

**YOUTH HAVEN, INC.**  
**REPORT ON FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Youth Haven, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Youth Haven, Inc. (a nonprofit corporation), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audits. We conducted our audits 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 Youth Haven, Inc. as of August 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Manes Costeiran PC*

December 11, 2020

**YOUTH HAVEN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 404,745	\$ 389,334
Investments	1,650,343	1,212,693
Prepaid expenses	8,207	12,509
Total current assets	2,063,295	1,614,536
<b>LONG-TERM ASSETS</b>		
Property and equipment, net	2,131,975	1,776,224
Investments - restricted	89,416	63,141
Total long-term assets	2,221,391	1,839,365
<b>TOTAL ASSETS</b>	\$ 4,284,686	\$ 3,453,901
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 34,225	\$ 29,824
Accrued expenses	31,243	21,471
Current portion of long-term debt	98,537	-
Total current liabilities	164,005	51,295
<b>LONG-TERM DEBT, less current portion</b>	100,282	-
Total liabilities	264,287	51,295
<b>NET ASSETS</b>		
Without donor restrictions	3,922,333	3,338,390
With donor restrictions	98,066	64,216
Total net assets	4,020,399	3,402,606
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 4,284,686	\$ 3,453,901

See notes to financial statements.

**YOUTH HAVEN, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED AUGUST 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Contributions	\$ 2,461,389	\$ 162,022	\$ 2,623,411	\$ 2,397,874	\$ 50,273	\$ 2,448,147
In-kind contributions	33,607	-	33,607	44,601	-	44,601
Investment return, net	231,750	21,275	253,025	94,519	3,283	97,802
Other income	8,281	-	8,281	41,448	-	41,448
Net assets released from restrictions	149,447	(149,447)	-	41,563	(41,563)	-
Total revenue and support	<u>2,884,474</u>	<u>33,850</u>	<u>2,918,324</u>	<u>2,620,005</u>	<u>11,993</u>	<u>2,631,998</u>
<b>EXPENSES</b>						
Program	1,942,538	-	1,942,538	1,936,212	-	1,936,212
Fundraising	155,946	-	155,946	201,551	-	201,551
Management and general	202,047	-	202,047	188,145	-	188,145
Total expenses	<u>2,300,531</u>	<u>-</u>	<u>2,300,531</u>	<u>2,325,908</u>	<u>-</u>	<u>2,325,908</u>
<b>CHANGE IN NET ASSETS</b>	583,943	33,850	617,793	294,097	11,993	306,090
Net assets, beginning of year	<u>3,338,390</u>	<u>64,216</u>	<u>3,402,606</u>	<u>3,044,293</u>	<u>52,223</u>	<u>3,096,516</u>
Net assets, end of year	<u><u>\$ 3,922,333</u></u>	<u><u>\$ 98,066</u></u>	<u><u>\$ 4,020,399</u></u>	<u><u>\$ 3,338,390</u></u>	<u><u>\$ 64,216</u></u>	<u><u>\$ 3,402,606</u></u>

See notes to financial statements.

**YOUTH HAVEN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2020**

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Payroll and related				
Salaries	\$ 893,852	\$ 41,575	\$ 103,936	\$ 1,039,363
Payroll taxes	71,465	3,324	8,310	83,099
Benefits	159,925	7,441	19,360	186,726
Other	1,205	1	133	1,339
Total payroll and related	1,126,447	52,341	131,739	1,310,527
In-kind expenses	33,607	-	-	33,607
Outside labor and rentals	32,955	589	1,330	34,874
Insurance	58,008	2,700	6,744	67,452
Supplies	117,906	421	4,814	123,141
Food	49,316	208	518	50,042
Laundry	5,937	42	106	6,085
Contributions	16,133	750	1,876	18,759
Dues and subscriptions	25,914	2,772	4,733	33,419
Event expense	32,866	8,215	9,479	50,560
Technology	64,032	2,976	7,448	74,456
Advancement expenses	1,717	39,749	200	41,666
Printing and postage	35,765	32,722	10,908	79,395
Utilities	95,994	4,506	12,184	112,684
Vehicle expense	15,101	702	1,756	17,559
Repairs and maintenance	81,574	311	(1,813)	80,072
Miscellaneous	6,353	295	(6,593)	55
Depreciation	142,913	6,647	16,618	166,178
TOTAL EXPENSES	<u>\$ 1,942,538</u>	<u>\$ 155,946</u>	<u>\$ 202,047</u>	<u>\$ 2,300,531</u>

See notes to financial statements.

