

Young Voices

Financial Statements
and Independent Accountants' Review Report

May 31, 2021 and 2020

Young Voices

Financial Statements
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Young Voices

We have reviewed the accompanying financial statements of Young Voices, a nonprofit organization, which comprise the statements of financial position as of May 31, 2021 and 2020; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
July 26, 2021

Young Voices

Statements of Financial Position May 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 375,564	\$ 135,920
Contributions receivable	<u>27,654</u>	<u>149,823</u>
Total assets	<u>\$ 403,218</u>	<u>\$ 285,743</u>
Liabilities and Net Assets		
Liabilities		
Payroll liabilities	<u>\$ -</u>	<u>\$ 7,296</u>
Total liabilities	<u>-</u>	<u>7,296</u>
Net Assets		
Without donor restrictions	393,218	165,727
With donor restrictions	<u>10,000</u>	<u>112,720</u>
Total net assets	<u>403,218</u>	<u>278,447</u>
Total liabilities and net assets	<u>\$ 403,218</u>	<u>\$ 285,743</u>

Young Voices

Statement of Activities For the Year Ended May 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions:			
Foundations	\$ 218,080	\$ 66,538	\$ 284,618
Corporations	215,218	50,000	265,218
Individuals	74,169	-	74,169
Interest	96	-	96
Released from restrictions	219,258	(219,258)	-
Total revenue and support	726,821	(102,720)	624,101
Expenses			
Program services	406,199	-	406,199
Management and general	22,677	-	22,677
Fundraising	70,454	-	70,454
Total expenses	499,330	-	499,330
Change in Net Assets	227,491	(102,720)	124,771
Net Assets, beginning of year	165,727	112,720	278,447
Net Assets, end of year	\$ 393,218	\$ 10,000	\$ 403,218

Young Voices

Statement of Activities For the Year Ended May 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions:			
Foundations	\$ 162,455	\$ 176,566	\$ 339,021
Corporations	91,400	-	91,400
Individuals	48,565	-	48,565
Interest	37	-	37
Released from restrictions	164,346	(164,346)	-
Total revenue and support	466,803	12,220	479,023
Expenses			
Program services	265,763	-	265,763
Management and general	56,431	-	56,431
Fundraising	79,246	-	79,246
Total expenses	401,440	-	401,440
Change in Net Assets	65,363	12,220	77,583
Net Assets, beginning of year	100,364	100,500	200,864
Net Assets, end of year	\$ 165,727	\$ 112,720	\$ 278,447

Young Voices

Statement of Functional Expenses For the Year Ended May 31, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 248,402	\$ 9,625	\$ 43,625	\$ 301,652
Employee benefits	8,614	250	1,924	10,788
Payroll taxes	20,434	1,214	4,137	25,785
Awards	25,766	-	-	25,766
Meetings	19,236	-	1,556	20,792
Office expenses	13,665	-	467	14,132
Other services	24,169	-	-	24,169
Travel	13,458	-	3,529	16,987
Website subscriptions	21,086	757	5,543	27,386
Finance	-	10,831	-	10,831
Insurance	2,045	-	94	2,139
Advertising	1,632	-	1,137	2,769
Fundraising	-	-	750	750
Rent	7,692	-	7,692	15,384
Total Expenses	\$ 406,199	\$ 22,677	\$ 70,454	\$ 499,330

Young Voices

Statement of Functional Expenses For the Year Ended May 31, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 194,749	\$ 12,619	\$ 45,763	\$ 253,131
Employee benefits	1,203	232	464	1,899
Payroll taxes	17,580	1,434	3,755	22,769
Awards	29,403	-	-	29,403
Meetings	5,385	-	9,271	14,656
Office expenses	2,354	3,903	7	6,264
Other services	4,750	-	-	4,750
Travel	6,729	171	15,721	22,621
Website subscriptions	3,610	4,499	3,076	11,185
Finance	-	10,199	-	10,199
Insurance	-	2,259	-	2,259
Advertising	-	-	1,189	1,189
Legal	-	744	-	744
Rent	-	20,371	-	20,371
Total Expenses	\$ 265,763	\$ 56,431	\$ 79,246	\$ 401,440

Young Voices

Statements of Cash Flows For the Years Ended May 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 124,771	\$ 77,583
Change in operating assets and liabilities:		
Decrease in:		
Contributions receivable	122,169	1,477
(Decrease) increase in:		
Payroll liabilities	<u>(7,296)</u>	<u>3,280</u>
Net cash provided by operating activities	<u>239,644</u>	<u>82,340</u>
Net Increase in Cash	239,644	82,340
Cash, beginning of year	<u>135,920</u>	<u>53,580</u>
Cash, end of year	<u><u>\$ 375,564</u></u>	<u><u>\$ 135,920</u></u>

