

**Supporting and Mentoring Youth Advocates and Leaders**

Financial Statements  
and Independent Auditors' Report

December 31, 2019 and 2018

# Supporting and Mentoring Youth Advocates and Leaders

Financial Statements  
December 31, 2019 and 2018

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Supporting and Mentoring Youth Advocates and Leaders

We have audited the accompanying financial statements of the Sexual Minority Youth Assistance League, doing business as Supporting and Mentoring Youth Advocates and Leaders (SMYAL), which comprise the statements of financial position as of December 31, 2019 and 2018; the related statements of activities, 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SMYAL as of December 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, SMYAL adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The word "Rogers" is written in a large, stylized cursive font, followed by a plus sign and the words "Company PLLC" in a smaller, more standard cursive font.

Vienna, Virginia  
July 20, 2020

## Supporting and Mentoring Youth Advocates and Leaders

### Statements of Financial Position December 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 1,108,014	\$ 466,069
Grants receivable	140,173	132,148
Deposits	24,100	9,200
Intangible assets, net	7,500	12,500
Property and equipment, net	199,022	205,709
Total assets	<u>\$ 1,478,809</u>	<u>\$ 825,626</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 39,166	\$ 48,558
Refundable advances	344,845	-
Mortgage payable	159,341	172,054
Total liabilities	<u>543,352</u>	<u>220,612</u>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	616,613	498,170
Board-designated – operating reserve fund	298,844	106,844
Board-designated – infrastructure fund	20,000	-
Total net assets	<u>935,457</u>	<u>605,014</u>
Total liabilities and net assets	<u>\$ 1,478,809</u>	<u>\$ 825,626</u>

## Supporting and Mentoring Youth Advocates and Leaders

Statement of Activities  
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Special events:			
Special event revenue	\$ 558,135	\$ -	\$ 558,135
Less: costs of direct benefit to donors	(138,574)	-	(138,574)
Net revenue from special events	419,561	-	419,561
Contributions	674,209	86,150	760,359
Government grants	784,055	-	784,055
In-kind contributions	50,000	-	50,000
Training revenue	23,699	-	23,699
Interest income	1,896	-	1,896
Net assets released from restrictions	86,150	(86,150)	-
Total revenue and support	2,039,570	-	2,039,570
<b>Expenses</b>			
Program services:			
Health and wellness	261,491	-	261,491
Community education	326,278	-	326,278
Youth leadership development	232,351	-	232,351
Transitional housing	656,683	-	656,683
Total program services	1,476,803	-	1,476,803
Supporting services:			
General and administrative	166,991	-	166,991
Fundraising	65,333	-	65,333
Total supporting services	232,324	-	232,324
Total expenses	1,709,127	-	1,709,127
<b>Change in Net Assets</b>	330,443	-	330,443
<b>Net Assets, beginning of year</b>	605,014	-	605,014
<b>Net Assets, end of year</b>	\$ 935,457	\$ -	\$ 935,457

See accompanying notes.

## Supporting and Mentoring Youth Advocates and Leaders

Statement of Activities  
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Special events:			
Special event revenue	\$ 472,819	\$ -	\$ 472,819
Less: costs of direct benefit to donors	(129,236)	-	(129,236)
Net revenue from special events	343,583	-	343,583
Contributions	565,844	42,400	608,244
Government grants	568,026	-	568,026
Training revenue	8,650	-	8,650
Interest income	619	-	619
Net assets released from restrictions	42,400	(42,400)	-
Total revenue and support	1,529,122	-	1,529,122
<b>Expenses</b>			
Program services:			
Health and wellness	247,298	-	247,298
Community education	187,449	-	187,449
Youth leadership development	176,352	-	176,352
Transitional housing	461,088	-	461,088
Total program services	1,072,187	-	1,072,187
Supporting services:			
General and administrative	174,190	-	174,190
Fundraising	86,384	-	86,384
Total supporting services	260,574	-	260,574
Total expenses	1,332,761	-	1,332,761
<b>Change in Net Assets</b>	196,361	-	196,361
<b>Net Assets, beginning of year</b>	408,653	-	408,653
<b>Net Assets, end of year</b>	\$ 605,014	\$ -	\$ 605,014

See accompanying notes.