**YOUTH HAVEN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2019**

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Payroll and related				
Salaries	\$ 842,870	\$ 39,203	\$ 78,008	\$ 960,081
Payroll taxes	67,295	3,130	7,825	78,250
Benefits	152,860	6,942	18,708	178,510
Other	3,255	-	362	3,617
Total payroll and related	<u>1,066,280</u>	<u>49,275</u>	<u>104,903</u>	<u>1,220,458</u>
In-kind expenses	44,601	-	-	44,601
Outside labor and rentals	37,299	3,036	4,022	44,357
Insurance	52,733	2,452	6,132	61,317
Supplies	135,986	494	6,761	143,241
Food	72,353	259	647	73,259
Laundry	13,070	104	262	13,436
Contributions	25,571	1,190	2,973	29,734
Dues and subscriptions	18,943	2,332	4,374	25,649
Event expense	54,004	13,501	10,487	77,992
Technology	49,768	2,312	5,789	57,869
Advancement expenses	273	82,765	32	83,070
Printing and postage	26,509	31,531	10,512	68,552
Utilities	100,273	4,686	12,215	117,174
Vehicle expense	28,133	1,308	3,272	32,713
Repairs and maintenance	74,842	-	-	74,842
Miscellaneous	2,505	117	291	2,913
Depreciation	133,069	6,189	15,473	154,731
TOTAL EXPENSES	<u>\$ 1,936,212</u>	<u>\$ 201,551</u>	<u>\$ 188,145</u>	<u>\$ 2,325,908</u>

See notes to financial statements.



**YOUTH HAVEN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2020 AND 2019**

	2020	2019
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash flows from operating activities		
Change in net assets	\$ 617,793	\$ 306,090
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	166,178	154,731
(Gain) loss on disposal of property and equipment	-	(534)
Unrealized and realized (gain) loss on investments	(250,750)	(82,573)
Prepaid expenses	4,302	6,756
Accounts payable	4,401	(5,885)
Accrued expenses	9,772	(5,017)
Total adjustments	(66,097)	67,478
Net cash provided by operating activities	551,696	373,568
Cash flows from investing activities		
Purchase of investments	(353,439)	(1,415,142)
Proceeds from sale of investments	136,401	627,733
Proceeds from sale of property and equipment	-	534
Purchase of property and equipment	(518,066)	(141,702)
Net cash used by investing activities	(735,104)	(928,577)
Cash flows from financing activities:		
Proceeds from long term debt	198,819	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	15,411	(555,009)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	389,334	944,343
End of year	\$ 404,745	\$ 389,334

See notes to financial statements.

**YOUTH HAVEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Youth Haven, Inc. ("Organization") are presented on the accrual basis of accounting.

Cash and cash equivalents - For the purpose of the statement of cash flows, cash equivalents and liquid assets maturing no more than three months from the date of purchase are considered cash and cash equivalents.

Investments - Investments consist of mutual funds and corporate stocks stated at fair value and certificates of deposit stated at cost. Net investment return or loss is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Property and equipment - Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Cost of repairs and maintenance are charged to expense when incurred. Donated property and equipment are stated at fair market value at the date of receipt. Assets are capitalized if the cost of an individual item exceeds \$1,000.

Net assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor or grantor restrictions.

*Net assets with donor restrictions* - Net assets subject to donor (or grantor) imposed restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulation time has elapsed, or when the stipulated purpose has been accomplished.

**Contribution revenue**

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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 statement of activities as net assets released from restrictions.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

**YOUTH HAVEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Donated materials and service - Donated materials are recorded as contributions at their fair value at their date of donation. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization, the value of which is not recorded in the accompanying financial statements.

Income taxes - The Organization is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code, except for tax on "unrelated business income" as defined. The Organization is not classified as a private foundation and no provision for income tax is required.

Functional allocation of expenses - The costs of providing program and other activities have been reported in the statement of activities. The statement of functional expenses presents the natural classification of expenses that are allocated to program or supporting functions of the Organization. Allocated expenses primarily consist of payroll and related and general expenses based on salary and wage analysis and management's estimated use of resources.

Retirement plan - The Organization maintains a 401(k)-retirement plan on behalf of its employees. The Organization matches 100% up to 3% of eligible employee compensation and then 50% for eligible employee compensation between 4% and 6%. The Organization contributed \$37,761 and \$23,967 to the plan for the year ended August 31, 2020 and 2019, respectively.

Advertising - Costs for advertising and promotion are expensed as incurred.

**NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES**

Youth Haven, Inc. is a not-for-profit corporation dedicated to providing life-changing, Christ-centered experiences for disadvantaged children. Established in 1968, the Organization is committed to meeting the physical, emotional, and spiritual needs of disadvantaged children, which includes boys and girls living in foster care, single-parent families, or low-income homes, as well as children who have experienced abuse, neglect, gang violence, or even a parent in prison. Youth Haven, Inc. maintains campuses in Rives Junction, Michigan and Eloy, Arizona.

