
Youth, Rights & Justice

ATTORNEYS AT LAW

An independent, not-for-profit law firm, Est. 1975

FINANCIAL STATEMENTS

Year Ended December 31, 2021

with

Independent Auditors' Report

YOUTH, RIGHTS & JUSTICE

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Independent Auditors' Report

The Board of Directors
Youth, Rights & Justice

Opinion

We have audited the accompanying financial statements of Youth, Rights & Justice, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Youth, Rights & Justice as of December 31, 2021, 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.

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 Youth, Rights & Justice 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 Youth, Rights & Justice'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 Youth, Rights & Justice'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 Youth, Rights & Justice'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 Summarized Comparative Information

We have previously audited the Youth, Rights & Justice's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hoffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon
June 8, 2022

YOUTH, RIGHTS & JUSTICE

Statement of Financial Position

December 31, 2021 <i>(With Comparative Amounts for 2020)</i>	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,239,760	\$ 954,750
Investments <i>(Note 3)</i>	982,833	367,824
Short-term certificates of deposit	404,191	99,156
Grants receivable	59,636	51,503
Other receivables	21,571	39,962
Prepaid expenses	<u>57,925</u>	<u>93,409</u>
Total current assets	2,765,916	1,606,604
Long-term certificates of deposit	49,297	401,372
Property and equipment, net <i>(Note 4)</i>	77,776	85,496
Deposit	<u>16,844</u>	<u>14,933</u>
Total assets	<u>\$ 2,909,833</u>	<u>\$ 2,108,405</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 33,240	\$ 15,207
Accrued vacation	<u>131,253</u>	<u>136,157</u>
Total current liabilities	164,493	151,364
Deferred rent liability <i>(Note 5)</i>	<u>40,162</u>	<u>9,120</u>
Total liabilities	204,655	160,484
Net assets:		
Without donor restrictions	2,624,004	1,842,074
With donor restrictions <i>(Note 8)</i>	<u>81,174</u>	<u>105,847</u>
Total net assets	<u>2,705,178</u>	<u>1,947,921</u>
Total liabilities and net assets	<u>\$ 2,909,833</u>	<u>\$ 2,108,405</u>

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

YOUTH, RIGHTS & JUSTICE

Statement of Activities

Year Ended December 31, 2021 *(With Comparative Totals for 2020)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
Operating revenue and other support:				
OPDS contract revenue <i>(Note 6)</i>	\$ 3,674,176	\$ -	\$ 3,674,176	\$ 3,206,223
Contributions and grants <i>(Note 9)</i>	413,193	93,170	506,363	460,945
Fundraising event	149,844	-	149,844	111,128
Less direct costs	<u>(29,548)</u>	<u>-</u>	<u>(29,548)</u>	<u>(24,365)</u>
Net proceeds from fundraising event	120,296	-	120,296	86,763
Other	6,360	-	6,360	44,709
Net assets released from restriction <i>(Note 8)</i>	<u>117,843</u>	<u>(117,843)</u>	<u>-</u>	<u>-</u>
Net revenue and other support	4,331,868	(24,673)	4,307,195	3,798,640
Expenses:				
Program services	3,144,871	-	3,144,871	2,761,631
Management and general	319,592	-	319,592	313,525
Fundraising	<u>154,865</u>	<u>-</u>	<u>154,865</u>	<u>120,704</u>
Total expenses	<u>3,619,328</u>	<u>-</u>	<u>3,619,328</u>	<u>3,195,860</u>
Increase (decrease) from operations	712,540	(24,673)	687,867	602,780
Non-operating activities:				
Paycheck Protection Program grant <i>(Note 12)</i>	-	-	-	393,535
Net investment return	<u>69,390</u>	<u>-</u>	<u>69,390</u>	<u>33,129</u>
Total non-operating activities	<u>69,390</u>	<u>-</u>	<u>69,390</u>	<u>426,664</u>
Increase (decrease) in net assets	781,930	(24,673)	757,257	1,029,444
Net assets, beginning of year	<u>1,842,074</u>	<u>105,847</u>	<u>1,947,921</u>	<u>918,477</u>
Net assets, end of year	<u>\$ 2,624,004</u>	<u>\$ 81,174</u>	<u>\$ 2,705,178</u>	<u>\$ 1,947,921</u>

