

**YOUTH VOLUNTEER CORPS**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED MARCH 31, 2019 AND 2018**



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**YOUTH VOLUNTEER CORPS  
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YEARS ENDED MARCH 31, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Youth Volunteer Corps  
Kansas City, Missouri

We have audited the accompanying financial statements of Youth Volunteer Corps (a nonprofit organization), which comprises the statements of financial position as of March 31, 2019 and 2018, 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.

### ***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.

### ***Auditors' 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 auditors' 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.

Board of Directors  
Youth Volunteer Corps

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Volunteer Corps as of March 31, 2019 and 2018 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.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-04 *Not-For-Profit (Topic 958), Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to that matter.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Overland Park, Kansas  
August 20, 2019

**YOUTH VOLUNTEER CORPS  
STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2019 AND 2018**

|   | 2019         | 2018         |
|---|--------------|--------------|
| <b>ASSETS</b>                             |              |              |
| <b>CURRENT ASSETS</b>                     |              |              |
| Cash and Cash Equivalents                 | \$ 439,572   | \$ 719,230   |
| Investments, at Fair Value                | 285,884      | 308,097      |
| Accounts Receivable:                      |              |              |
| Grants                                    | 205,707      | -            |
| Pledges                                   | -            | 250          |
| In-Kind Pledges, Net                      | 22,059       | 19,270       |
| Affiliate Sites                           | 6,717        | -            |
| Interest                                  | 240          | 90           |
| Prepaid Expenses                          | 885          | 3,501        |
| Total Current Assets                      | 961,064      | 1,050,438    |
| <b>PROPERTY AND EQUIPMENT</b>             |              |              |
| Leasehold Improvements                    | 4,450        | 4,450        |
| Fixtures and Equipment                    | 48,398       | 51,724       |
| Software and Websites                     | 80,537       | 28,578       |
| Internally Developed Software in Progress | -            | 14,164       |
| Total Property and Equipment              | 133,385      | 98,916       |
| Less: Accumulated Depreciation            | 73,564       | 63,217       |
| Net Property and Equipment                | 59,821       | 35,699       |
| <b>OTHER ASSETS</b>                       |              |              |
| Grants Receivable, Net of Current Portion | 25,000       | -            |
| Trademarks                                | 6,208        | 6,208        |
| Security Deposit                          | 2,083        | 2,083        |
| Total Other Assets                        | 33,291       | 8,291        |
| Total Assets                              | \$ 1,054,176 | \$ 1,094,428 |
| <b>LIABILITIES AND NET ASSETS</b>         |              |              |
| <b>CURRENT LIABILITIES</b>                |              |              |
| Accounts Payable                          | \$ 7,849     | \$ 5,687     |
| Accrued Liabilities                       | 15,517       | 22,573       |
| Grants Payable                            | 66,865       | -            |
| Total Current Liabilities                 | 90,231       | 28,260       |
| <b>NET ASSETS</b>                         |              |              |
| Without Donor Restrictions:               |              |              |
| Undesignated                              | 478,587      | 432,852      |
| Board Designated                          | 2,000        | 2,000        |
| Total Without Donor Restrictions:         | 480,587      | 434,852      |
| With Donor Restrictions                   | 483,358      | 631,316      |
| Total Net Assets                          | 963,945      | 1,066,168    |
| Total Liabilities and Net Assets          | \$ 1,054,176 | \$ 1,094,428 |

See accompanying Notes to Financial Statements.

