facilities and operations	<u>1,607,657</u>	<u>-</u>	<u>1,607,657</u>
Total program services	3,494,208	-	3,494,208
General and administrative	434,463	-	434,463
Fundraising	<u>388,188</u>	<u>-</u>	<u>388,188</u>
Total expenses	<u>4,316,859</u>	<u>-</u>	<u>4,316,859</u>
<b>Change in net assets</b>	2,643,694	3,449,723	6,093,417
Net assets, beginning of year	<u>20,212,753</u>	<u>26,561,010</u>	<u>46,773,763</u>
<b>Net assets, end of year</b>	<u>\$ 22,856,447</u>	<u>\$ 30,010,733</u>	<u>\$ 52,867,180</u>

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

<b>2020</b>		
<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
\$ 3,470	\$ -	\$ 3,470
100	-	100
29,320	-	29,320
-	-	-
<u>46,960</u>	<u>-</u>	<u>46,960</u>
<u>79,850</u>	<u>-</u>	<u>79,850</u>
626,500	-	626,500
<u>739,588</u>	<u>1,676,595</u>	<u>2,416,183</u>
<u>1,366,088</u>	<u>1,676,595</u>	<u>3,042,683</u>
184,436	442,131	626,567
441,602	1,091,056	1,532,658
<u>255,899</u>	<u>639,561</u>	<u>895,460</u>
<u>881,937</u>	<u>2,172,748</u>	<u>3,054,685</u>
2,327,875	3,849,343	6,177,218
-	-	-
<u>1,060,132</u>	<u>(1,060,132)</u>	<u>-</u>
<u>3,388,007</u>	<u>2,789,211</u>	<u>6,177,218</u>
779,225	-	779,225
59,518	-	59,518
473,577	-	473,577
<u>1,544,698</u>	<u>-</u>	<u>1,544,698</u>
2,857,018	-	2,857,018
349,129	-	349,129
<u>313,380</u>	<u>-</u>	<u>313,380</u>
<u>3,519,527</u>	<u>-</u>	<u>3,519,527</u>
(131,520)	2,789,211	2,657,691
<u>20,344,273</u>	<u>23,771,799</u>	<u>44,116,072</u>
<u>\$ 20,212,753</u>	<u>\$ 26,561,010</u>	<u>\$ 46,773,763</u>