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

YOUTH, RIGHTS & JUSTICE

Statement of Functional Expenses

Year Ended December 31, 2021 *(With Comparative Totals for 2020)*

	Program Services				Management and General	Fundraising	Total	
	Defense	Advocacy	Education	Total			2021	2020
Salaries and related expenses	\$ 2,343,924	\$ 42,782	\$ 207,776	\$ 2,594,482	\$ 223,140	\$ 121,972	\$ 2,939,594	\$ 2,599,635
Occupancy	190,516	911	18,086	209,513	19,142	8,901	237,556	217,534
Professional services	181,081	42,794	14,352	238,227	61,670	18,483	318,380	240,125
Travel	12,476	216	385	13,077	110	38	13,225	14,818
Supplies, printing, and postage	10,719	29	801	11,549	2,099	2,266	15,914	31,182
Insurance	19,659	8	3,505	23,172	4,794	160	28,126	24,753
Training and conferences	4,405	2	802	5,209	54	123	5,386	6,538
Memberships	16,401	78	1,891	18,370	1,377	100	19,847	19,267
Discovery and case expenses	1,734	-	-	1,734	-	-	1,734	3,255
Depreciation and amortization	26,196	92	2,506	28,794	2,862	1,278	32,934	28,835
Miscellaneous	744	-	-	744	4,344	1,544	6,632	9,918
Total expenses	\$ 2,807,855	\$ 86,912	\$ 250,104	\$ 3,144,871	\$ 319,592	\$ 154,865	\$ 3,619,328	\$ 3,195,860

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

YOUTH, RIGHTS & JUSTICE

Statement of Cash Flows

Year Ended December 31, 2021 <i>(With Comparative Totals for 2020)</i>	2021	2020
Cash flows from operating activities:		
Cash received from OPDS	\$ 3,674,176	\$ 3,206,223
Cash received from contributors and grants	636,917	535,360
Interest and dividend income	16,779	7,006
Other receipts	6,360	44,709
Cash paid to employees and vendors	<u>(3,508,724)</u>	<u>(3,185,423)</u>
Net cash provided by operating activities	825,508	607,875
Cash flows from investing activities:		
Purchase of investments	(565,916)	(5,918)
Redemption of certificate of deposit	50,632	-
Purchase of certificates of deposit	-	(450,000)
Purchases of property and equipment	<u>(25,214)</u>	<u>(27,755)</u>
Net cash used by investing activities	(540,498)	(483,673)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program	<u>-</u>	<u>393,535</u>
Net cash provided by financing activities	-	393,535
Net increase in cash and cash equivalents	285,010	517,737
Cash and cash equivalents, beginning of year	<u>954,750</u>	<u>437,013</u>
Cash and cash equivalents, end of year	<u>\$ 1,239,760</u>	<u>\$ 954,750</u>

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

YOUTH, RIGHTS & JUSTICE

Notes to Financial Statements

1. Nature of Activities

Youth, Rights & Justice (YRJ) is dedicated to improving the lives of vulnerable children and families through legal representation and advocacy in the courts, legislature, schools and community. It is YRJ's vision that all children and families in Oregon receive the support they need to be successful members of the community. Since YRJ's founding in 1975 as a program of Multnomah County Legal Aid, they have represented over 25,000 children and parents in the juvenile court system. In 1985, they became an independent nonprofit and are devoted exclusively to representing children, youth, and parents in juvenile court and at the Court of Appeals. All of their clients are indigent and qualify for public defense services. Because of YRJ's unique position handling court-appointed juvenile cases, they often see the same systemic problems affecting many children and families, and they work to change the policies that contribute to these problems through legislative advocacy and impact litigation. In 2002, YRJ established their acclaimed and innovative SchoolWorks program, which helps vulnerable children succeed in school. YRJ is recognized as a statewide expert, and provides training and technical assistance to attorneys through the Juvenile Law Resource Center. YRJ is supported by state, city, and county contracts, foundation grants, and individual donors.

YRJ's primary source of revenue is from a contract with the Public Defense Services Commission, Office of Public Defense Services (OPDS) which expires December 31, 2021. Support from OPDS during 2021 represented 85 percent of total revenue and support (*Note 6*).

2. Significant Accounting Policies

Basis of Accounting - The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of YRJ and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of YRJ and/or the passage of time.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

YOUTH, RIGHTS & JUSTICE

Notes to Financial Statements - Continued

2. Significant Accounting Policies - Continued

Measure of Operations - The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to YRJ's ongoing program services. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates are used in the financial statements for, among other things, the calculation of any allowance for uncollectible receivables, the estimated useful lives of property and equipment, and the allocation of certain expenses by function.

Cash and Cash Equivalents - YRJ considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are recorded at fair value as determined primarily by quoted market prices. The net increase or decrease in the fair value of investments, which consists of realized and unrealized gains or losses on those investments, is included with net investment return in the statement of activities, along with interest and dividend income, which is accrued as earned.

Fair Value Measurements - GAAP establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Quoted prices are available in active markets for identical assets or liabilities readily accessible at the reporting date.

Level 2: Pricing inputs are observable for the asset or liability, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1.