**YOUTH VOLUNTEER CORPS**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED MARCH 31, 2019 AND 2018**

|                                       | 2019                          |                            |                   | 2018                          |                            |                     |
|---------------------------------------|-------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|---------------------|
|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| <b>REVENUE</b>                        |                               |                            |                   |                               |                            |                     |
| Contributions:                        |                               |                            |                   |                               |                            |                     |
| Individuals                           | \$ 153,337                    | \$ 29,253                  | \$ 182,590        | \$ 118,037                    | \$ 24,814                  | \$ 142,851          |
| Corporations                          | 45,523                        | 31,309                     | 76,832            | 64,032                        | 29,270                     | 93,302              |
| Foundations                           | 20,816                        | 534,797                    | 555,613           | 8,710                         | 20,675                     | 29,385              |
| Total Contributions                   | <u>219,676</u>                | <u>595,359</u>             | <u>815,035</u>    | <u>190,779</u>                | <u>74,759</u>              | <u>265,538</u>      |
| Grants                                | -                             | 46,576                     | 46,576            | -                             | 65,196                     | 65,196              |
| Affiliate Sites                       | 64,485                        | 8,000                      | 72,485            | 43,990                        | -                          | 43,990              |
| Investment Income                     | 29,400                        | -                          | 29,400            | 38,384                        | -                          | 38,384              |
| Other Revenue                         | 3,045                         | -                          | 3,045             | 894                           | -                          | 894                 |
| Net Assets Released From Restriction: |                               |                            |                   |                               |                            |                     |
| Satisfaction of Purpose Restrictions  | 778,623                       | (778,623)                  | -                 | 536,141                       | (536,141)                  | -                   |
| Satisfaction of Time Restrictions     | 19,270                        | (19,270)                   | -                 | -                             | -                          | -                   |
| Total Revenue                         | <u>1,114,499</u>              | <u>(147,958)</u>           | <u>966,541</u>    | <u>810,188</u>                | <u>(396,186)</u>           | <u>414,002</u>      |
| <b>EXPENSES</b>                       |                               |                            |                   |                               |                            |                     |
| Program Services                      | 876,889                       | -                          | 876,889           | 840,736                       | -                          | 840,736             |
| Management and General                | 59,168                        | -                          | 59,168            | 70,439                        | -                          | 70,439              |
| Fundraising                           | 132,707                       | -                          | 132,707           | 95,332                        | -                          | 95,332              |
| Total Expenses                        | <u>1,068,764</u>              | <u>-</u>                   | <u>1,068,764</u>  | <u>1,006,507</u>              | <u>-</u>                   | <u>1,006,507</u>    |
| <b>CHANGE IN NET ASSETS</b>           | 45,735                        | (147,958)                  | (102,223)         | (196,319)                     | (396,186)                  | (592,505)           |
| Net Assets - Beginning Of Year        | <u>434,852</u>                | <u>631,316</u>             | <u>1,066,168</u>  | <u>631,171</u>                | <u>1,027,502</u>           | <u>770,648</u>      |
| <b>NET ASSETS - END OF YEAR</b>       | <u>\$ 480,587</u>             | <u>\$ 483,358</u>          | <u>\$ 963,945</u> | <u>\$ 434,852</u>             | <u>\$ 631,316</u>          | <u>\$ 1,066,168</u> |

See accompanying Notes to Financial Statements.

**YOUTH VOLUNTEER CORPS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2019**

|                                   | Program Services         | Support Activities        |             | Total<br>Expenses |
|-----------------------------------|--------------------------|---------------------------|-------------|-------------------|
|                                   | Affiliate<br>Development | Management<br>and General | Fundraising |                   |
| Salaries and Benefits             | \$ 383,761               | \$ 35,999                 | \$ 97,604   | \$ 517,364        |
| Affiliate Support and Programming | 359,059                  | 122                       | 340         | 359,521           |
| Rent                              | 68,255                   | 6,376                     | 17,688      | 92,319            |
| Travel                            | 10,804                   | 400                       | 1,110       | 12,314            |
| Professional and Consulting       | -                        | 13,540                    | 5,644       | 19,184            |
| Depreciation                      | 13,258                   | 471                       | 1,308       | 15,037            |
| Insurance                         | 2,500                    | 233                       | 648         | 3,381             |
| Information Technology            | 12,515                   | 892                       | 2,632       | 16,039            |
| Printing and Production           | 8,560                    | -                         | 2,735       | 11,295            |
| Telephone and Communication       | 4,923                    | 157                       | 157         | 5,237             |
| Office Supplies                   | 7,401                    | 659                       | 1,827       | 9,887             |
| Training and Staff Development    | 4,414                    | 293                       | 688         | 5,395             |
| Miscellaneous                     | 1,439                    | 26                        | 326         | 1,791             |
| Total Expenses by Function        | \$ 876,889               | \$ 59,168                 | \$ 132,707  | \$ 1,068,764      |

See accompanying Notes to Financial Statements.