**Supporting and Mentoring Youth Advocates and Leaders**

Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Health and Wellness	Community Education	Youth Leadership Development	Transitional Housing	Total Program Services	General and Administrative	Fundraising	Direct Costs of Special Events	Total
Salaries	\$ 116,579	\$ 134,863	\$ 114,104	\$ 294,668	\$ 660,214	\$ 31,175	\$ 31,175	\$ -	\$ 722,564
Payroll taxes	11,458	12,982	11,252	19,345	55,037	2,975	2,142	-	60,154
Employee benefits	14,997	16,990	14,727	25,317	72,031	3,895	2,806	-	78,732
Contracted services	54,137	47,123	7,948	-	109,208	10,250	10,250	-	129,708
Conferences and meetings	4,418	4,418	4,417	4,417	17,670	-	-	-	17,670
Occupancy	6,484	6,484	6,485	168,336	187,789	-	-	-	187,789
Office and other supplies	3,908	3,908	3,908	3,908	15,632	1,953	1,956	-	19,541
Printing and copying	318	318	318	318	1,272	158	158	-	1,588
Postage and delivery	208	208	208	208	832	103	103	-	1,038
Telephone	2,217	2,217	2,217	2,217	8,868	1,108	1,109	-	11,085
Equipment rental	1,866	1,866	1,866	1,866	7,464	933	934	-	9,331
Bank fees	-	-	-	-	-	1,978	-	-	1,978
Dues and subscriptions	407	407	407	407	1,628	204	204	-	2,036
Travel	2,391	2,391	2,391	2,391	9,564	1,196	1,196	-	11,956
Depreciation and amortization	3,537	3,537	3,537	3,537	14,148	1,769	1,770	-	17,687
Marketing	3,511	3,511	3,511	3,511	14,044	1,755	1,756	-	17,555
Information technology	6,512	6,512	6,512	6,512	26,048	3,256	3,257	-	32,561
Interest	-	-	-	-	-	11,380	-	-	11,380
Insurance	4,189	4,189	4,189	4,189	16,756	2,094	2,095	-	20,945
In-kind expenses	-	50,000	-	-	50,000	-	-	-	50,000
Payroll fees	-	-	-	-	-	2,478	-	-	2,478
Program supplies	15,509	15,509	15,509	100,282	146,809	-	-	-	146,809
Professional fees	-	-	-	-	-	83,910	-	-	83,910
Fall Brunch	-	-	-	-	-	-	-	138,574	138,574
Repair and maintenance	5,434	5,434	5,434	5,434	21,736	2,716	2,717	-	27,169
Licenses and permits	83	83	83	83	332	41	41	-	414
Utilities	3,328	3,328	3,328	3,328	13,312	1,664	1,664	-	16,640
Bad debt	-	-	-	6,409	6,409	-	-	-	6,409
Scholarships	-	-	20,000	-	20,000	-	-	-	20,000
<b>Total Functional Expenses</b>	<b>261,491</b>	<b>326,278</b>	<b>232,351</b>	<b>656,683</b>	<b>1,476,803</b>	<b>166,991</b>	<b>65,333</b>	<b>138,574</b>	<b>1,847,701</b>
Less: direct benefits to donors	-	-	-	-	-	-	-	(138,574)	(138,574)
<b>Total Expenses</b>	<b>\$ 261,491</b>	<b>\$ 326,278</b>	<b>\$ 232,351</b>	<b>\$ 656,683</b>	<b>\$ 1,476,803</b>	<b>\$ 166,991</b>	<b>\$ 65,333</b>	<b>\$ -</b>	<b>\$ 1,709,127</b>

See accompanying notes.