**AMERICAN YOUTH FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Camp Programs			Conference Programs	Community and School Programs			Other Program Services - Facilities and Operations							General and Administrative	General Fundraising	Total	Total
	Miniwanca	Merrowvista	Total	National Leadership Conference	Miniwanca	Merrowvista	Total	Nonoperating	Michigan	New Hampshire	COVID Facility Accomodations	Total						
				Conference														
Cost of Sales	\$ -	\$ -	\$ -	\$ 8,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,709	\$ 31,709	\$ 40,491	
Personnel																		
Salaries and wages	469,963	294,993	764,956	994	-	63,622	63,622	59,351	305,278	183,588	-	548,217	337,052	185,910	185,910	1,900,751		
Employee benefits	67,302	86,978	154,280	4,101	27,758	32,394	60,152	47,133	50,729	27,899	-	125,761	27,946	52,111	52,111	424,351		
Travel and staff development	6,879	11,568	18,447	8,476	427	2,387	2,814	-	723	912	1,531	3,166	18,469	5,137	5,137	56,509		
Food Services	92,574	49,416	141,990	3,626	886	9,339	10,225	-	-	25	672	697	-	-	-	156,538		
Supplies																		
Direct program	140,312	44,452	184,764	7,768	28,658	3,588	32,246	-	6,064	65	27,674	33,803	229	1,445	1,445	260,255		
Medical, training, and office	10,814	9,361	20,175	1,230	4,949	4,332	9,281	-	881	881	-	1,762	3,107	18,816	18,816	54,371		
Janitorial and other	4,406	3,899	8,305	451	1,076	307	1,383	-	60	81	2,884	3,025	-	201	201	13,365		
Facilities																		
Utilities	32,544	21,504	54,048	4,496	31,027	13,155	44,182	-	7,448	3,759	1,200	12,407	-	2,927	2,927	118,060		
Rental	988	2,629	3,617	96	640	1,673	2,313	-	152	478	-	630	6,600	1,390	1,390	14,646		
Maintenance and repair	47,720	55,815	103,535	2,236	14,673	19,258	33,931	-	61,309	4,768	4,490	70,567	2,267	3,424	3,424	215,960		
Professional and consulting	3,726	4,636	8,362	497	2,967	2,908	5,875	-	1,419	1,110	-	2,529	15,452	42,009	42,009	74,724		
Other expenses																		
Bank charges	10,266	4,833	15,099	422	8	-	8	-	2	-	-	2	6,873	5,695	5,695	28,099		
Property/casualty insurance	11,712	15,339	27,051	1,673	11,714	9,761	21,475	87,204	2,789	2,789	-	92,782	11,114	1,584	1,584	155,679		
Communications	(1,710)	27,741	26,031	(307)	(2,151)	17,653	15,502	-	59,971	5,044	-	65,015	1,225	20,188	20,188	127,654		
Postage and delivery	269	476	745	42	131	129	260	-	12	54	4,041	4,107	1,345	12,359	12,359	18,858		
Advertising and promotion	1,734	1,854	3,588	274	1,585	1,221	2,806	-	241	241	-	482	-	3,262	3,262	10,412		
Taxes and licenses	-	313	313	-	-	313	313	-	7,832	4,000	-	11,832	-	21	21	12,479		
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	915	-	-	915		
Depreciation	-	-	-	-	-	-	-	103,520	400,089	127,264	-	630,873	1,869	-	-	632,742		
<b>Total expenses</b>	<b>\$ 899,499</b>	<b>\$ 635,807</b>	<b>\$ 1,535,306</b>	<b>\$ 44,857</b>	<b>\$ 124,348</b>	<b>\$ 182,040</b>	<b>\$ 306,388</b>	<b>\$ 297,208</b>	<b>\$ 904,999</b>	<b>\$ 362,958</b>	<b>\$ 42,492</b>	<b>\$ 1,607,657</b>	<b>\$ 434,463</b>	<b>\$ 388,188</b>	<b>\$ 388,188</b>	<b>\$ 4,316,859</b>		

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



**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	Total
	Miniwanca	Merrowvista	Total	National Leadership Conference	Miniwanca	Merrowvista	Total	Nonoperating	Michigan	New Hampshire	Total				
Cost of Sales	\$ 600	\$ -	\$ 600	\$ 10,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,876	\$ 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	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	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	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	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	2,475	87,008
Rental	1,380	2,435	3,815	167	1,170	1,549	2,719	-	279	443	722	-	1,460	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	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	42,946	92,884
Other expenses															
Bank charges	23,954	15,052	39,006	756	-	-	-	-	-	-	-	7,517	4,437	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	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	14,474	131,542
Postage and delivery	32	664	696	4	31	445	476	-	(41)	140	99	665	7,632	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	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
<b>Total expenses</b>	<b>\$ 454,737</b>	<b>\$ 324,488</b>	<b>\$ 779,225</b>	<b>\$ 59,518</b>	<b>\$ 262,064</b>	<b>\$ 211,513</b>	<b>\$ 473,577</b>	<b>\$ 379,056</b>	<b>\$ 734,142</b>	<b>\$ 431,500</b>	<b>\$ 1,544,698</b>	<b>\$ 349,129</b>	<b>\$ 313,380</b>	<b>\$ 313,380</b>	<b>\$ 3,519,527</b>