**YOUTH VOLUNTEER CORPS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2018**

|                                   | Program Services         | Support Activities        |             | Total<br>Expenses |
|-----------------------------------|--------------------------|---------------------------|-------------|-------------------|
|                                   | Affiliate<br>Development | Management<br>and General | Fundraising |                   |
| Salaries and Benefits             | \$ 364,766               | \$ 43,442                 | \$ 69,746   | \$ 477,954        |
| Affiliate Support and Programming | 371,421                  | 404                       | 675         | 372,500           |
| Rent                              | 58,220                   | 7,937                     | 13,257      | 79,414            |
| Travel                            | 9,103                    | 374                       | 626         | 10,103            |
| Professional and Consulting       | -                        | 14,860                    | 3,925       | 18,785            |
| Depreciation                      | 7,156                    | 976                       | 1,629       | 9,761             |
| Insurance                         | 3,434                    | 442                       | 738         | 4,614             |
| Information Technology            | 9,354                    | 935                       | 1,694       | 11,983            |
| Printing and Production           | 4,768                    | -                         | 1,420       | 6,188             |
| Telephone and Communication       | 3,364                    | 107                       | 107         | 3,578             |
| Office Supplies                   | 2,249                    | 307                       | 512         | 3,068             |
| Training and Staff Development    | 3,887                    | 353                       | 870         | 5,110             |
| Miscellaneous                     | 3,014                    | 302                       | 133         | 3,449             |
| Total Expenses by Function        | \$ 840,736               | \$ 70,439                 | \$ 95,332   | \$ 1,006,507      |

See accompanying Notes to Financial Statements.



**YOUTH VOLUNTEER CORPS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED MARCH 31, 2019 AND 2018**

|  | 2019         | 2018         |
|--|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |              |
| Change in Net Assets   | \$ (102,223) | \$ (592,505) |
| Adjustments to Reconcile Change in Net Assets to Net Cash<br>Used by Operating Activities: |              |              |
| Realized and Unrealized Gains on Investments, Net  | (21,776)     | (32,120)     |
| Donated Office Space   | (2,789)      | (19,270)     |
| Depreciation   | 15,037       | 9,761        |
| Effects of Changes in Operating Assets and Liabilities:                                    |              |              |
| Grants Receivable  | (230,707)    | 514,946      |
| Pledges Receivable   | 250          | 1,750        |
| Affiliate Sites Receivable   | (6,717)      | -            |
| Interest Receivable  | (150)        | (3)          |
| Prepaid Expenses   | 2,616        | (1,555)      |
| Accounts Payable   | 2,162        | (4,990)      |
| Accrued Liabilities  | (7,056)      | 5,312        |
| Grants Payable   | 66,865       | -            |
| Net Cash Used by Operating Activities  | (284,488)    | (118,674)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |              |              |
| Purchases of Property and Equipment  | (39,159)     | (20,955)     |
| Purchases of Investment Securities   | (6,232)      | (5,604)      |
| Proceeds from Sale of Investment Securities  | 50,221       | -            |
| Net Cash Provided (Used) by Investing Activities   | 4,830        | (26,559)     |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>   | (279,658)    | (145,233)    |
| Cash and Cash Equivalents - Beginning of Year  | 719,230      | 864,463      |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>   | \$ 439,572   | \$ 719,230   |

See accompanying Notes to Financial Statements.

**YOUTH VOLUNTEER CORPS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Youth Volunteer Corps (the Organization) was incorporated as a Missouri nonprofit corporation in 1991. The Organization was organized to create volunteer opportunities to address community needs and to inspire youth for a lifetime commitment to service. The Organization is primarily funded by contributions from foundations, corporations, and individuals, as well as by government grants.

The Organization is located in over 30 communities across the United States and Canada and recruits teams of diverse youth between the ages of 11 and 18 to perform service learning projects in their communities. The projects address unmet needs of the community while promoting a lifetime ethic of service among young people.

The Organization's primary responsibility is to act as an international headquarters and to support its affiliates, which are essentially the Organization's programs sponsored by community or government organizations such as a local YMCA or United Way. The Organization does not own or control any of these community or government organizations, nor are any of them fiscally dependent upon the Organization or vice versa.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates incorporated into the Organization's financial statements include the estimated useful lives of depreciable assets, the value of in-kind contributions related to discounted rental payments to be received in future periods, and the allocation of costs between functional cost centers. Actual results could differ from those estimates.

**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 certain grantor) restrictions. This category includes board-designated net assets.

**YOUTH VOLUNTEER CORPS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) - imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization does not have any perpetually restricted assets for the years ended March 31, 2019 and 2018.

Basis of Accounting

The accounts of the Organization are maintained on the accrual basis of accounting in accordance with principles of fund accounting. Separate accounts are maintained for each fund. However, the accompanying financial statements have been prepared on a basis which shows the financial position and changes in net assets of the Organization in total. Funds with similar characteristics have been combined for financial statement presentation.