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. The Organization places its cash and cash equivalents with FDIC insured financial institutions and in the opinion of management subject to minimal risk. Investments represent diversified holdings of mutual funds and corporate stocks.

The Organization's revenue comes primarily from contributions from individuals, businesses, estates and foundations. Individual entities contributing amounts in excess of 10% of total revenues are considered to be major contributors. In 2020, the Organization had two major contributors totaling approximately 20% of total revenue and support. In 2019, the Organization had one major contributor totaling approximately 18% of total revenue and support.

**YOUTH HAVEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (continued)**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services based on management estimates.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through December 11, 2020, which is the date the financial statements were available to be issued.

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition and results of operations is uncertain.

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as conduct of services undertaken to support those activities to be general expenditures.

The following reflects the Organization's financial assets at August 31, 2020 and 2019 respectively, which are deemed available for general expenditures within one year of the date of the statement of financial position.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 404,745	\$ 389,334
Investments	<u>1,739,759</u>	<u>1,275,834</u>
Total financial assets	2,144,504	1,665,168
Less amounts restricted for specified purpose	<u>(98,066)</u>	<u>(64,216)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,046,438</u></u>	<u><u>\$ 1,600,952</u></u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures.

**YOUTH HAVEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - INVESTMENTS/FAIR VALUE MEASUREMENT**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally 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 to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2020 and 2019, respectively.

*Mutual funds:* Valued at the net asset value ("NAV") of shares held by the Organization at year-end.

*Corporate stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**YOUTH HAVEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - INVESTMENTS/FAIR VALUE MEASUREMENT (continued)**

The following is a market value summary by the level of the inputs used in evaluating the Organization's assets carried at fair value at August 31, 2020 and 2019, respectively. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	<u>2020</u>	<u>2019</u>
Level 1		
Investments		
Mutual funds	\$ 1,506,842	\$ 1,117,906
Corporate stocks	<u>130,089</u>	<u>57,879</u>
Total assets at fair value	1,636,931	1,175,785
Certificates of deposits (recorded at cost)	<u>102,828</u>	<u>100,049</u>
Total investments	<u><u>\$ 1,739,759</u></u>	<u><u>\$ 1,275,834</u></u>
Current assets		
Investments	\$ 1,650,343	\$ 1,212,693
Long-term assets		
Investments - restricted	<u>89,416</u>	<u>63,141</u>
Total investments	<u><u>\$ 1,739,759</u></u>	<u><u>\$ 1,275,834</u></u>

**NOTE 5 - PROPERTY AND EQUIPMENT**

Major classes of property and equipment at August 31, 2020 and 2019, consist of the following:

	Estimated Useful Life	<u>2020</u>	<u>2019</u>
Construction in process		\$ 33,352	\$ 31,814
Land		273,062	273,062
Land improvements	5 - 15 years	225,917	203,465
Building and improvements	10 - 39 years	4,483,850	4,029,624
Office equipment	10 years	493,050	485,699
Vehicles	5 - 7 years	250,052	228,002
Camp equipment	5 - 10 years	768,826	754,514
Radio equipment	10 years	<u>47,407</u>	<u>47,407</u>
		6,575,516	6,053,587
Less accumulated depreciation		<u>(4,443,541)</u>	<u>(4,277,363)</u>
		<u><u>\$ 2,131,975</u></u>	<u><u>\$ 1,776,224</u></u>

**YOUTH HAVEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	2019	Inflows	Released from Restrictions			2020
			Outflows	Reclassifications	Total	
Subject to expenditure for specified purpose						
Bibles	\$ 1,075	\$ 6,320	\$ (919)	\$ -	\$ (919)	\$ 6,476
College scholarships	-	2,174	-	-	-	2,174
Camp improvements	-	148,528	(148,528)	-	(148,528)	-
Westrate scholarship and ranch enhancement fund	19,858	4,487	-	-	-	24,345
Endowment fund						
Shively Memorial Endowment Fund						
Accumulated investment gains subject to spending policy	3,283	16,788	-	-	-	20,071
Original gift in perpetuity subject to spending policy	40,000	5,000	-	-	-	45,000
	<u>\$ 64,216</u>	<u>\$ 183,297</u>	<u>\$ (149,447)</u>	<u>\$ -</u>	<u>\$ (149,447)</u>	<u>\$ 98,066</u>

Net assets with donor restrictions as of August 31, 2019 were available for the following purposes:

