

**FINANCIAL STATEMENTS**

**SASHA BRUCE YOUTHWORX, INC.**

**FOR THE YEARS ENDED  
JUNE 30, 2023 AND 2022**

**SASHA BRUCE YOUTHWORX, INC.**

**CONTENTS**

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of June 30, 2023 and 2022	4
EXHIBIT B - Statements of Activities, for the Years Ended June 30, 2023 and 2022	5
EXHIBIT C - Statements of Changes in Net Assets, for the Years Ended June 30, 2023 and 2022	6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended June 30, 2023	7
EXHIBIT E - Statement of Functional Expenses, for the Year Ended June 30, 2022	8
EXHIBIT F - Statements of Cash Flows, for the Years Ended June 30, 2023 and 2022	9
NOTES TO FINANCIAL STATEMENTS	10 - 19



## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sasha Bruce Youthwork, Inc.  
Washington, D.C.

#### Opinion

We have audited the accompanying financial statements of Sasha Bruce Youthwork, Inc. (SBY), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, 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 SBY as of June 30, 2023 and 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 SBY and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 SBY's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814  
(301) 951-9090 · WWW.GRFCPA.COM

---

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## **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 and *Government 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, including omissions, 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 SBY'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 SBY'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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023, on our consideration of SBY's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SBY's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SBY's internal control over financial reporting and compliance.



November 9, 2023

**SASHA BRUCE YOUTHWORX, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023 AND 2022**

<b>ASSETS</b>		<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	2,583,078	\$ 3,557,385
Accounts, grants and contributions receivable		2,273,120	1,571,928
Prepaid expenses		145,633	43,906
Other current assets		<u>84,957</u>	<u>63,091</u>
Total current assets		<u>5,086,788</u>	<u>5,236,310</u>
<b>PROPERTY AND EQUIPMENT</b>			
Land		477,170	477,170
Buildings		1,247,683	1,247,683
Building improvements		3,767,782	3,724,421
Equipment		291,711	183,102
Vehicles		<u>201,579</u>	<u>43,646</u>
		5,985,925	5,676,022
Less: Accumulated depreciation and amortization		<u>(4,293,004)</u>	<u>(4,170,452)</u>
Net property and equipment		<u>1,692,921</u>	<u>1,505,570</u>
<b>OTHER ASSETS</b>			
Right-of-use asset, net		157,507	-
Investments		2,685,579	2,383,700
Deferred compensation investments		<u>140,243</u>	<u>115,956</u>
Total other assets		<u>2,983,329</u>	<u>2,499,656</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>9,763,038</u></b>	<b>\$ <u>9,241,536</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Operating lease liability	\$	70,815	\$ -
Mortgages payable		15,677	28,182
Accounts payable		159,097	189,574
Accrued expenses		718,253	625,162
Deferred revenue		2,890	3,087
Refundable advance		<u>199,511</u>	<u>586,787</u>
Total current liabilities		1,166,243	1,432,792
<b>OTHER LIABILITIES</b>			
Operating lease liability, net of current		87,941	-
Mortgages payable, net of current		60,994	74,486
Deferred compensation investments		<u>140,243</u>	<u>115,956</u>
Total other liabilities		<u>289,178</u>	<u>190,442</u>
Total liabilities		<u>1,455,421</u>	<u>1,623,234</u>
<b>NET ASSETS</b>			
Without donor restrictions		7,518,499	7,124,852
With donor restrictions		<u>789,118</u>	<u>493,450</u>
Total net assets		<u>8,307,617</u>	<u>7,618,302</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>9,763,038</u></b>	<b>\$ <u>9,241,536</u></b>

See accompanying notes to financial statements.