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. When a restriction expires, reclassifications are made from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction.

In-Kind Contributions

In-kind contributions consist of goods and services donated to the Organization. These have been reflected in the financial statements at their estimated fair value at the date of donation.

Office space rent, advertising services, donated stock, and federal grant assistance are reflected as contributions and grant revenue at their estimated values at date of receipt.

The Organization records in-kind support for contributed services if these services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation. Such support could be used in program activities of the Organization as well as in fundraising and administrative activities. The value of services meeting these requirements, to the extent measurable, is reflected in the accompanying financial statements.

The Organization receives a substantial amount of support from nonprofessional volunteer services that do not meet the criteria listed above. These nonprofessional volunteers donate services for fundraising, education, and administration that are not valued or recorded in the statements of activities and changes in net assets.

**YOUTH VOLUNTEER CORPS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Cash equivalents for the purposes of the statements of cash flows consist of cash in operating bank accounts and certificates of deposit and are recorded at cost.

**Investments**

Investments include equity mutual funds, which are carried at fair value, with realized and unrealized gains and losses on investments reported as increases or decreases in net assets without donor restriction or net assets with donor restriction based upon donor-imposed restrictions. The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, 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 change could materially affect the amounts reported in the Organization's financial statements.

**Grants Receivable**

Grants are recognized when the grant letter is received, absent the presence of conditional provisions, and are classified as net assets with donor restriction if time or purpose restrictions are present. No allowance for doubtful accounts is recorded for grants as of March 31, 2019 and 2018, as management does not believe the required amount of such an allowance would be material to the financial statements.

**Pledges Receivable**

Pledges are recorded when received and determined to be unconditional. Allowances are provided for amounts estimated to be uncollectible. No allowance for doubtful accounts is recorded for pledges as of March 31, 2019 or 2018, as management does not believe the required amount of such an allowance would be material to the financial statements. Pledges receivable are expected to be collected within one year as of March 31, 2019 and 2018.

**Property and Equipment**

The Organization's property and equipment are carried at cost if purchased, and fair value as of the contribution date if contributed. The cost of property and equipment purchased in excess of \$1,000 is capitalized. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets, which is generally three to seven years. Repair and maintenance costs are charged to expense as incurred.

**YOUTH VOLUNTEER CORPS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets held for sale are reported at the lower of their carrying amount or fair value less costs to sell.

**Income Taxes**

No provision for income taxes is included in the statements of activities and changes in net assets since the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization accounts for income taxes in accordance with FASB ASC 740, *Accounting for Income Taxes*, which provides guidance on how to measure and account for various tax positions. The Organization has determined that no material unrecognized tax benefits or liabilities exist as of March 31, 2019 for the Organization. If applicable, the Organization will recognize interest and penalties related to the underpayment of income taxes in the year incurred. The Organization is not at the present time under examination by any taxing authority. The Organization follows the standard for evaluating uncertain tax positions and has determined no liability should be recorded.

**Functional Expenses**

The costs of providing the Organization's program and other support activities have been summarized on a functional basis in the statements of activities and changes in net assets. Certain costs have been allocated between the program and support services benefited as depicted in the accompanying statements of functional expenses. Expenses that can be identified with the program specifically or with support services are assigned directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on management's estimate of resources devoted to the program or support services according to formulas developed by management to appropriately reflect costs and efforts expended on each program or support service.

**YOUTH VOLUNTEER CORPS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncement Effective in Future Accounting Period**

On May 28, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The standard does not impact the recording of contributions. Since then, the board issued proposed ASU, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The amendments in this update defer the effective date of Update 2014-09 for all entities by one year, making the standard effective for fiscal year ending March 31, 2020. Management will be evaluating the effects of this new standard.

In February 2016, FASB issued ASU 2016-02 *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Organization for the fiscal year ending March 31, 2021. Management will be evaluating the effects of this new standard.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. ASU 2018-08 is effective for the fiscal year ending March 31, 2020. Management will be evaluating the effects of this new standard.

