

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED MARCH 31, 2024
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2023**

ADVOCATES FOR YOUTH

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Advocates for Youth
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Advocates for Youth (Advocates), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates as of March 31, 2024, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of 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 Advocates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Advocates' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

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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 Advocates' 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 Advocates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Advocates' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of Advocates's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Advocates's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Advocates's internal control over financial reporting and compliance.



October 25, 2024

ADVOCATES FOR YOUTH
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

ASSETS		<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	6,033,412	\$ 6,062,347
Cash held for others		236,237	114,420
Accounts receivable		38,562	39,077
Grants receivable		5,171,388	1,452,408
Inventory		8,752	4,365
Prepaid expenses and other assets		<u>81,199</u>	<u>69,027</u>
Total current assets		<u>11,569,550</u>	<u>7,741,644</u>
FIXED ASSETS			
Furniture and equipment		166,773	166,773
Leasehold improvements		<u>77,001</u>	<u>77,001</u>
		243,774	243,774
Less: Accumulated depreciation and amortization		<u>(194,998)</u>	<u>(163,872)</u>
Net fixed assets		<u>48,776</u>	<u>79,902</u>
OTHER ASSETS			
Grants receivable, net		497,696	771,605
Deposits		107,716	107,716
Right-of-use asset, net		<u>1,796,778</u>	<u>2,113,577</u>
Total other assets		<u>2,402,190</u>	<u>2,992,898</u>
TOTAL ASSETS	\$	<u>14,020,516</u>	\$ <u>10,814,444</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Operating lease liability	\$	402,587	\$ 371,008
Accounts payable		424,715	410,246
Accrued expenses		318,967	282,247
Fiscal sponsorship payable		236,237	114,420
Deferred income		<u>645,519</u>	<u>98,470</u>
Total current liabilities		<u>2,028,025</u>	<u>1,276,391</u>
LONG-TERM LIABILITIES			
Operating lease liability, net		<u>1,824,470</u>	<u>2,227,057</u>
Total liabilities		<u>3,852,495</u>	<u>3,503,448</u>
NET ASSETS			
Without donor restrictions		1,325,594	1,093,674
With donor restrictions		<u>8,842,427</u>	<u>6,217,322</u>
Total net assets		<u>10,168,021</u>	<u>7,310,996</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>14,020,516</u>	\$ <u>10,814,444</u>

See accompanying notes to financial statements.

ADVOCATES FOR YOUTH

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Individual contributions	\$ 328,893	\$ -	\$ 328,893	\$ 226,951
Foundation and corporate grants	-	10,879,534	10,879,534	6,861,849
Government grants	826,670	-	826,670	958,741
Program service fees	371,787	-	371,787	373,274
Interest, publications and other	222,130	-	222,130	81,784
Net assets released from donor restrictions	<u>8,254,429</u>	<u>(8,254,429)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>10,003,909</u>	<u>2,625,105</u>	<u>12,629,014</u>	<u>8,502,599</u>
EXPENSES				
Program Services:				
Youth Empowerment	2,082,013	-	2,082,013	2,010,512
Public Affairs	1,568,716	-	1,568,716	1,348,673
International Programs	928,723	-	928,723	48,594
Education and Outreach	1,955,045	-	1,955,045	3,043,771
HIV/AIDS Education	1,284,340	-	1,284,340	1,316,884
Adolescent Sexual Health Services	294,592	-	294,592	227,943
Public Information Services	<u>4,679</u>	<u>-</u>	<u>4,679</u>	<u>2,129</u>
Total program services	<u>8,118,108</u>	<u>-</u>	<u>8,118,108</u>	<u>7,998,506</u>
Supporting Services:				
Management and General	1,008,575	-	1,008,575	909,142
Fundraising	<u>645,306</u>	<u>-</u>	<u>645,306</u>	<u>509,689</u>
Total supporting services	<u>1,653,881</u>	<u>-</u>	<u>1,653,881</u>	<u>1,418,831</u>
Total expenses	<u>9,771,989</u>	<u>-</u>	<u>9,771,989</u>	<u>9,417,337</u>
Change in net assets	231,920	2,625,105	2,857,025	(914,738)
Net assets at beginning of year	<u>1,093,674</u>	<u>6,217,322</u>	<u>7,310,996</u>	<u>8,225,734</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,325,594</u>	<u>\$ 8,842,427</u>	<u>\$ 10,168,021</u>	<u>\$ 7,310,996</u>