**Supporting and Mentoring Youth Advocates and Leaders**

Statement of Functional Expenses  
For the Year Ended December 31, 2018

	Health and Wellness	Community Education	Youth Leadership Development	Transitional Housing	Total Program Services	General and Administrative	Fundraising	Direct Costs of Special Events	Total
Salaries	\$ 100,328	\$ 105,585	\$ 83,786	\$ 200,070	\$ 489,769	\$ 26,773	\$ 26,773	\$ -	\$ 543,315
Payroll taxes	8,866	9,302	7,494	16,687	42,349	2,495	2,495	-	47,339
Employee benefits	11,458	12,058	9,568	22,848	55,932	3,053	3,052	-	62,037
Contracted services	66,142	-	-	20,736	86,878	34,548	34,547	-	155,973
Conferences and meetings	2,976	2,976	2,976	2,975	11,903	-	-	-	11,903
Occupancy	4,366	4,366	4,366	117,167	130,265	-	-	-	130,265
Office and other supplies	3,745	3,745	3,745	3,745	14,980	1,872	1,872	-	18,724
Printing and copying	370	370	370	370	1,480	185	184	-	1,849
Postage and delivery	201	201	201	201	804	101	100	-	1,005
Telephone	2,000	2,000	2,000	2,000	8,000	1,000	1,000	-	10,000
Equipment rental	1,863	1,863	1,863	1,863	7,452	932	931	-	9,315
Bank fees	-	-	-	-	-	5,027	-	-	5,027
Dues and subscriptions	483	483	483	483	1,932	242	242	-	2,416
Travel	1,724	1,724	1,724	1,724	6,896	863	862	-	8,621
Depreciation and amortization	4,024	4,024	4,024	4,024	16,096	2,011	2,011	-	20,118
Marketing	7,096	7,096	7,096	7,096	28,384	3,547	3,547	-	35,478
Information technology	6,287	6,287	6,287	6,287	25,148	3,144	3,144	-	31,436
Interest	-	-	-	-	-	8,838	-	-	8,838
Insurance	2,321	2,321	2,321	2,321	9,284	1,160	1,160	-	11,604
Payroll fees	-	-	-	-	-	2,160	-	-	2,160
Program supplies	14,119	14,119	14,119	41,562	83,919	-	-	-	83,919
Professional fees	-	-	-	-	-	71,776	-	-	71,776
Fall Brunch	-	-	-	-	-	-	-	129,236	129,236
Repair and maintenance	6,012	6,012	6,012	6,012	24,048	3,006	3,006	-	30,060
Licenses and permits	52	52	52	52	208	26	26	-	260
Utilities	2,865	2,865	2,865	2,865	11,460	1,431	1,432	-	14,323
Scholarships	-	-	15,000	-	15,000	-	-	-	15,000
<b>Total Functional Expenses</b>	<b>247,298</b>	<b>187,449</b>	<b>176,352</b>	<b>461,088</b>	<b>1,072,187</b>	<b>174,190</b>	<b>86,384</b>	<b>129,236</b>	<b>1,461,997</b>
Less: direct benefits to donors	-	-	-	-	-	-	-	(129,236)	(129,236)
<b>Total Expenses</b>	<b>\$ 247,298</b>	<b>\$ 187,449</b>	<b>\$ 176,352</b>	<b>\$ 461,088</b>	<b>\$ 1,072,187</b>	<b>\$ 174,190</b>	<b>\$ 86,384</b>	<b>\$ 129,236</b>	<b>\$ 1,332,761</b>

See accompanying notes.

## Supporting and Mentoring Youth Advocates and Leaders

### Statements of Cash Flows For the Years Ended December 31, 2019 and 2018

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 330,443	\$ 196,361
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	17,687	20,118
Amortization of debt issuance costs	-	265
Change in operating assets and liabilities:		
Increase in:		
Grants receivable	(8,025)	(8,307)
Deposits	(14,900)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(9,392)	12,436
Refundable advances	344,845	-
	660,658	220,873
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(6,000)	(2,931)
Purchase of intangible assets	-	(15,000)
	(6,000)	(17,931)
Net cash used in investing activities	(6,000)	(17,931)
<b>Cash Flows from Financing Activity</b>		
Principal payments under mortgage payable	(12,713)	(16,012)
	(12,713)	(16,012)
Net cash used in financing activity	(12,713)	(16,012)
<b>Net Increase in Cash and Cash Equivalents</b>	641,945	186,930
<b>Cash and Cash Equivalents, beginning of year</b>	466,069	279,139
<b>Cash and Cash Equivalents, end of year</b>	\$ 1,108,014	\$ 466,069
<b>Supplementary Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ 11,380	\$ 8,838

*See accompanying notes.*

# Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2019 and 2018

## 1. Nature of Operations

The Sexual Minority Youth Assistance League, doing business as Supporting and Mentoring Youth Advocates and Leaders (SMYAL), was incorporated under the laws of the District of Columbia on August 16, 1984, as a 501(c)(3) not-for-profit corporation dedicated to the health and well-being of all lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth. SMYAL's mission is to support LGBTQ youth in the Washington, DC metropolitan region. Through youth leadership, SMYAL creates opportunities for LGBTQ youth to build self-confidence, develop critical life skills, and engage their peers and community through service and advocacy. Committed to social change, SMYAL builds, sustains, and advocates for programs, policies, and services that LGBTQ youth need as they grow into adulthood. SMYAL funds its programs and supporting services primarily through individual contributions, foundation grants, corporate support, and government grants.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting and Presentation