Level 3: Pricing inputs are unobservable for the asset or liability and may include significant management judgment or estimation.

YOUTH, RIGHTS & JUSTICE

Notes to Financial Statements - Continued

2. Significant Accounting Policies - Continued

Certificates of Deposit - The certificates of deposit are recorded at cost plus accumulated interest, which approximates fair value. The certificates of deposit mature through November 2023 and are expected to be held to maturity.

Contribution Recognition - YRJ recognizes contributions when cash, securities or other assets; an unconditional promise to give (including grants); or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

At December 31, 2021, all contributions and grants receivable were due within one year.

YRJ reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 statement of activities as net assets released from restrictions. All contributions are considered without donor restrictions unless specifically restricted by the donor.

YRJ reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, YRJ reports expirations of donor restrictions of donated or acquired long-lived assets when the asset is placed into service.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of donated services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. There were no noncash contributions or donated services during the year ended December 31, 2021.

Prepaid Expenses - YRJ records advance payments for goods and services that will benefit a future period as prepaid expenses. Prepaid expenses typically consist primarily of insurance and rent.

Deferred Rent Expense - YRJ records lease expense over the lease term on a straight-line basis for leases with fixed escalation clauses. Accordingly, YRJ recognizes deferred rent to the extent that the straight-line recognition of lease expense exceeds required lease rental payments. Deferred rents are reduced when lease payment requirements exceed the recognized amount of expense.

YOUTH, RIGHTS & JUSTICE

Notes to Financial Statements - Continued

2. Significant Accounting Policies - Continued

Property and Equipment - Acquisitions of property and equipment in excess of \$500 are capitalized. Capitalized property and equipment are stated at cost or, if donated, at fair market value at the time of receipt. Depreciation and amortization of property and equipment are calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Office furniture and equipment	4 - 8 years
Leasehold improvements	10 years

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

The statement of functional expenses reports certain categories of expenses that are attributable to more than one program or supporting services function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, occupancy, certain professional services, supplies, printing and postage, depreciation, and certain other expenses. They are allocated using estimates of time and effort.

Financial Instruments with Concentrations of Risk - Financial instruments that potentially subject YRJ to concentrations of risk consist principally of cash equivalents, investments, and contributions and grants. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and such changes could materially affect the market value reported in the financial statements. YRJ often maintains cash balances in excess of Federal Deposit Insurance Corporation limits.

At December 31, 2021, grant receivable consisted of amounts due from the City of Portland. The amounts were collected after year-end.

Income Taxes - YRJ is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as YRJ has no activities subject to unrelated business income tax. YRJ is not a private foundation.

GAAP prescribes a recognition threshold and measurement process for accounting for uncertain tax positions, and also provides guidance on various related matters such as interest, penalties, and required disclosures. Management believes YRJ does not have any uncertain tax positions. YRJ files informational returns. Generally, the returns are subject to examination by income tax authorities for three years from the filing of a return. Interest or penalties assessed by taxing authorities, if any, would be included with management and general expenses. There are currently no tax examinations in progress for any periods.

YOUTH, RIGHTS & JUSTICE

Notes to Financial Statements - Continued

2. Significant Accounting Policies - Continued

Recent Accounting Pronouncement - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU, among other things, will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 was effective for YRJ on January 1, 2022. YRJ is evaluating the potential impact of this ASU on YRJ's financial statements.

Summarized Financial Information for 2020 - The accompanying financial information as of and for the year ended December 31, 2020, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with YRJ's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

YOUTH, RIGHTS & JUSTICE

Notes to Financial Statements - Continued

3. Investments

Investments are measured at fair value on a recurring basis using quoted prices in active markets. A summary of investments by type, along with how fair value was determined is as follows at December 31:

	2021 (Level 1)	2020 (Level 1)
Equity securities:		
Equity mutual funds	\$ 247,185	\$ 81,288
Equity exchange traded funds	296,643	202,317
Debt securities:		
Bond exchange traded funds	414,776	77,178
Money market funds	24,229	7,041
	<u>\$ 982,833</u>	<u>\$ 367,824</u>

4. Property and Equipment, Net

Property and equipment consists of the following at December 31:

	2021	2020
Office furniture and equipment	\$ 189,712	\$ 164,498
Leasehold improvements	<u>38,044</u>	<u>38,044</u>
	227,756	202,542
Less accumulated depreciation and amortization	<u>(149,980)</u>	<u>(117,046)</u>
Property and equipment, net	<u>\$ 77,776</u>	<u>\$ 85,496</u>

YOUTH, RIGHTS & JUSTICE

Notes to Financial Statements - Continued

5. Operating Leases

YRJ leases office space under an operating lease which expires in December 31, 2026. The lease calls for monthly rent payments, currently at \$14,966. The lease includes a rent abatement and scheduled increases in base rent. Accordingly, YRJ recognized deferred rent, which represents the difference between straight-line recognition of lease expense and actual lease payments made.