ADVOCATES FOR YOUTH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

2024

Program Services

	Youth Empowerment	Public Affairs	International Programs	Education and Outreach	HIV/AIDS Education	Adolescent Sexual Health Services	Public Information Services	Total Program Services
Salaries	\$ 847,705	\$ 828,982	\$ 250,548	\$ 819,320	\$ 758,804	\$ 196,433	\$ -	\$ 3,701,792
Professional and consulting	168,100	266,268	531,943	693,949	166,418	24,829	-	1,851,507
Payroll taxes and employee benefits	165,481	161,871	48,911	159,903	139,452	38,347	-	713,965
Lease expense	83,421	81,578	24,656	80,640	75,380	19,330	-	365,005
Meetings and conferences	201,756	18,206	3,234	42,985	19,230	1,317	-	286,728
Temporary help and intern stipends	219,725	33,378	5,413	25,715	13,500	900	-	298,631
Other travel	186,633	10,483	21,802	13,265	31,563	344	-	264,090
Travel - staff	86,197	30,565	28,171	25,492	31,570	1,939	-	203,934
Legal and accounting	-	1,556	-	258	-	-	-	1,814
Dues and publications	2,301	63,818	2,700	10,529	511	45	16	79,920
Training materials	70,466	5,745	926	1,564	8,869	-	-	87,570
Seed grants, net of refunds	-	10,000	-	10,000	20,535	5,000	-	45,535
Advertising	505	4,805	2,871	34,279	-	-	-	42,460
Telephone and fax	6,365	5,519	2,200	7,092	5,244	1,641	-	28,061
Computer services	2,551	16,599	690	7,109	1,730	720	367	29,766
Depreciation and amortization	8,061	6,336	37	1,129	814	1,909	-	18,286
Registration fees	4,053	4,577	603	1,757	3,496	-	-	14,486
Postage and mailings	4,293	474	12	7,293	72	10	678	12,832
Insurance	-	-	-	-	-	-	-	-
Public relations	3,091	2,850	801	3,754	2,487	628	-	13,611
Staff development	7,426	7,562	199	34	370	-	-	15,591
Contributions	4,283	3,015	609	1,991	1,844	477	-	12,219
Printing and duplicating	4,371	1,030	12	137	63	165	3,579	9,357
Equipment rental, repair and maintenance	2,283	2,142	647	2,117	1,961	508	-	9,658
Bank fees	607	182	218	676	-	40	39	1,762
Office supplies and expense	1,565	575	246	2,098	427	10	-	4,921
Non-capitalized equipment	13	600	1,274	1,809	-	-	-	3,696
Special events	606	-	-	-	-	-	-	606
Miscellaneous	155	-	-	150	-	-	-	305
TOTAL	\$ 2,082,013	\$ 1,568,716	\$ 928,723	\$ 1,955,045	\$ 1,284,340	\$ 294,592	\$ 4,679	\$ 8,118,108

See accompanying notes to financial statements.

ADVOCATES FOR YOUTH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024			2023	
	Supporting Services				
	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries	\$ 598,399	\$ 449,393	\$ 1,047,792	\$ 4,749,584	\$ 4,243,803
Professional and consulting	13,710	9,842	23,552	1,875,059	2,085,470
Payroll taxes and employee benefits	107,270	87,728	194,998	908,963	825,411
Lease expense	54,282	44,224	98,506	463,511	449,804
Meetings and conferences	4,210	8,318	12,528	299,256	244,820
Temporary help and intern stipends	-	32	32	298,663	287,178
Other travel	1,601	786	2,387	266,477	243,138
Travel - staff	10,209	6,961	17,170	221,104	230,801
Legal and accounting	136,949	-	136,949	138,763	120,205
Dues and publications	14,435	3,249	17,684	97,604	101,649
Training materials	653	-	653	88,223	68,677
Seed grants, net of refunds	-	-	-	45,535	137,908
Advertising	802	-	802	43,262	75,839
Telephone and fax	8,426	2,896	11,322	39,383	40,424
Computer services	1,791	5,737	7,528	37,294	38,823
Depreciation and amortization	8,213	4,627	12,840	31,126	31,127
Registration fees	3,184	6,061	9,245	23,731	23,757
Postage and mailings	2,281	3,905	6,186	19,018	19,326
Insurance	18,346	-	18,346	18,346	17,321
Public relations	2,529	1,437	3,966	17,577	21,911
Staff development	349	-	349	15,940	37,227
Contributions	1,925	1,092	3,017	15,236	9,420
Printing and duplicating	-	5,604	5,604	14,961	17,779
Equipment rental, repair and maintenance	2,047	1,161	3,208	12,866	12,709
Bank fees	8,771	2,154	10,925	12,687	-
Office supplies and expense	7,132	99	7,231	12,152	11,594
Non-capitalized equipment	997	-	997	4,693	19,719
Special events	-	-	-	606	1,078
Miscellaneous	64	-	64	369	419
TOTAL	\$ 1,008,575	\$ 645,306	\$ 1,653,881	\$ 9,771,989	\$ 9,417,337