## SASHA BRUCE YOUTHWORX, INC.

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING SUPPORT AND REVENUE</b>		
<b>REVENUE WITHOUT DONOR RESTRICTIONS</b>		
Grants and contracts	\$ 13,233,828	\$ 12,225,820
Contributions	809,545	692,458
Annual gala	594,300	393,185
Contributed services	151,971	98,719
United Way	23,036	29,909
Other revenue	14,527	4,822
Interest and dividends	258	269
Net assets released from donor restrictions	<u>508,957</u>	<u>293,812</u>
Total operating support and revenue	<u>15,336,422</u>	<u>13,738,994</u>
<b>OPERATING EXPENSES</b>		
Program Services:		
Safe Homes	8,181,950	7,025,199
Life Skills Development	3,531,026	3,356,842
Workforce and Educational Opportunities	<u>348,016</u>	<u>270,464</u>
Total program services	<u>12,060,992</u>	<u>10,652,505</u>
Supporting Services:		
Management and General	2,290,542	2,069,534
Fundraising	<u>831,270</u>	<u>733,118</u>
Total supporting services	<u>3,121,812</u>	<u>2,802,652</u>
Total expenses	<u>15,182,804</u>	<u>13,455,157</u>
Changes in net assets from operating activities	153,618	283,837
<b>NON OPERATING ACTIVITY</b>		
Investment income (loss), net	<u>240,029</u>	<u>(337,520)</u>
Changes in net assets without donor restrictions	<u>393,647</u>	<u>(53,683)</u>
<b>REVENUE WITH DONOR RESTRICTIONS</b>		
Contributions	804,625	381,383
Net assets released from donor restrictions	<u>(508,957)</u>	<u>(293,812)</u>
Changes in net assets with donor restrictions	<u>295,668</u>	<u>87,571</u>
<b>TOTAL CHANGES IN NET ASSETS</b>	<b><u>\$ 689,315</u></b>	<b><u>\$ 33,888</u></b>

## SASHA BRUCE YOUTHWORK, INC.

STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Net assets at beginning of year	\$ 7,124,852	\$ 7,178,535
Changes in net assets without donor restrictions	<u>393,647</u>	<u>(53,683)</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR</b>	<b><u>\$ 7,518,499</u></b>	<b><u>\$ 7,124,852</u></b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Net assets at beginning of year	\$ 493,450	\$ 405,879
Changes in net assets with donor restrictions	<u>295,668</u>	<u>87,571</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR</b>	<b><u>\$ 789,118</u></b>	<b><u>\$ 493,450</u></b>
<b>TOTAL NET ASSETS AT END OF YEAR</b>	<b><u>\$ 8,307,617</u></b>	<b><u>\$ 7,618,302</u></b>

## SASHA BRUCE YOUTHWORX, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			Total Expenses	
	Safe Homes	Life Skills Development	Workforce and Educational Opportunities	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$4,431,105	\$ 1,839,583	\$ 173,465	\$ 6,444,153	\$ 1,223,834	\$ 361,808	\$ 1,585,642	\$ 8,029,795
Lease and other related costs	1,690,408	107,348	8,756	1,806,512	85,258	-	85,258	1,891,770
Fringe benefits	908,895	438,867	38,979	1,386,741	(40,639)	88,532	47,893	1,434,634
Consultants and professional fees	267,563	424,017	31,690	723,270	323,521	110,942	434,463	1,157,733
Client and auxiliary services	414,493	417,567	71,270	903,330	2,360	14,673	17,033	920,363
Equipment rental and maintenance	221,516	134,422	15,392	371,330	105,311	43,651	148,962	520,292
Telephone	144,639	63,018	5,520	213,177	17,085	2,697	19,782	232,959
Office supplies and expenses	31,767	15,835	158	47,760	112,340	31,732	144,072	191,832
Transportation and travel	69,235	76,794	1,149	147,178	30,628	495	31,123	178,301
Annual gala	-	-	-	-	-	171,989	171,989	171,989
Contributed services	-	-	-	-	151,971	-	151,971	151,971
Depreciation and amortization	-	-	-	-	122,552	-	122,552	122,552
Insurance	-	-	-	-	103,873	-	103,873	103,873
Miscellaneous expense	2,329	13,575	1,637	17,541	51,675	4,751	56,426	73,967
Interest expense	-	-	-	-	773	-	773	773
<b>TOTAL</b>	<b>\$8,181,950</b>	<b>\$ 3,531,026</b>	<b>\$ 348,016</b>	<b>\$12,060,992</b>	<b>\$ 2,290,542</b>	<b>\$ 831,270</b>	<b>\$ 3,121,812</b>	<b>\$ 15,182,804</b>

See accompanying notes to financial statements.