**NOTE 2 CHANGE IN ACCOUNTING PRINCIPLE**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

**YOUTH VOLUNTEER CORPS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018**

**NOTE 3 LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash for fiscal year 2019.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

|  | 2019       | 2018       |
|--|------------|------------|
| Cash and Cash Equivalents                  | \$ 439,572 | \$ 719,230 |
| Investments                                | 285,884    | 308,097    |
| Grants Receivable                          | 205,707    | -          |
| Pledges Receivable                         | -          | 250        |
| Affiliate Sites Receivable                 | 6,717      | -          |
| Interest Receivable                        | 240        | 90         |
| Total Financial Assets                     | 938,120    | 1,027,667  |
| Contractual or Donor Imposed Restrictions: |            |            |
| Cash Restricted to Specific Uses           | (230,592)  | (611,796)  |
| Grants Restricted to Specific Uses         | (205,707)  | -          |
| Pledges Restricted to Specific Uses        | -          | (250)      |
| Total Restrictions Imposed                 | (436,299)  | (612,046)  |
| Board Designations:                        |            |            |
| Sloan Scholarship                          | (2,000)    | (2,000)    |
| Financial Assets Available to Meet Cash    |            |            |
| Needs for Expenditures Within One Year     | \$ 499,821 | \$ 413,621 |

Amounts in the board designated scholarship could be made available if necessary.

**NOTE 4 CONCENTRATION OF CREDIT RISK**

Financial instruments, which subject the Organization to concentration of credit risk, consist of demand deposits, certificates of deposit, and mutual funds that are held by financial institutions. In the normal course of business operations, the Organization may have funds on deposit in various financial institutions in excess of federal and other insurance limits. The Organization had no uninsured balances at March 31, 2019.

**YOUTH VOLUNTEER CORPS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018**

**NOTE 5 FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

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 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:

*Mutual Funds:* Valued at the daily closing price as reported by the fund. The mutual funds held by the Organization are deemed to be actively traded (Level 1).

The following table presents assets measured at fair value on a recurring basis at March 31:

|              |       | 2019              |             |             |
|--------------|-------|-------------------|-------------|-------------|
|              |       | Level 1           | Level 2     | Level 3     |
| Mutual Funds |       | \$ 285,884        | \$ -        | \$ -        |
|              | Total | <u>\$ 285,884</u> | <u>\$ -</u> | <u>\$ -</u> |
|              |       | 2018              |             |             |
|              |       | Level 1           | Level 2     | Level 3     |
| Mutual Funds |       | \$ 308,097        | \$ -        | \$ -        |
|              | Total | <u>\$ 308,097</u> | <u>\$ -</u> | <u>\$ -</u> |



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**NOTE 6 INVESTMENTS**

Investment returns consist of the following for the years ended March 31:

|                          | <u>2019</u>      | <u>2018</u>      |
|--------------------------|------------------|------------------|
| Interest and Dividends   | \$ 7,624         | \$ 6,264         |
| Realized Gains, Net      | 11,994           | -                |
| Unrealized Gains, Net    | 9,782            | 32,120           |
| Total Investment Returns | <u>\$ 29,400</u> | <u>\$ 38,384</u> |

The Organization did not incur any investment expenses during the years ended March 31, 2019 and 2018.

**NOTE 7 OTHER ASSETS**

Other assets consist of the following at March 31:

|                     | <u>2019</u>     | <u>2018</u>     |
|---------------------|-----------------|-----------------|
| Trademarks:         |                 |                 |
| Word Mark           | \$ 4,163        | \$ 4,163        |
| Design Mark         | 2,045           | 2,045           |
| Office Rent Deposit | 2,083           | 2,083           |
| Total               | <u>\$ 8,291</u> | <u>\$ 8,291</u> |

The trademarks are comprised of the associated legal and filings costs as part of the trademark registration process and are considered to have an indefinite life; therefore, no amortization has been recorded as of March 31, 2019 or 2018. Additionally, no impairment has been recorded as of March 31, 2019 or 2018.

**NOTE 8 LEASE COMMITMENTS**

The Organization leased office space during the years ended March 31, 2019 and 2018 under a cancelable operating lease. The prior year lease expired in August 2017 and the new lease began January 2018. A second cancelable lease agreement was entered into for additional office space beginning October 2018. Total lease expense was \$92,319 in 2019 and \$79,414 in 2018, of which \$44,107 and \$45,955, respectively, was considered to be an in-kind contribution from the landlord. If the leases are continued, future minimum lease commitments for these leases are as follows:

| <u>Fiscal Year Ending March 31,</u> | <u>Amount</u>     |
|-------------------------------------|-------------------|
| 2020                                | \$ 55,303         |
| 2021                                | 49,512            |
| 2022                                | 43,904            |
| 2023                                | 33,790            |
| Total                               | <u>\$ 182,509</u> |