YRJ leases office equipment under an operating leases that expires December 2022.

Future minimum payments due under the aforementioned leases are as follows at December 31, 2021:

Years Ending December 31,	Amount
2022	\$ 199,351
2023	184,974
2024	190,524
2025	196,246
2026	<u>202,126</u>
	<u>\$ 973,221</u>

Lease expense for the year ended December 31, 2021, totaled \$206,230.

6. OPDS Revenue

The majority of YRJ's revenue comes from contracts with OPDS, which is accounted for as conditional grants that is recognized as revenue when conditions stated in the contracts have been met. The contracts are conditioned on YRJ providing certain levels of legal representation services over the term of the contracts, which expired December 31, 2021, but was extended an additional 6 months to June 30, 2022.

Accordingly, at December 31, 2021, \$1,528,532 was available under the contracts but was not recognized as revenue in the financial statements because YRJ had not yet provided the required legal representation services. The remainder of the contract is expected to be recognized as revenue in 2022.

YOUTH, RIGHTS & JUSTICE

Notes to Financial Statements - Continued

7. Retirement Plan

YRJ maintains a 401(k) retirement plan and trust (the Plan). The Plan covers substantially all employees employed longer than six months. Employees may make voluntary contributions to the Plan. YRJ's contributions to the Plan are determined each year on a discretionary basis. Currently, YRJ has elected to contribute 1 percent of salary for all eligible employees, plus a matching contribution equal to 25 percent of employee contributions, up to a maximum of 2 percent of compensation for a total maximum contribution of 3 percent of eligible compensation. Employer contributions to the Plan totaled \$60,100 for the year ended December 31, 2021.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for use within specific programs as directed by the donors.

During the year ended December 31, 2021, net assets of \$117,843 were released from restrictions by either incurring expenses related to the restricted purposes specified by donors or by the passage of time.

9. Contributions and Grants

Contributions and grants were received from the following sources during the years ended December 31:

	2021	2020
Foundations	\$ 222,650	\$ 164,262
Individuals and corporations	60,855	95,706
City of Portland	<u>222,858</u>	<u>200,977</u>
	<u>\$ 506,363</u>	<u>\$ 460,945</u>

The City of Portland grant is conditioned on the incurrence of qualifying expenses. Accordingly, as of December 31, 2021, \$324,579 of this grant was not recognized as revenue in the financial statements because qualifying expenses were not yet incurred. The grant period ends June 2023.

YOUTH, RIGHTS & JUSTICE

Notes to Financial Statements - Continued

10. Liquidity and Availability of Financial Assets

YRJ's financial assets available for general expenditure within one year of the statement of financial position date are as follows:

	2021	2020
Cash and cash equivalents	\$ 1,239,760	\$ 954,750
Investments	982,833	367,824
Short-term certificates of deposit	404,191	99,156
Grants receivable	59,636	51,503
Other receivables	<u>21,571</u>	<u>39,962</u>
 Total financial assets available for general expenditures within one year	 2,707,991	 1,513,195
 Less:		
Amounts unavailable for general expenditures within one year:		
Net assets with donor restrictions	(81,174)	(105,847)
Board designated reserve	<u>(982,833)</u>	<u>(367,824)</u>
 Total financial assets available to management for general expenditures within one year	 <u>\$ 1,643,984</u>	 <u>\$ 1,039,524</u>

YRJ has a long-term certificate of deposit that mature November 2023. At December 31, 2021, the balance was \$49,297. Should the need arise, management has the ability to withdraw these funds and use for general expenditures, but would incur an early withdrawal penalty.

Additionally, YRJ's board designated reserve fund is a component of net assets without donor restrictions. Although management intends to use this fund in accordance with provisions outlined by the Board of Directors, amounts could be available for current operations, if approved by the Board.

YRJ maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

YOUTH, RIGHTS & JUSTICE

Notes to Financial Statements - Continued

11. Subsequent Events

Management has evaluated subsequent events through June 8, 2022, the date the financial statements were available for issue.

12. Paycheck Protection Program Grant

In April, 2020, YRJ received loan proceeds of \$393,535 from Heritage Bank under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided for full or partial loan forgiveness if loan proceeds are used for qualifying expenses and certain other conditions are satisfied.

YRJ elected to account for the loan as a government grant that is recognized in income as qualifying expenses are incurred. In 2020, YRJ incurred qualifying expenses in excess of the PPP loan amount. As such, during the year ended December 31, 2020, the entire PPP loan was recognized as revenue in the accompanying statement of activities.

During February 2021, the loan was forgiven by the Small Business Administration.