## SASHA BRUCE YOUTHWORX, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services			Total Expenses	
	Safe Homes	Life Skills Development	Workforce and Educational Opportunities	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 3,795,032	\$ 1,849,108	\$ 145,342	\$ 5,789,482	\$ 1,052,189	\$ 255,333	\$ 1,307,522	\$ 7,097,004
Lease and other related costs	1,432,587	88,733	5,326	1,526,646	50,077	-	50,077	1,576,723
Fringe benefits	772,288	430,525	29,770	1,232,583	70,897	73,163	144,060	1,376,643
Consultants and professional fees	463,997	458,320	12,835	935,152	307,770	116,377	424,147	1,359,299
Client and auxiliary services	230,387	374,745	50,360	655,492	7,452	5,190	12,642	668,134
Equipment rental and maintenance	146,896	48,699	13,558	209,153	58,708	28,799	87,507	296,660
Telephone	109,670	56,433	3,082	169,185	14,470	2,289	16,759	185,944
Annual gala	-	-	-	-	-	183,575	183,575	183,575
Office supplies and expenses	17,456	21,077	291	38,824	90,218	30,652	120,870	159,694
Depreciation and amortization	-	-	-	-	135,510	-	135,510	135,510
Transportation and travel	55,581	27,160	9,791	92,532	29,821	58	29,879	122,411
Insurance	-	-	-	-	112,806	-	112,806	112,806
Contributed services	-	-	-	-	98,719	-	98,719	98,719
Miscellaneous expense	1,305	2,042	109	3,456	37,920	37,682	75,602	79,058
Interest expense	-	-	-	-	2,977	-	2,977	2,977
<b>TOTAL</b>	<b>\$ 7,025,199</b>	<b>\$ 3,356,842</b>	<b>\$ 270,464</b>	<b>\$ 10,652,505</b>	<b>\$ 2,069,534</b>	<b>\$ 733,118</b>	<b>\$ 2,802,652</b>	<b>\$ 13,455,157</b>

See accompanying notes to financial statements.

## SASHA BRUCE YOUTHWORX, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 689,315	\$ 33,888
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	122,552	135,510
Unrealized (gain) loss	(128,790)	512,622
Realized gain	(87,123)	(160,625)
Amortization of right-of-use asset	57,226	-
(Increase) decrease in:		
Accounts, grants and contributions receivable	(701,192)	17,595
Prepaid expenses	(101,727)	(20,133)
Other current assets	(21,866)	(12,370)
Deferred compensation	(24,287)	(7,196)
(Decrease) increase in:		
Operating lease liability	(55,977)	-
Accounts payable	(30,477)	67,449
Accrued expenses	93,091	18,780
Deferred revenue	(197)	-
Deferred compensation	24,287	7,196
Refundable advance	(387,276)	(260,786)
Net cash (used) provided by operating activities	<u>(552,441)</u>	<u>331,930</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(309,903)	(90,317)
Purchase of investments	(115,836)	(232,831)
Sale of investments	29,870	192,842
Net cash used by investing activities	<u>(395,869)</u>	<u>(130,306)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on mortgages payable	(25,997)	(24,370)
Net cash used by financing activities	<u>(25,997)</u>	<u>(24,370)</u>
Net (decrease) increase in cash and cash equivalents	(974,307)	177,254
Cash and cash equivalents at beginning of year	<u>3,557,385</u>	<u>3,380,131</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,583,078</u>	<u>\$ 3,557,385</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Right-of-Use Asset	<u>\$ 214,733</u>	<u>\$ -</u>
Operating lease Liability for Right-of-Use Asset	<u>\$ 214,733</u>	<u>\$ -</u>
Interest Paid	<u>\$ 773</u>	<u>\$ 2,977</u>
Donated Securities	<u>\$ -</u>	<u>\$ 25,511</u>

See accompanying notes to financial statements.

**SASHA BRUCE YOUTHWORX, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

Founded in 1974, the mission of Sasha Bruce Youthwork, Inc. (SBY) is to improve the lives of runaway, homeless and disconnected youth and their families in the Washington, D.C. area. The overarching goal of the organization is to provide youth with the tools they need to curb high risk behaviors, stabilize their living situations, succeed at school, strengthen family relationships and develop the skills they need to be self-sufficient.

SBY provides cost-effective services through three primary initiatives: safe homes, life skills and educational and workforce opportunities. During its 49-year history, SBY has reunited over 13,000 homeless youth with strengthened families. Today, SBY serves approximately 1,500 youth and 5,000 family members annually in the District of Columbia and through a shelter in Prince George's County, Maryland.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, 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 donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncement adopted -

During 2023, SBY adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. SBY applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See note 6 for further details.

**SASHA BRUCE YOUTHWORX, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Cash and cash equivalents -

Cash and cash equivalents consist of checking and savings accounts, certificates of deposits (with maturities of three months or less), and money market funds held outside of its managed investment accounts. SBY has cash and cash equivalents recorded in their investments in the amount of \$76,549 and \$48,199 at June 30, 2023 and 2022, respectively.