See accompanying notes to financial statements.

ADVOCATES FOR YOUTH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,857,025	\$ (914,738)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	31,126	31,127
Amortization of right-of-use asset	316,799	299,063
Discount on grants receivable	(19,424)	52,384
Decrease (increase) in:		
Accounts receivable	515	(9,456)
Grants receivable	(3,425,647)	1,151,911
Inventory	(4,387)	5,289
Prepaid expenses and other assets	(12,172)	13,788
(Decrease) increase in:		
Operating lease liability	(371,007)	(341,256)
Accounts payable	14,468	49,413
Accrued expenses	36,720	51,013
Fiscal sponsorship payable	121,817	2,177
Deferred income	547,049	25,207
Net cash provided by operating activities	92,882	415,922
Net increase in cash and cash equivalents	92,882	415,922
Cash and cash equivalents at beginning of year	6,176,767	5,760,845
CASH AND CASH EQUIVALENTS AT END OF YEAR, INCLUDING CASH HELD FOR OTHERS	\$ 6,269,649	\$ 6,176,767

ADVOCATES FOR YOUTH

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Advocates for Youth (Advocates) was incorporated in 1980, under the District of Columbia Nonprofit Corporation Act, for the purpose of conducting public education, information and communication programs, with the aim of reducing the incidence of unintended adolescent pregnancy and the spread of HIV infection.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Advocates' financial statements for the year ended March 31, 2023, from which the summarized information was derived.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by Advocates that are subject to the guidance in FASB ASC 326 are trade accounts receivable. Advocates implemented the ASU on April 1, 2023, using a modified retrospective approach. The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures only.

Cash and cash equivalents -

Advocates considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Advocates maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

ADVOCATES FOR YOUTH

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

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

Cash and cash equivalents (continued) -

Additionally, during the year ended March 31, 2024, Advocates received funds on behalf of another organization to facilitate programmatic work. These funds will be distributed to another organization within one year and are considered restricted cash and cash equivalents.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$31,126 for the year ended March 31, 2024.

Inventory -

Inventory consists of March 31, 2024. Inventory is stated at the lower of cost or net realizable value using the first in, first out (FIFO) method of valuation. Management performs an annual physical count of all merchandise and publications and, as a result, inventory is adjusted annually to agree to the physical count. Therefore, management has not established an allowance for obsolete inventory.

Receivables -

Accounts receivable primarily consists of amounts due within one year related to training and consulting fees. Accounts receivable are recorded at their net realizable value which approximates fair value.

Grants receivable include unconditional promises to give that are expected to be collected in future years. Grant receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

Income taxes -

Advocates is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. Advocates is not a private foundation.

Revenue from contracts with customers -

Advocates program service fees is the most significant revenue stream that is treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. Advocates has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. Advocates' contracts with customers generally have initial terms of one year or less.

Contracts for services revenue is recorded over the period of time that the performance obligations are met.

ADVOCATES FOR YOUTH

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

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

Contributions and grants -

Advocates receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. Advocates performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, Advocates had no refundable advances as of March 31, 2024.

In addition, Advocates has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. Advocates' unrecognized conditional contributions to be received in future years totaled \$336,561 as of March 31, 2024.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Advocates are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of time and effort.

Advertising costs -

Advocates incurs certain costs associated with advertising. Advocates expenses these costs as they are incurred. For the year ended March 31, 2024, advertising expense totaled \$43,262.

ADVOCATES FOR YOUTH

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

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

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications included are primarily due to fiscal sponsorship payable. The reclassifications had no effect on the previously reported changes in net assets.