Young Voices

Notes to Financial Statements
May 31, 2021 and 2020

1. Nature of Operations

Young Voices is a nonprofit organization that was incorporated in 2016 under the laws of the District of Columbia. The primary mission of Young Voices is to cultivate the next generation of thought leaders for liberty in policy, journalism, and academia. Young Voices achieves this mission by providing writing training, editing, and media placement services to aspiring change makers under 35.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Young Voices' financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions Receivable

Contributions receivable represent unconditional amounts committed to Young Voices. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Management believes that all contributions receivable are collectible at May 31, 2021 and 2020, and accordingly, no allowance for uncollectible accounts has been established.

Young Voices

Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions that are nonreciprocal are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Young Voices reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of Young Voices' programs or to a future year. When a donor 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 statements of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, Young Voices has evaluated events and transactions for potential recognition or disclosure through July 26, 2021, the date the financial statements were available to be issued.

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Notes to Financial Statements May 31, 2021 and 2020

3. Liquidity and Availability

Young Voices strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management periodically reviews Young Voices' liquid asset needs and adjusts the cash balance as necessary.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at May 31:

	2021	2020
Cash	\$ 375,564	\$ 135,920
Contributions receivable	27,654	149,823
Total available for general expenditures	<u>\$ 403,218</u>	<u>\$ 285,743</u>

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject Young Voices to significant concentrations of credit risk consist of cash. Various cash deposit and transaction accounts are maintained with financial institutions, which from time to time may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). Young Voices has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

For the years ended May 31, 2021 and 2020, a substantial portion of Young Voices' revenue was generated from a small number of donors. For the year ended May 31, 2021, \$200,000 was received from two donors, and for the year ended May 31, 2020, \$250,500 was received from three donors. These contributions approximate 32% and 52% of Young Voices' total revenue and support for the years ended May 31, 2021 and 2020, respectively.

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Notes to Financial Statements May 31, 2021 and 2020

5. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at May 31:

	<u>2021</u>	<u>2020</u>
Purpose restricted:		
Support for Texas Outreach	\$ 5,000	\$ -
Support for Florida Outreach	5,000	-
Fellowship Grant	-	90,500
Support for School Choice Writers Grant	-	20,000
Podcast Accelerator Program Grant	-	2,220
	<u> </u>	<u> </u>
Net assets with donor restrictions	<u>\$ 10,000</u>	<u>\$ 112,720</u>

6. Operating Lease

On August 1, 2019, Young Voices entered into a membership agreement to have access to shared office space in Washington, DC, starting August 1, 2019, with a term of 12 months and a rate of \$3,400 for the first month, and \$1,700 for the subsequent 11 months.

On November 1, 2020, Young Voices entered into a membership agreement for a new shared office space in Washington, DC, starting November 1, 2020, with a term of 12 months and a rate of \$2,880 for the first month, \$1,872 for the second through fifth month, and \$720 for the remaining seven months.

Rent expense was \$15,384 and \$20,371 for the years ended May 31, 2021 and 2020, respectively.

7. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include payroll and benefits, payroll taxes, subscriptions, office expenses, and travel, which are allocated on the basis of estimates of time and effort.

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8. Retirement Plan

Effective January 2021, Young Voices maintains a 401(k) Multiple Employer Retirement plan, which is available to employees upon completing three months of eligibility service. Young Voices matches 100% of employee contributions up to the first 3% of the participant's compensation. Non-elective profit-sharing contribution may be permitted at the discretion of the Board of Directors and in accordance with the plan. Contributions made to the plan for the year ended May 31, 2021 totaled \$1,275.

9. Income Taxes

Young Voices is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes except for taxes on unrelated business activities. No income tax expense is recorded in the accompanying financial statements for the years ended May 31, 2021 and 2020, as there were no unrelated business activities. Management evaluated Young Voices' tax positions and concluded that Young Voices' financial statements do not include any uncertain tax positions.

10. COVID-19 Pandemic

The COVID-19 outbreak in the United States and around the world has caused business disruption due to mandatory lockdowns implemented in most states in order to slow down the spread of the virus. Young Voices' management has been monitoring the situation and implementing certain changes in its operations and upcoming events in order to mitigate the impact of this pandemic. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration, and the full financial impact cannot be reasonably estimated at this time.