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

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

## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### Cash Equivalents

For the purpose of the statements of cash flows, SMYAL considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

#### Grants Receivable

Grants receivable consist of amounts due to be reimbursed to SMYAL for expenses incurred under various grant agreements. All grants receivable are expected to be collected within one year and are recorded at net realizable value. No allowance for doubtful accounts is recorded, as management believes that all amounts are fully collectible.

#### Intangible Assets

Intangible assets are recorded and measured at cost. The capitalized value is amortized on a straight-line basis over the projected useful life of 3 years. Intangible assets are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted cash flows. No impairment loss was recognized for both years ended December 31, 2019 and 2018.

#### Property and Equipment

Property and equipment purchased at a cost of \$1,000 or more and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation on furniture and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. The building is being depreciated on the straight-line basis over 45 years, and building improvements are amortized over their estimated useful lives, which range from five to 30 years. Expenditures for major repairs and improvements are capitalized.

#### Refundable Advances

Grant receipts that are in excess of matching grant expenses for the year are recognized as refundable advances in the accompanying statements of financial position.

## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition

A portion of SMYAL's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when SMYAL has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

SMYAL recognizes contributions when cash, securities, or other assets; an unconditional promise to give; 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. SMYAL reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of SMYAL's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Special event revenues, other than contributions, applicable to the current fiscal year are recognized as revenue in the year the special event takes place. Special event revenue received for the following fiscal year's event is deferred and recognized when the event takes place.

Revenue from all other sources is recognized when earned.

#### In-Kind Contributions

The value of contributions that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### In-Kind Contributions (continued)

SMYAL also receives services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification 958-605-25-16, *Contributed Services*.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Use of Estimates

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

#### Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the change in net assets previously reported.

#### Change in Accounting Principles

FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. SMYAL has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### Change in Accounting Principles (continued)

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. SMYAL has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in these financial statements under a modified prospective basis. The implementation had no impact on the previously reported net assets.

#### Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2021. Management continues to evaluate the potential impact of this update on SMYAL's financial statements.

#### Subsequent Events

In preparing these financial statements, SMYAL has evaluated events and transactions for potential recognition or disclosure through July 20, 2020, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 pandemic, economic uncertainties have arisen that are likely to impact SMYAL. The extent of the impact of COVID-19 on SMYAL's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and its direct impact on SMYAL, all of which are uncertain and cannot be predicted at this time. SMYAL has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact.

## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### Subsequent Events (continued)

Subsequent to year-end, SMYAL applied for a Paycheck Protection Program loan (“PPP loan”) under Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP loan was granted on April 20, 2020 in the amount of \$266,000 at a fixed interest rate of 1% and matures on April 20, 2022. Funds from this PPP loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligation incurred before February 15, 2020. SMYAL intends to use the entire loan amount for qualifying expenses and apply for forgiveness of certain amounts up to the full amount of the loan under the terms of the Paycheck Protection Program.

### 3. Liquidity and Availability

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

	2019	2018
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents	\$ 1,108,014	\$ 466,069
Grants receivable	140,173	132,148
	<u>                    </u>	<u>                    </u>
Total financial assets	1,248,187	598,217
Less: Board-designated funds	<u>(318,844)</u>	<u>(106,844)</u>
	<u>                    </u>	<u>                    </u>
Total available for general expenditures	<u>\$ 929,343</u>	<u>\$ 491,373</u>

SMYAL strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management periodically reviews SMYAL’s liquid asset needs and adjusts the cash balances as necessary. Amounts in excess of operating liquidity needs are invested in cash equivalents.

The Board-designated fund is not subject to an annual spending rate. Although SMYAL does not intend to spend from the Board-designated funds, other than amounts appropriate for general expenditures as part of SMYAL’s annual budget approval, these amounts could be made available through Board approval if necessary.



## Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements  
December 31, 2019 and 2018

### 4. Concentration of Risks

#### Credit Risk

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

#### Revenue Risk

For the years ended December 31, 2019 and 2018, 38% and 37%, respectively, of SMYAL's revenue and support was provided by government grants. Any significant reduction in revenue and support may adversely impact SMYAL's financial position and operations.