2. GRANTS RECEIVABLE

As of March 31, 2024, contributors to Advocates have made unconditional written promises to give totaling \$5,711,388. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 3.25%.

Following is a schedule of amounts due, by year, as of March 31, 2024:

Less than one year	\$ 5,171,388
One to five years	<u>540,000</u>
Total	5,711,388
Less: Allowance to discount balance to present value	<u>(42,304)</u>
NET GRANTS RECEIVABLE	<u>\$ 5,669,084</u>

3. CONTRACT ASSETS AND LIABILITIES

Contract assets consisted of the following revenue streams as of:

	March 31, 2024	March 31, 2023	April 1, 2022
TOTAL CONTRACT ASSETS	<u>\$ 38,562</u>	<u>\$ 39,077</u>	<u>\$ 6,777</u>

Contract liabilities consisted of the following revenue streams as of:

	March 31, 2024	March 31, 2023	April 1, 2022
TOTAL CONTRACT LIABILITIES	<u>\$ 645,519</u>	<u>\$ 98,470</u>	<u>\$ 98,763</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

As of March 31, 2024, the net assets with donor restrictions consisted of the following:

Program Services:	
Development	\$ 6,777,800
Youth Empowerment	701,282
HIV/AIDS Education	392,502
International Programs	385,554
Education and Outreach	325,650
Public Affairs	<u>259,639</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 8,842,427</u>

ADVOCATES FOR YOUTH

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

5. NET ASSETS RELEASED FROM RESTRICTIONS

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

Program Services:	
Development	\$ 3,798,794
Education and Outreach	1,492,738
Youth Empowerment	949,945
International Programs	915,588
HIV/AIDS Education	606,425
Public Affairs	473,916
Adolescent Sexual Health Services	<u>17,023</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 8,254,429</u>

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following at March 31, 2024:

Cash and cash equivalents	\$ 6,033,412
Accounts receivable	38,562
Grants receivable	<u>5,669,084</u>
Subtotal financial assets available within one year	11,741,058
Less: Donor restricted funds	<u>(8,842,427)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,898,631</u>

Advocates has a policy to structure its financial assets to be available and liquid as its obligations become due.

7. COMMITMENTS - OPERATING LEASES

Advocates follows FASB ASC 842 for leases. Advocates has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. Advocates has also elected to use a risk-free rate of 5% as the lease discount rate as allowed under FASB ASC 842.

On February 2, 2017, Advocates signed an eleven year lease agreement for office space in Washington, D.C. The lease commenced on November 1, 2017, and expires on December 31, 2028. Base rent under the lease agreement is \$35,905 per month, adjusted annually by an increase of 2.5% and a pro-rata increase in real estate taxes.

For the year ended 2024, total lease cost was \$463,511 and total cash paid was \$492,559.

For the year ended March 31, 2024, total amortization on the right-of-use asset was \$316,799 and total interest expense was \$121,511.

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**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

7. COMMITMENTS - OPERATING LEASES (Continued)

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of March 31, 2024:

<u>Year Ending March 31,</u>	
2025	\$ 504,873
2026	517,495
2027	530,432
2028	543,693
2029	415,953
Less: Imputed interest	(285,389)
Less: Current portion	<u>(402,587)</u>
LONG-TERM PORTION	<u>\$ 1,824,470</u>

8. PENSION PLAN

Advocates participates in a retirement arrangement pursuant to Section 403(b) of the Internal Revenue Code for the benefit of its employees. All employees working twenty or more hours weekly and having one year of service are eligible for employer contributions to the Plan.

Employees are eligible to make voluntary contributions to the Plan with pre-tax Dollars after completing 90 days of service. Individual contracts issued under the Plan provide for full and immediate vesting of both employer and employee contributions. Advocates contributed four percent of each eligible participant's salary to the Plan during the year. Pension expense for the year ended March 31, 2024 totaled \$180,499, and is included in payroll taxes and employee benefits in the accompanying Statement of Functional Expenses.

9. CONTINGENCY

Advocates receives grants from the U.S. Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The ultimate determination of amounts received under the Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits. Audits in accordance with the applicable provisions of Subpart F of the Uniform Guidance have been completed for all required fiscal years through 2024.

10. SUBSEQUENT EVENTS

In preparing these financial statements, Advocates has evaluated events and transactions for potential recognition or disclosure through October 25, 2024, the date the financial statements were issued.