Investments -

Investments in certificates of deposit, institutional mutual funds, equity securities, and debt securities are measured and reported at fair value. The fair values of certificates of deposit, institutional mutual funds, equity securities, and debt securities with readily determinable fair values are based on quotations obtained from national security exchanges.

Certificates of deposit, institutional mutual funds, equity securities, and debt securities with fair values that are not readily determinable are carried at estimated fair values as provided by the investment managers. SBY's management reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining their estimated fair values. Due to the inherent uncertainties of these estimates, these values may differ from the values that would have been reported had a ready market for such investments existed.

Realized and unrealized gains and losses and investment interest/dividends are included in investment income (loss), net of investment expenses paid to external investment advisors, in the non-operating section of the accompanying Statements of Activities.

Accounts, grants and contributions receivable -

Accounts, grants and contributions receivable approximate fair value and primarily represent amounts due from funding organizations for reimbursable expenses incurred in accordance with grant agreements. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment greater than \$5,000 is capitalized and carried at cost, generally five to fifteen years. Donated land, buildings, and property and equipment are stated at fair value at the date of donation.

Expenditures for major additions, renewals and improvements greater than \$5,000 are capitalized; expenditures for repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation and amortization are eliminated from the accounts and the resulting gain or loss is reflected in the accompanying Statements of Activities. Depreciation and amortization is determined on a straight-line basis over the estimated useful lives of the assets, generally five to twenty-five years.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statements of Activities, to its current fair value.

**SASHA BRUCE YOUTHWORX, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Income taxes -

SBY is exempt from Federal tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. For the years ended June 30, 2023 and 2022, SBY has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. Accordingly, the accompanying financial statements do not include a provision for Federal and state income taxes. SBY did not have any unrelated business income for the years ended June 30, 2023 and 2022.

Support and revenue -

Grants, contracts, and contributions -

The majority of SBY's activities are supported by grants, contracts, and contributions from the District of Columbia, the U.S. Government, and other private entities. These awards are for various activities performed by SBY. Grants, contracts, and contributions are recognized in the appropriate category of net assets in the period received. SBY performs an analysis of the individual grant, contract, or contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return from obligation provision that limits SBY on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Most grant awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. SBY recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, SBY had \$2,331,985 and \$3,795,935 in unrecognized conditional awards as of June 30, 2023 and 2022, respectively.

Revenue classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers*, and are recorded as revenue at a point in time when the performance obligations are met. SBY has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost.

**SASHA BRUCE YOUTHWORX, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Support and revenue (continued) -

Grants, contracts, and contributions (continued) -

Revenue received for the annual gala is recorded as revenue when the related event has occurred.

Donated investments are reflected as contributions revenue and are recorded at their fair value on the date of receipt. All donated investments are recorded as revenue without donor restrictions unless specifically restricted by the donor.

Contributed services are recorded in the financial statements to the extent that those services create or enhance a non-financial asset, or the services require specialized skills, the service is provided by individuals who possess those skills, and the service would typically need to be purchased if not contributed.

Volunteers assist in a variety of tasks, such as volunteering for specific assistance programs, campaign solicitations, and various committee assignments. These services are not reflected in the accompanying Statements of Activities because they do not meet the necessary criteria for recognition.

Use of estimates -

The preparation of the 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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of supporting the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Certain costs have been allocated among the program and supporting service categories based on various methods, including time spent and space occupied.

Risks and uncertainties -

SBY invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

SBY reports fair value in accordance with the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value and establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

**SASHA BRUCE YOUTHWORX, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Fair value measurement (continued) -

SBY accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market SBY has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For disclosure of inputs and valuation techniques, see Note 2.

Concentrations -

SBY maintains its cash and cash equivalents with commercial financial institutions. SBY's cash and cash equivalents consist of commercial checking and savings accounts. These accounts were insured by the Federal Deposit Insurance Corporation (FDIC), up to a limit of \$250,000.

As of June 30, 2023 and 2022, the accounts exceeded the insured limit by \$2,333,078 and \$3,307,385, respectively. SBY monitors the creditworthiness of the institutions and has not experienced any credit losses on its cash and cash equivalents, nor does it expect to experience any such losses.

