

Supporting and Mentoring Youth Advocates and Leaders

Financial Statements
and Independent Auditor's Report

December 31, 2023 and 2022

Supporting and Mentoring Youth Advocates and Leaders

Financial Statements
December 31, 2023 and 2022

Contents

Independent Auditor's Report.....	1-3
<i>Financial Statements</i>	
Statements of Financial Position.....	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10-21

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of 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, 2023 and 2022; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SMYAL as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 SMYAL and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (continued)

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 SMYAL'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SMYAL'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 SMYAL's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
July 16, 2024

Supporting and Mentoring Youth Advocates and Leaders

Statements of Financial Position December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 1,580,337	\$ 1,759,431
Grants receivable	688,041	403,713
Contributions receivable	200,000	-
Intangible assets, net	2,172	6,514
Property and equipment, net	187,045	198,915
Deposits	39,520	43,521
Right-of-use asset – operating lease – houses	359,904	1,033,178
Right-of-use asset – operating lease – copier	27,063	-
	\$ 3,084,082	\$ 3,445,272
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 142,296	\$ 108,822
Refundable advances	125,000	150,000
Mortgage payable	-	115,296
Lease liability – operating lease – houses	365,245	1,035,770
Lease liability – operating lease – copier	29,072	-
	661,613	1,409,888
Net Assets		
Without donor restrictions:		
Undesignated	1,452,469	1,265,384
Board-designated – operating reserve fund	750,000	750,000
Board-designated – infrastructure fund	20,000	20,000
	2,222,469	2,035,384
Total without donor restrictions		
With donor restrictions:		
Purpose and time restrictions	200,000	-
	2,422,469	2,035,384
Total net assets		
	\$ 3,084,082	\$ 3,445,272
Total liabilities and net assets		

See accompanying notes.

Supporting and Mentoring Youth Advocates and Leaders

Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Special events:			
Special event revenue	\$ 725,887	\$ -	\$ 725,887
Less: costs of direct benefit to donors	(214,176)	-	(214,176)
Net revenue from special events	511,711	-	511,711
Government grants	2,791,670	-	2,791,670
Contributions	1,604,731	350,000	1,954,731
Training revenue	21,166	-	21,166
Interest income	55,341	-	55,341
Net assets released from restrictions	150,000	(150,000)	-
Total revenue and support	5,134,619	200,000	5,334,619
Expenses			
Program services:			
Health and wellness	930,942	-	930,942
Community education	433,678	-	433,678
Youth leadership development	338,511	-	338,511
Transitional housing	2,780,987	-	2,780,987
Total program services	4,484,118	-	4,484,118
Supporting services:			
General and administrative	334,904	-	334,904
Fundraising	128,512	-	128,512
Total supporting services	463,416	-	463,416
Total expenses	4,947,534	-	4,947,534
Change in Net Assets	187,085	200,000	387,085
Net Assets, beginning of year	2,035,384	-	2,035,384
Net Assets, end of year	\$ 2,222,469	\$ 200,000	\$ 2,422,469

See accompanying notes.

Supporting and Mentoring Youth Advocates and Leaders

Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Special events:			
Special event revenue	\$ 636,034	\$ -	\$ 636,034
Less: costs of direct benefit to donors	(175,476)	-	(175,476)
Net revenue from special events	460,558	-	460,558
Government grants	2,381,925	-	2,381,925
Contributions	1,492,191	220,000	1,712,191
Training revenue	8,778	-	8,778
Interest income	6,309	-	6,309
Net assets released from restrictions	220,000	(220,000)	-
Total revenue and support	4,569,761	-	4,569,761
Expenses			
Program services:			
Health and wellness	596,271	-	596,271
Community education	336,001	-	336,001
Youth leadership development	324,969	-	324,969
Transitional housing	2,369,549	-	2,369,549
Total program services	3,626,790	-	3,626,790
Supporting services:			
General and administrative	381,839	-	381,839
Fundraising	105,817	-	105,817
Total supporting services	487,656	-	487,656
Total expenses	4,114,446	-	4,114,446
Change in Net Assets	455,315	-	455,315
Net Assets, beginning of year	1,580,069	-	1,580,069
Net Assets, end of year	\$ 2,035,384	\$ -	\$ 2,035,384

See accompanying notes.