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**NOTE 9 BENEFICIAL INTEREST IN COMMUNITY FOUNDATION**

On January 27, 2014, a donor established the Adele Hall Joy of Serving Fund (the Fund) at the Greater Kansas City Community Foundation (GKCCF). The establishing document called for GKCCF to distribute annual net income from the Fund to the Organization as follows: "25% of the annual net income shall be used for innovative programs and best practices in Kansas City which may be exported nationally and 75% of the annual net income shall be used for expenses of the Organization."

After the fifteenth anniversary of the date of this establishing document, if the Organization meets certain conditions then it will become the advisor to the Fund and may request distributions of income and principal from the Fund at any time for any charitable purpose in its discretion. If, instead, the Organization ceases to exist then GKCCF can make distributions from the income and principal of the Fund in their discretion to another organization that meets certain requirements outlined in the establishing document.

The establishing document grants GKCCF variance power to modify a restriction or condition on the distribution of funds for any specific charitable purpose or to specified charitable organizations. As a result, the Organization has not recorded the principal of the Fund and only records contribution revenue upon receipt of distributions from the Fund.

The Organization received annual distributions from the Fund in the amount of \$99,254 and \$98,458 during the years ended March 31, 2019 and 2018, respectively.

**NOTE 10 CONTRIBUTED GOODS AND SERVICES**

In-kind contributions were recorded as follows for the years ended March 31:

|                             | <u>2019</u>       | <u>2018</u>       |
|-----------------------------|-------------------|-------------------|
| Contributions:              |                   |                   |
| Office Space - Current Year | \$ 44,107         | \$ 45,955         |
| Office Space - Future Years | 22,059            | 19,270            |
| Advertising Services        | 4,252             | -                 |
| Stock                       | 15,361            | 15,000            |
| Federal Grants:             |                   |                   |
| AmeriCorps VISTA            | 46,576            | 21,678            |
| Total In-Kind Contributions | <u>\$ 132,355</u> | <u>\$ 101,903</u> |

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**NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purpose or time periods at March 31:

|  | 2019       | 2018       |
|--|------------|------------|
| Subject to Purpose Restriction:        |            |            |
| Don and Jean Sloan Scholarship Fund    | \$ 1,750   | \$ -       |
| Adele Hall Joy of Serving Fund         | 24,814     | 24,615     |
| Program Expenses                       | 50,010     | 10,000     |
| Leadership Academy and HQ Hosted Sites | 236,652    | -          |
| Summit Sponsorships                    | 800        | 200        |
| Construction Related Service Projects  | 147,273    | 577,231    |
|  | 461,299    | 612,046    |
| Subject to Time Restriction:           |            |            |
| In-Kind Pledges Receivable, Net        | 22,059     | 19,270     |
| Total                                  | \$ 483,358 | \$ 631,316 |

**NOTE 12 FEDERAL GRANTS**

On July 25, 2013, the Organization was awarded \$263,840 in federal grant funds by the Corporation for National and Community Service (CNCS) for each year during the three-year grant period beginning September 1, 2013 and ending August 31, 2016. Such funds were available to be drawn down at any time, regardless of when expenditures are incurred. During the fiscal year ended March 31, 2019, no amount was recognized as grant revenue. During the fiscal year ended March 31, 2018, \$43,518 of this grant was recognized as grant revenue. No remaining funds were available to be drawn down on the grant, and no amounts were included in receivables as of March 31, 2019 or 2018.

**NOTE 13 RELATED PARTY TRANSACTIONS**

For the year ended March 31, 2019, approximately 7% of total contributions revenue originated from board members, key management, staff, and their immediate family members. For the year ended March 31, 2018, approximately 13% of total contributions revenue and 100% of pledges receivable originated from board members, key management, staff, and their immediate family members.

**NOTE 14 ECONOMIC RISKS**

The Organization invests in investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the Organization's financial statements.

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**NOTE 15 CONCENTRATION OF REVENUE RISK**

For the year ended March 31, 2019, three donors contributed approximately \$574,254 or 71% of total contribution revenue. For the year ended March 31, 2018, two donors contributed approximately \$144,413 or 59% of total contribution revenue.

**NOTE 16 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 20, 2019, the date which the financial statements were available for issue.