For the years ended June 30, 2023 and 2022, approximately 81 percent and 91 percent of total revenue (excluding contributed services) was received from Federal and District of Columbia funds.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for SBY for the year ending June 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach. SBY plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

**SASHA BRUCE YOUTHWORX, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**2. INVESTMENTS**

In accordance with FASB ASC 820, *Fair Value Measurement*, SBY has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The table below summarizes, by level within the fair value hierarchy, SBY's investments as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Class: Investments</b>				
Money Market Funds	\$ 76,549	\$ -	\$ -	\$ 76,549
Municipal Bonds	-	993,136	-	993,136
U.S. Equities	<u>1,615,894</u>	<u>-</u>	<u>-</u>	<u>1,615,894</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 1,692,443</u></b>	<b><u>\$ 993,136</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,685,579</u></b>
<b>DEFERRED COMPENSATION INVESTMENTS</b>	<b><u>\$ 140,243</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 140,243</u></b>

The table below summarizes, by level within the fair value hierarchy, SBY's investments as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Class: Investments</b>				
Money Market Funds	\$ 48,199	\$ -	\$ -	\$ 48,199
Municipal Bonds	-	952,546	-	952,546
U.S. Equities	<u>1,382,955</u>	<u>-</u>	<u>-</u>	<u>1,382,955</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 1,431,154</u></b>	<b><u>\$ 952,546</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,383,700</u></b>
<b>DEFERRED COMPENSATION INVESTMENTS</b>	<b><u>\$ 115,956</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 115,956</u></b>

There were no transfers between levels in the fair value hierarchy during the years ended June 30, 2023 and 2022. Transfers between levels are recorded at the end of the reporting period, if applicable. Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

- *Money Market Funds* - Fair value is equal to the reported net asset value of the fund.
- *Municipal Bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk. Accordingly, the estimates of fair value, as provided by the pricing service, are included in Level 2 of the hierarchy.
- *U.S. Equities* - Fair value based on market quotes from major exchanges. Accordingly, the fair values are included in Level 1 of the hierarchy.

Included in investment income (loss) for the years ended June 30, 2023 and 2022 are the following:

	<u>2023</u>	<u>2022</u>
Unrealized gain (loss)	\$ 128,790	\$ (512,622)
Interest and dividends	53,986	46,694
Realized gain	87,123	160,625
Management fees	<u>(29,870)</u>	<u>(32,217)</u>
<b>TOTAL INVESTMENT INCOME (LOSS), NET</b>	<b><u>\$ 240,029</u></b>	<b><u>\$ (337,520)</u></b>



**SASHA BRUCE YOUTHWORX, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**2. INVESTMENTS (Continued)**

The investment portfolio has been assigned as collateral for the \$1,000,000 line of credit, as reference in Note 6, in the event of default on repayment of line of credit draws.

**3. RECEIVABLES**

Accounts, grants and contributions receivable consisted of the following at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Accounts receivable	\$ 1,006,628	\$ 93,840
Grants and contributions receivable	1,266,492	1,478,088
<b>ACCOUNTS, GRANTS AND CONTRIBUTIONS RECEIVABLE</b>	<b>\$ 2,273,120</b>	<b>\$1,571,928</b>

**4. MORTGAGES PAYABLE**

Mortgages payable consisted of the following as of June 30, 2023 and 2022:

- Interest-free first mortgage note dated June 6, 1991, for \$315,000 for the purchase of a building, due on August 1, 2023, and guaranteed by the U.S. Department of Housing and Urban Development, with principal payments of \$875 due monthly. The mortgage was paid in full during the year ended June 30, 2023.
- Second mortgage note dated September 9, 1998, for \$424,186 for the purchase of a building, due on September 1, 2028, and guaranteed by the U.S. Department of Housing and Urban Development, accruing interest at a fixed annual rate of 1%, with interest and principal payments of \$1,364 due monthly.

As of June 30, 2023 and 2022, the outstanding principal on these mortgage payables was \$76,671 and \$102,668, respectively. Principal payments are due as follows:

<u><b>Year Ending June 30,</b></u>	
2024	\$ 15,677
2025	15,835
2026	15,995
2027	16,155
2028	13,009
	<b>\$ 76,671</b>

For the years ended June 30, 2023 and 2022, interest expense totaled \$773 and \$2,977, respectively.