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

# AMERICAN YOUTH FOUNDATION

## STATEMENTS OF CASH FLOWS

**FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020**

	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 6,093,417	\$ 2,657,691
Adjustments to reconcile change in net assets to net cash provided (used in) operating activities:		
Depreciation	632,742	636,557
Contributions restricted for long-term purposes	(150)	(350)
Donated investments	(1,868,266)	(1,768,683)
Realized (gain) loss on investments	(2,245,621)	(1,532,658)
Unrealized (gain) loss on investments	(2,324,249)	(895,460)
Changes in operating assets and liabilities which provided (used) cash:		
Receivables	(14,400)	22,342
Inventory	2,260	5,388
Prepaid expenses	1,503	9,847
Accounts payable	27,555	(228,155)
Accrued liabilities	41,736	(29,609)
Deferred revenue	(143,853)	(67,709)
Net cash provided by (used in) operating activities	202,674	(1,190,799)
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	6,810,239	6,814,737
Cash used to purchase investments	(6,581,332)	(5,852,524)
Investment fees	(131,193)	(110,133)
Purchases of property and equipment	(160,496)	(560,672)
Net cash provided by (used in) investing activities	(62,782)	291,408
Net increase (decrease) in cash and cash equivalents	139,892	(899,391)
Cash and cash equivalents, beginning of year	1,532,887	2,432,278
<b>Cash and cash equivalents, end of year</b>	\$ 1,672,779	\$ 1,532,887

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, 2021 and 2020

---

### 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, 2021 and 2020

---

### *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 limited camps, and minimal other participant programs, occurred during 2021. For 2020 no camp or participant programs occurred.

### **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, 2021 and 2020

---

### ***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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020**

---

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, 2021, the years 2018 through 2020 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 and other Events***

In preparing these financial statements, management has evaluated significant events and transactions for potential recognition or disclosure subsequent to December 31, 2021 and through the auditors' report date, the date the financial statements were available to be issued. Subsequent to year end market value of invests have declined from December 31, 2022 balances.

# AMERICAN YOUTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

#### **Loan forgiveness**

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 was forgiven December 13, 2021 and is included within 2021 revenue.

#### **2. 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:

<b><u>2021</u></b>	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Money market funds and cash	\$ 134,920	\$ 134,920	\$ -	\$ -
Equity mutual funds	30,667,640	30,667,640	-	-
Fixed income mutual funds	11,981,803	11,981,803	-	-
	<u>\$42,784,363</u>	<u>\$42,784,363</u>	<u>\$ -</u>	<u>\$ -</u>

<b><u>2020</u></b>	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
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>

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.

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:

- quoted prices for similar assets and liabilities in active markets
- quoted prices for identical or similar assets and liabilities in markets that are not active
- other inputs that are observable or can be corroborated by observable market data
- 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.

# AMERICAN YOUTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

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.

### 3. 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$1,672,779	\$1,532,887
Accounts receivable, net	-	-
Unconditional promises to give	17,000	2,600
Investments	42,784,363	36,443,791
Less net assets with donor restrictions included above:		
Purpose restriction	(29,132,101)	(25,697,833)
Time restriction	(17,000)	(2,500)
Perpetual restriction	(860,680)	(860,680)
Less net assets without donor restriction included above:		
Board designated – available for Board appropriation	(13,665,844)	(10,434,985)
Total	<u>\$ 798,517</u>	<u>\$983,280</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.

### 4. CAMPAIGN PLEDGES RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Receivable due in less than one year	\$17,000	\$2,600
Receivable due in two to four years	-	-
<b>Unconditional promises to give</b>	<u>17,000</u>	<u>2,600</u>
Less: discount to net present value	-	-
<b>Unconditional promises to give, net</b>	<u><u>\$17,000</u></u>	<u><u>\$2,600</u></u>



# AMERICAN YOUTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

### 5. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,242,668	\$ 1,242,668
Construction in progress	691,950	727,659
Land and leasehold improvements	1,864,948	1,835,703
Buildings and improvements	17,799,240	17,651,499
Vehicles	515,452	496,227
Equipment	848,300	848,300
<b>Total property and equipment</b>	<b>22,962,558</b>	<b>22,802,056</b>
Less: accumulated depreciation and amortization	14,195,130	13,562,382
<b>Property and equipment, net</b>	<b><u>\$8,767,428</u></b>	<b><u>\$9,239,674</u></b>