Supporting and Mentoring Youth Advocates and Leaders

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services					Supporting Services				Total
	Health and Wellness	Community Education	Youth Leadership Development	Transitional Housing	Total Program Services	General and Administrative	Fundraising	Direct Costs of Special Events	Total Supporting Services	
Salaries	\$ 649,943	\$ 220,638	\$ 175,130	\$ 1,360,436	\$ 2,406,147	\$ 51,662	\$ 51,662	\$ -	\$ 103,324	\$ 2,509,471
Payroll taxes	54,197	18,398	14,604	113,443	200,642	4,308	4,308	-	8,616	209,258
Employee benefits	78,101	26,513	21,045	163,478	289,137	6,208	6,208	-	12,416	301,553
Contracted services	14,810	52,091	14,811	-	81,712	85,739	34,850	-	120,589	202,301
Conferences and meetings	3,104	3,104	3,104	3,104	12,416	1,548	1,548	-	3,096	15,512
Occupancy	-	-	-	749,812	749,812	-	-	-	-	749,812
Office and other supplies	9,664	9,664	9,664	9,664	38,656	4,832	6,567	-	11,399	50,055
Printing and copying	106	106	106	106	424	54	53	-	107	531
Postage and delivery	13	13	13	13	52	8	7	-	15	67
Telephone	3,691	3,691	3,691	3,691	14,764	1,845	1,845	-	3,690	18,454
Equipment rental	3,818	3,818	3,818	3,818	15,272	1,910	1,911	-	3,821	19,093
Bank fees	-	-	-	1,199	1,199	-	-	-	-	1,199
Dues and subscriptions	708	708	708	708	2,832	354	354	-	708	3,540
Travel	1,636	1,636	1,636	1,636	6,544	817	817	-	1,634	8,178
Depreciation and amortization	4,008	4,008	4,008	4,008	16,032	2,005	2,005	-	4,010	20,042
Marketing	15,705	15,705	15,705	15,705	62,820	7,852	7,852	-	15,704	78,524
Information technology	5,084	5,084	5,084	5,084	20,336	2,542	2,542	-	5,084	25,420
Interest	-	-	-	-	-	1,786	-	-	1,786	1,786
Insurance	7,859	7,859	7,859	7,859	31,436	3,930	3,930	-	7,860	39,296
Payroll fees	-	-	-	-	-	4,972	-	-	4,972	4,972
Program supplies	74,383	30,443	24,013	258,294	387,133	-	-	-	-	387,133
Professional fees	-	-	-	-	-	150,476	-	-	150,476	150,476
Fall Brunch	-	-	-	-	-	-	-	214,176	214,176	214,176
Repair and maintenance	2,886	2,886	2,886	2,886	11,544	1,443	1,442	-	2,885	14,429
Licenses and permits	83	83	83	83	332	41	40	-	81	413
Utilities	1,143	1,143	1,143	75,960	79,389	572	571	-	1,143	80,532
Advocacy	-	26,087	-	-	26,087	-	-	-	-	26,087
Scholarships	-	-	29,400	-	29,400	-	-	-	-	29,400
Total Functional Expenses	930,942	433,678	338,511	2,780,987	4,484,118	334,904	128,512	214,176	677,592	5,161,710
Less: direct benefit to donors	-	-	-	-	-	-	-	(214,176)	(214,176)	(214,176)
Total Expenses	\$ 930,942	\$ 433,678	\$ 338,511	\$ 2,780,987	\$ 4,484,118	\$ 334,904	\$ 128,512	\$ -	\$ 463,416	\$ 4,947,534

See accompanying notes.