**SASHA BRUCE YOUTHWORX, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following as of June 30, 2023 and 2022.

	<b>2023</b>	<b>2022</b>
Life Skills	\$ 373,227	\$ 20,000
Life Skills - Transformation Project	200,090	140,291
Scholarships and Special Projects	152,000	152,000
Youth Drop-In	32,119	23,217
Youth Advisor Council	31,682	-
Measure 4 Change DC	-	157,942
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 789,118</b>	<b>\$ 493,450</b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<b>2023</b>	<b>2022</b>
Life Skills	\$ 337,390	\$ 92,300
Youth Advisory Council	87,530	-
Measure 4 Change DC	37,473	56,141
Youth Drop-In	31,364	107,704
Life Skills - Transformation Project	15,200	37,667
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>\$ 508,957</b>	<b>\$ 293,812</b>

**6. LINE OF CREDIT**

SBY obtained a \$1 million line of credit dated June 20, 2019, that has no stated expiration date, but that is subject to annual review by the financial institution starting June 20, 2020. The line of credit accrues interest on outstanding amounts at prime less 1% and is collateralized by SBY's investments. SBY had no amounts outstanding at June 30, 2023 and 2022, respectively.

**7. LEASE COMMITMENTS**

SBY has several leases for residential and office space under several of its youth programs. Many of these leases month to month leases. SBY had a three year lease for residential space under one of its youth programs that commenced July 1, 2019 and expired June 30, 2022.

SBY has two leases that are for set terms. The first lease is a 24 month lease that commenced on June 15, 2023 and will expire on May 31, 2024.

The second lease is a 36 month lease that commenced on September 1, 2022 and will expire on August 31, 2025. This lease qualified for capitalization under ASU 2019-01 as discussed below.

SBY elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. SBY adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, SBY recorded a right-of-use asset in the amount of \$214,733.

**SASHA BRUCE YOUTHWORX, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**7. LEASE COMMITMENTS (Continued)**

SBY recorded an operating lease liability in the amount of \$214,733 by calculating the present value using the discount rate of 3.81%. As of June 30 2023, the weighted-average remaining lease term and rate for the financing leases is 1.92 years and 3.81%, respectively.

The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>			
2024		\$	75,640
2025			77,153
2026			<u>12,901</u>
			165,694
Less: Imputed interest			<u>(6,938)</u>
			158,756
Less: Current portion			<u>(70,815)</u>
			<b><u>\$ 87,941</u></b>

Lease expense for the years ended June 30, 2023 and 2022 was \$1,034,203 and \$214,733, respectively, which is included with "Lease and other related costs" in the Statements of Functional Expenses. Other related costs include utilities, repairs and maintenance, property taxes, trash removal and cleaning.

**8. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 2,583,078	\$ 3,557,385
Accounts, grants and contributions receivable	<u>2,273,120</u>	<u>1,571,928</u>
Subtotal financial assets available within one year	4,856,198	5,129,313
Less: Donor restricted funds	<u>(789,118)</u>	<u>(493,450)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 4,067,080</u></b>	<b><u>\$ 4,635,863</u></b>

SBY has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, SBY has a line of credit agreement (as further discussed in Note 5) which allows for additional available borrowings up to \$1,000,000.

**9. CONTRIBUTED SERVICES**

During the years ended June 30, 2023 and 2022, SBY was the beneficiary of donated goods and services which allowed SBY to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the in-kind contributions during the year ended June 30, 2023. Fair value was provided by the donor using their standard billing rates.

**SASHA BRUCE YOUTHWORX, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**9. CONTRIBUTED SERVICES (Continued)**

To properly reflect total program expenses, the following donations have been included in revenue and expense for the years ended June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
<b>Donated Legal Services</b>	<b>\$ <u>151,971</u></b>	<b>\$ <u>98,719</u></b>

The following programs have benefited from these donated services:

	<u>2023</u>	<u>2022</u>
<b>Management and General</b>	<b>\$ <u>151,971</u></b>	<b>\$ <u>98,719</u></b>

**10. CONTINGENCY**

SBY receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2023. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

**11. DEFERRED COMPENSATION PLAN**

SBY has a 457(b) deferred compensation plan, effective September 23, 2008, limited to the top hat group of employees. Elective deferrals may be made to the Plan up to the maximum allowed by law. As of June 30, 2023 and 2022, \$140,243 and \$115,956 was deferred under the Plan.

**12. SUBSEQUENT EVENTS**

In preparing these financial statements, SBY has evaluated events and transactions for potential recognition or disclosure through November 9, 2023, the date the financial statements were issued.