### 5. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Building	\$ 315,964	\$ 315,964
Building improvements	122,639	122,639
Furniture and equipment	<u>54,462</u>	<u>48,462</u>
Total property and equipment	493,065	487,065
Less: accumulated depreciation and amortization	<u>(294,043)</u>	<u>(281,356)</u>
Property and equipment, net	<u><u>\$ 199,022</u></u>	<u><u>\$ 205,709</u></u>

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### 6. Intangible Assets

Intangible assets consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Website	\$ 15,000	\$ 15,000
Less: accumulated amortization	<u>(7,500)</u>	<u>(2,500)</u>
Intangible assets, net	<u>\$ 7,500</u>	<u>\$ 12,500</u>

Amortization expense for each year of the estimated remaining lives is estimated to be as follows for the years ending December 31:

2020	\$ 5,000
2021	<u>2,500</u>
Future estimated amortization	<u>\$ 7,500</u>

### 7. Mortgage Payable

In July 2013, SMYAL refinanced its mortgage for its face value at the date of the refinance, at a 4.42% interest rate with monthly payments of \$2,158 and a balloon payment of all unpaid principal and interest due on the maturity date of July 17, 2018. In 2017, the maturity date was further extended to October 13, 2018.

In October 2018, SMYAL refinanced its mortgage for its face value at the date of the refinance, at a 6.75% interest rate with monthly payments of \$2,008 and a balloon payment of all unpaid principal and interest due on the maturity date of October 13, 2028. The mortgage is secured by real property.

Future minimum principal payments under the mortgage are as follows for the years ending December 31:

2020	\$ 13,620
2021	14,583
2022	15,613
2023	16,715
2024	17,895
Thereafter	<u>80,915</u>
Future minimum principal payments	<u>\$ 159,341</u>

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### 8. Commitment and Contingencies

#### Operating Leases

SMYAL entered into a lease agreement for a four-unit apartment plus an office structure in Washington, DC. The structure was utilized for the Transitional Housing program. The lease commenced on January 1, 2017 and expired on December 31, 2018. In 2019, this lease was extended and is set to expire on December 31, 2020. The lease calls for base monthly rental payments of \$9,200 during the first year, \$9,400 during the second year, and an annual rental increase of 2% thereafter, which does not include the pro rata share of the building operating expenses and real estate taxes.

SMYAL entered into a lease agreement for a residential building in Washington, DC. The lease commenced on September 10, 2019 and expires on September 10, 2021. The lease calls for base monthly rental payments of \$14,400 during the first year, and an annual rental increase of 3% thereafter, which does not include the pro rata share of the building operating expenses and real estate taxes.

Total occupancy expense was \$187,789 and \$130,265 for the years ended December 31, 2019 and 2018, respectively.

SMYAL also leases a copier machine under an operating lease, which expires in June 2022.

Future minimum lease payments under all leases are as follows for the years ending December 31:

2020	\$	300,585
2021		127,356
2022		<u>4,350</u>
Future minimum lease payments	\$	<u><u>432,291</u></u>

#### Government Cooperative Agreements and Grants

Funds that SMYAL receives from various U.S. state and local government agencies are subject to audit under the provisions of the cooperative agreements. The ultimate determination of amounts received under the cooperative agreements and grants is based upon the allowance of costs reported to, and accepted by, the oversight agencies. Until such cooperative agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

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### **9. Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All costs incurred directly for a certain function or program are coded directly or split among those activities. Expenses that are allocated include salaries, employee benefits, payroll taxes, meeting and travel, information technology, office expenses, and other, which are allocated on the basis of estimates of time and effort.

### **10. Retirement Plan**

SMYAL maintains a simple individual retirement plan and contributes 2% of the employee's salary for all eligible employees. Employees may contribute up to the maximum amount allowable by law. Total retirement plan expenses were \$11,225 and \$5,989 for the years ended December 31, 2019 and 2018, respectively.

### **11. Income Taxes**

SMYAL is exempt from payment of taxes on income other than net unrelated business income under section 501(c)(3) of the Internal Revenue Code (IRC). For the years ended December 31, 2019 and 2018, there were no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to SMYAL are deductible as provided in IRC Section 170(b)(1)(A)(vi).

Management has evaluated SMYAL's tax positions and concluded that SMYAL's financial statements do not include any uncertain tax positions.