Supporting and Mentoring Youth Advocates and Leaders

Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services					Supporting Services				Total
	Health and Wellness	Community Education	Youth Leadership Development	Transitional Housing	Total Program Services	General and Administrative	Fundraising	Direct Costs of Special Events	Total Supporting Services	
Salaries	\$ 424,947	\$ 186,403	\$ 169,201	\$ 1,250,903	\$ 2,031,454	\$ 36,508	\$ 36,508	\$ -	\$ 73,016	\$ 2,104,470
Payroll taxes	35,070	15,384	13,964	103,235	167,653	3,013	3,013	-	6,026	173,679
Employee benefits	50,307	22,067	20,031	148,087	240,492	4,322	4,322	-	8,644	249,136
Contracted services	33,124	33,124	33,124	-	99,372	170,275	43,200	-	213,475	312,847
Conferences and meetings	1,495	1,495	1,495	1,495	5,980	746	747	-	1,493	7,473
Occupancy	-	-	-	591,374	591,374	-	-	-	-	591,374
Office and other supplies	5,866	5,866	5,866	5,866	23,464	2,934	2,935	-	5,869	29,333
Postage and delivery	37	37	37	37	148	19	20	-	39	187
Telephone	1,765	1,765	1,765	1,765	7,060	882	883	-	1,765	8,825
Equipment rental	1,906	1,906	1,906	1,906	7,624	953	953	-	1,906	9,530
Bank fees	-	-	-	2,700	2,700	-	-	-	-	2,700
Dues and subscriptions	530	530	530	530	2,120	265	265	-	530	2,650
Travel	1,602	1,602	1,602	1,602	6,408	801	801	-	1,602	8,010
Depreciation and amortization	4,104	4,104	4,104	4,104	16,416	2,054	2,053	-	4,107	20,523
Marketing	6,903	6,903	6,903	6,903	27,612	3,451	3,451	-	6,902	34,514
Information technology	4,704	4,704	4,704	4,704	18,816	2,353	2,353	-	4,706	23,522
Interest	-	-	-	-	-	8,438	-	-	8,438	8,438
Insurance	4,245	4,245	4,245	4,245	16,980	2,123	2,123	-	4,246	21,226
Payroll fees	-	-	-	-	-	4,588	-	-	4,588	4,588
Program supplies	15,013	20,838	20,839	172,975	229,665	-	-	-	-	229,665
Professional fees	-	-	-	-	-	135,924	-	-	135,924	135,924
Fall Brunch	-	-	-	-	-	-	-	175,476	175,476	175,476
Repair and maintenance	3,535	3,535	3,535	3,535	14,140	1,767	1,767	-	3,534	17,674
Licenses and permits	36	36	36	36	144	18	18	-	36	180
Utilities	1,082	1,082	1,082	63,547	66,793	405	405	-	810	67,603
Advocacy	-	20,375	-	-	20,375	-	-	-	-	20,375
Scholarships	-	-	30,000	-	30,000	-	-	-	-	30,000
Total Functional Expenses	596,271	336,001	324,969	2,369,549	3,626,790	381,839	105,817	175,476	663,132	4,289,922
Less: direct benefit to donors	-	-	-	-	-	-	-	(175,476)	(175,476)	(175,476)
Total Expenses	\$ 596,271	\$ 336,001	\$ 324,969	\$ 2,369,549	\$ 3,626,790	\$ 381,839	\$ 105,817	\$ -	\$ 487,656	\$ 4,114,446

See accompanying notes.

Supporting and Mentoring Youth Advocates and Leaders

Statements of Cash Flows For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 387,085	\$ 455,315
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	20,042	20,523
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(284,328)	135,474
Contributions receivable	(200,000)	-
Deposits	4,001	-
Right-of-use asset – operating lease – houses	673,274	(1,033,178)
Right-of-use asset – operating lease – copier	(27,063)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	33,474	18,697
Refundable advances	(25,000)	26,039
Lease liability – operating lease – houses	(670,525)	1,035,770
Lease liability – operating lease – copier	29,072	-
Net cash (used in) provided by operating activities	(59,968)	658,640
Cash Flows from Investing Activity		
Purchases of property and equipment	(3,830)	-
Net cash used in investing activity	(3,830)	-
Cash Flows from Financing Activity		
Principal payments under mortgage payable	(115,296)	(15,647)
Net cash used in financing activity	(115,296)	(15,647)
Net (Decrease) Increase in Cash and Cash Equivalents	(179,094)	642,993
Cash and Cash Equivalents, beginning of year	1,759,431	1,116,438
Cash and Cash Equivalents, end of year	\$ 1,580,337	\$ 1,759,431
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	\$ 1,786	\$ 8,438

See accompanying notes.

Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements
December 31, 2023 and 2022

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, D.C. 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

SMYAL's 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 fund and an infrastructure fund.
- *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, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

SMYAL considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 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 government grant agreements. All grants receivable is 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.

Contributions Receivable

Contributions receivable represent amounts committed to SMYAL. Contributions receivable are reflected at either net realizable value or at net present value based on projected cash flows. All contributions receivable are expected to be collected within one year and are recorded at net realizable value. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. No allowance for uncollectible contributions receivable has been established as all amounts are deemed 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 three 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, 2023 and 2022.

Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

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.

Leases

SMYAL determines if an arrangement is a lease at inception. Operating lease is included in the right-of-use (“ROU”) assets, which represent SMYAL’s right to use an underlying asset for the lease term, and lease liabilities represent SMYAL’s obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As SMYAL’s leases do not provide an implicit rate, SMYAL used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. SMYAL does not apply the recognition requirements under Accounting Standards Codification Topic 842, *Leases*, to short-term leases, which are leases with terms of a year or less.

The ROU assets also include any lease payments made and exclude lease incentives. SMYAL’s lease terms may include options to extend or terminate the lease when it is reasonably certain that SMYAL will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

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.

A portion of SMYAL's revenue is derived from cost-reimbursable 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.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when SMYAL satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration SMYAL expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, SMYAL combines it with other performance obligations until a distinct bundle of goods or services exists.

Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, SMYAL recognizes revenue as follows:

Special event revenue, other than contributions, applicable to the current fiscal year are recognized as revenue in the year the special event takes place, which is when the sole performance obligation is satisfied.

Training revenue is recognized at the time of the training, which is when the sole performance obligation is satisfied.

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 2022 financial statements have been reclassified to conform to the 2023 presentation. These reclassifications have no effect on the change in net assets previously reported.

Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, SMYAL has evaluated events and transactions for potential recognition or disclosure through July 16, 2024, the date the financial statements were available to be issued.

3. Liquidity and Availability

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.

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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,580,337	\$ 1,759,431
Grants receivable	688,041	403,713
Contributions receivable	<u>200,000</u>	<u>-</u>
Total financial assets	2,468,378	2,163,144
Less: Board-designated funds	(770,000)	(770,000)
Less: restricted by donors	<u>(200,000)</u>	<u>-</u>
Total available for general expenditures	<u>\$ 1,498,378</u>	<u>\$ 1,393,144</u>

The Board-designated funds are 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, 2023 and 2022

4. Concentrations of Risk

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 both years ended December 31, 2023 and 2022, 52% 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. Intangible Assets

Intangible assets consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Website	\$ 28,028	\$ 28,028
Less: accumulated amortization	<u>(25,856)</u>	<u>(21,514)</u>
Intangible assets, net	<u>\$ 2,172</u>	<u>\$ 6,514</u>

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

2024	<u>\$ 2,172</u>
Future estimated amortization	<u>\$ 2,172</u>

Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements
December 31, 2023 and 2022

6. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Building	\$ 315,964	\$ 315,964
Building improvements	122,639	122,639
Furniture and equipment	<u>97,720</u>	<u>93,891</u>
Total property and equipment	536,323	532,494
Less: accumulated depreciation and amortization	<u>(349,278)</u>	<u>(333,579)</u>
Property and equipment, net	<u><u>\$ 187,045</u></u>	<u><u>\$ 198,915</u></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 final 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 final payment of all unpaid principal and interest due on the maturity date of October 13, 2028. The mortgage is secured by real property.

In January 2023, SMYAL fully paid off this mortgage.

8. Commitment and Contingencies

Operating Leases

House Leases

SMYAL leases various residential properties in Washington, D.C. that are used for the Transitional Housing program. These units are, in turn, utilized to provide temporary housing assistance in fulfillment of program objectives.

Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements
December 31, 2023 and 2022

8. Commitment and Contingencies (continued)

Operating Leases (continued)

House Leases (continued)

All leases are operating leases and have original terms of one to three years. Monthly rent varies from \$8,800 to \$15,276 between the leases.

Supplemental qualitative information related to SMYAL's house leases was as follows at December 31:

	2023	2022
Operating lease cost	\$ 508,183	\$ 526,137
Cash paid for amounts included in the measurement of lease liability – operating cash flows	\$ 508,131	\$ 523,545
ROU asset obtained in exchange for new lease obligations	\$ 359,904	\$ 1,033,178
Weighted-average remaining lease term (in years)	1.40	3.00
Weighted-average discount rate	1.76%	1.76%

Future minimum lease payments under SMYAL's house leases are as follows for the years ending December 31:

2024	\$ 290,757
2025	79,200
	369,957
Total undiscounted future cash flows	369,957
Less: discount to present value	(4,712)
	365,245
Total lease liability – operating lease – houses	\$ 365,245

Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements
December 31, 2023 and 2022

8. Commitment and Contingencies (continued)

Operating Leases (continued)

Copier Lease

SMYAL leases a copier under the terms of an operating lease which commenced on January 1, 2023 and expires on December 31, 2027. The terms of the lease call for monthly payments of \$628.

Supplemental qualitative information related to SMYAL's copier lease was as follows at December 31, 2023:

Operating lease cost	\$	7,030
Cash paid for amounts included in the measurement of lease liability – operating cash flows	\$	5,021
ROU asset obtained in exchange for lease obligations	\$	27,063
Weighted-average remaining lease term (in years)		4.00
Weighted-average discount rate		1.76%

Future minimum lease payments under SMYAL's copier lease are as follows for the years ending December 31:

2024	\$	7,532
2025		7,532
2026		7,532
2027		7,532
		<hr/>
Total minimum lease payments		30,128
Less: discount to present value at 1.76%		(1,056)
		<hr/>
Total lease liability – operating lease – copier	\$	<u>29,072</u>

Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements
December 31, 2023 and 2022

8. Commitment and Contingencies (continued)

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.

9. Line of Credit

SMYAL maintains a \$105,000 revolving line of credit to finance short-term working capital needs. Borrowings under this facility are payable on demand. The line of credit requires payments of interest on a monthly basis at 4.25%. SMYAL did not have an outstanding balance on this line of credit at both December 31, 2023 and 2022.

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 \$29,042 and \$22,559 for the years ended December 31, 2023 and 2022, respectively.

11. Allocation of Expenses from Management and General Activities

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.

Supporting and Mentoring Youth Advocates and Leaders

Notes to Financial Statements
December 31, 2023 and 2022

12. 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, 2023 and 2022, there was 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.