	2018	Inflows	Released from Restrictions			2019
			Outflows	Reclassifications	Total	
Subject to expenditure for specified purpose						
Bibles	\$ 17,223	\$ 14,002	\$ (30,150)	\$ -	\$ (30,150)	\$ 1,075
Camp improvements	-	31,271	(31,271)	-	(31,271)	-
Westrate scholarship and ranch enhancement fund	-	-	-	19,858	19,858	19,858
Endowment fund						
Shively Memorial Endowment Fund						
Accumulated investment gains subject to spending policy	-	3,283	-	-	-	3,283
Original gift in perpetuity subject to spending policy	35,000	5,000	-	-	-	40,000
	<u>\$ 52,223</u>	<u>\$ 53,556</u>	<u>\$ (61,421)</u>	<u>\$ 19,858</u>	<u>\$ (41,563)</u>	<u>\$ 64,216</u>

**YOUTH HAVEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - ENDOWMENT FUND**

The Organization's endowment includes donor-restricted funds based on the existence of donor-imposed restrictions.

The Organization has interpreted the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds (of which they currently have none) absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classified net assets with donor restrictions (a time restriction in perpetuity) (a) the original value of initial gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment income from donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Organization in a manner consistent with the donor stipulated purpose within the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

The Organization's investment and spending policies for endowment assets attempt to provide a predictable stream of funding to programs supported. The spending policy should allow for predictability of spendable fund for budgeting purposes and for steady growth in distributions in support of operations at least equal to the rate of inflation, without endangering the capital value of the fund.

To satisfy its long-term rate of return objectives, the Organization 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 Organization targets a diversified asset allocation of mutual funds.

Accordingly, the Organization expects the current spending policy to allow its net assets to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the investments and net assets, as well as to provide additional real growth through new gifts and investment return.



**YOUTH HAVEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - ENDOWMENT FUND (continued)**

Endowment net asset composition consist of the following at August 31, 2020:

	With Donor Restrictions		Total
	Accumulated Investment Gains	Original Gifts in Perpetuity by Donor	
Endowment net assets at September 1, 2019	\$ 3,283	\$ 40,000	\$ 43,283
Contributions	-	5,000	5,000
Investment return, net	16,788	-	16,788
Endowment net assets at August 31, 2020	\$ 20,071	\$ 45,000	\$ 65,071

Endowment net asset composition consist of the following at August 31, 2019:

	With Donor Restrictions		Total
	Accumulated Investment Gains	Original Gifts in Perpetuity by Donor	
Endowment net assets at September 1, 2018	\$ -	\$ 35,000	\$ 35,000
Contributions	-	5,000	5,000
Investment return, net	3,283	-	3,283
Endowment net assets at August 31, 2019	\$ 3,283	\$ 40,000	\$ 43,283

**NOTE 8 - LONG-TERM DEBT**

Long-term debt at August 31, 2020, consists of a \$198,819 loan the Organization received under the CARES Act through the Paycheck Protection Program. The loan is potentially forgivable, to the extent the Organization uses the funds on eligible expenses over the 24-week period following the date of the loan. Eligible expenses include payroll, mortgage interest, lease payments and utility payments. Any portion of the loan not forgiven will be paid back over two years, with interest accruing at 1%. The Organization anticipates full loan forgiveness by spending the funds only on eligible expenses. If the loan is not forgiven, monthly installments of \$11,190 are set to begin December 2020 and are due through May 2022. Future maturities of long-term debt are estimated to be \$98,537 and \$100,282 for the fiscal years ending August 31, 2020 and 2021. There was no long-term debt outstanding at August 31, 2019. Interest expense for the years ended August 31, 2020 and 2019, was \$0, respectively.

**YOUTH HAVEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - NEW ACCOUNTING STANDARDS**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which it and all subsequent amendments to the ASU No. 2014-09, replaced most existing revenue recognition guidance in U.S. GAAP. The Organization adopted the provisions of this guidance on September 1, 2019 using the retrospective approach. The Organization has performed an assessment of its revenue contracts as well as worked with industry participants on matters of interpretation and application and has not identified any material changes to the timing or amount of its revenue recognition under ASU 2014-09. The Organization's accounting policies did not change materially as a result of applying the principles of revenue recognition from ASU 2014-09 and are largely consistent with existing guidance and current practices applied by the Organization.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides guidance to distinguish recognition practices of contribution activity related to the adoption of ASU 2014-09. The Organization adopted the provisions of this guidance in conjunction with ASU 2014-09. There was no impact to revenue recognized for the years ended August 31, 2020 and 2019 as a result of implementing ASU 2018-08.