### 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, 2021 and 2020

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

	Endowment Funds				
	Net Assets Without Donor Restrictions			Net Assets Without Donor Restrictions	
	Board Designated	Purpose Restriction	Perpetual Restriction	Board Designated	Purpose/Time Restricted
<b>2021</b>					
Capital projects and infrastructure	\$11,348,030	\$16,137,693	\$ 28,197	\$192,079	\$206,440
Scholarships	66,187	1,019,479	710,722	-	170,405
Environmental awareness	-	197,787	-	-	-
Leadership	-	1,498,130	20,000	-	36,097
General operations	1,914,287	138,632	-	145,261	209,073
Strategic activity	-	9,603,241	101,911	-	(67,074)
<b>Total</b>	<b>\$13,328,504</b>	<b>\$28,594,962</b>	<b>\$860,830</b>	<b>\$337,340</b>	<b>\$554,941</b>

	Endowment Funds				
	Net Assets Without Donor Restrictions			Net Assets Without Donor Restrictions	
	Board Designated	Purpose Restriction	Perpetual Restriction	Board Designated	Purpose/Time Restricted
<b>2020</b>					
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
Campaign	-	-	-	-	-
Strategic activity	-	8,541,713	101,911	-	(57,472)
<b>Total</b>	<b>\$10,241,435</b>	<b>\$25,339,035</b>	<b>\$860,680</b>	<b>\$193,550</b>	<b>\$361,295</b>

**AMERICAN YOUTH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020**

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

	<b>Endowment Funds</b>		
	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	
	<b><u>Board Designated</u></b>	<b><u>Purpose Restriction</u></b>	<b><u>Perpetual Restriction</u></b>
<b>Net assets, January 1, 2020</b>	<b>\$9,649,729</b>	<b>\$22,589,026</b>	<b>\$860,330</b>
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	(277,523)	(829,507)	-
<b>Net assets, December 31, 2020</b>	<b>\$10,241,435</b>	<b>\$25,339,035</b>	<b>\$860,680</b>
Investment return			
Investment income, net of expense	200,505	529,880	-
Realized and unrealized gain (loss)	1,249,176	3,301,222	-
Contributions	1,812,388	25	150
Reclassification	-	-	-
Release of assets for expenditure	(175,000)	(575,200)	-
<b>Net assets, December 31, 2021</b>	<b>\$13,328,504</b>	<b>\$28,594,962</b>	<b>\$860,830</b>

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, 2021.

***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, 2021 and 2020

---

### ***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 2021 and 2020, the Foundation's contributions to the plan were \$31,682 and \$39,942 respectively.

## **8. RELATED PARTY TRANSACTIONS**

Approximately 66% and 3% of total grants and contribution revenues recorded during 2021 and 2020, respectively, were from individuals and organizations related to Board members.

## **9. 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, 2021

	Camp Programs			Conference Programs	Community and School Programs			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	\$ 851,555	\$ 476,993	\$ 1,328,548	\$ 13,600	\$ 2,875	\$ 64,080	\$ 66,955	\$ 1,409,103
Less								
Financial aid and discounts	<u>104,414</u>	<u>70,075</u>	<u>174,489</u>	<u>5,020</u>	<u>-</u>	<u>37,110</u>	<u>37,110</u>	<u>216,619</u>
Net tuition	747,141	406,918	1,154,059	8,580	2,875	26,970	29,845	1,192,484
Other program service fees	16,612	952	17,564	22,997	-	1,000	1,000	41,561
Net assets released from restriction for scholarships	<u>6,850</u>	<u>6,540</u>	<u>13,390</u>	<u>2,395</u>	<u>-</u>	<u>8,235</u>	<u>8,235</u>	<u>24,020</u>
<b>Total</b>	<b><u>\$ 770,603</u></b>	<b><u>\$ 414,410</u></b>	<b><u>\$ 1,185,013</u></b>	<b><u>\$ 33,972</u></b>	<b><u>\$ 2,875</u></b>	<b><u>\$ 36,205</u></b>	<b><u>\$ 39,080</u></b>	<b><u>\$ 1,258,065</u></b>