

NATIONAL CENTER FOR YOUTH LAW

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
National Center for Youth Law

Report on the Financial Statements

We have audited the accompanying financial statements of National Center for Youth Law (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Center for Youth Law as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited the National Center for Youth Law's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Oakland, California

April 27, 2020

NATIONAL CENTER FOR YOUTH LAW

STATEMENT OF FINANCIAL POSITION

December 31, 2019

With comparative totals at December 31, 2018

	2019	2018
ASSETS		
Cash and cash equivalents (Note 2)	\$ 2,990,119	\$ 2,418,060
Accounts receivable	810,527	604,199
Grants receivable (Note 4)	5,250,750	4,089,490
Prepaid expenses	200,180	161,727
Deposits	85,809	26,232
Investments (Note 5)	3,659,860	2,488,091
Property and equipment (Note 6)	318,952	185,403
	TOTAL ASSETS	\$ 9,973,202
	\$ 13,316,197	\$ 9,973,202
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 242,491	\$ 228,856
Accrued payroll	215,524	165,999
Accrued vacation	442,389	421,369
Accrued liabilities other	168,726	164,703
Line of credit (Note 7)	-	-
	TOTAL LIABILITIES	980,927
	1,069,130	980,927
NET ASSETS		
Without donor restrictions	3,320,641	2,403,891
With donor restrictions (Note 8)	8,926,426	6,588,384
	TOTAL NET ASSETS	8,992,275
	12,247,067	8,992,275
	\$ 13,316,197	\$ 9,973,202

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

NATIONAL CENTER FOR YOUTH LAW

STATEMENT OF ACTIVITIES

For the year ended December 31, 2019

With comparative totals for the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
REVENUE AND SUPPORT				
Foundation grants and contracts	\$ 2,055,638	\$ 9,054,603	\$ 11,110,241	\$ 10,090,277
In-kind support (Note 11)	4,444,642		4,444,642	4,217,205
Government grants and contracts	2,342,640		2,342,640	2,422,998
Attorneys fees	134,205		134,205	187,590
Contributions	180,222		180,222	229,593
Law firms and corporate giving	355,899		355,899	49,956
Restitution/Cy Pres settlements	74,832		74,832	-
Miscellaneous	5,210		5,210	4,862
Net assets released from restrictions (Note 8)	6,716,561	(6,716,561)	-	-
	16,309,849	2,338,042	18,647,891	17,202,481
EXPENSES				
Program expenses	13,959,639		13,959,639	12,270,172
Management and general	1,086,623		1,086,623	1,070,885
Fundraising	515,941		515,941	427,423
	15,562,203	-	15,562,203	13,768,480
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	747,646	2,338,042	3,085,688	3,434,001
OTHER CHANGES				
Interest and dividend income	35,908		35,908	32,837
Gain (loss) on investments	133,196		133,196	(37,179)
	169,104	-	169,104	(4,342)
CHANGE IN NET ASSETS	916,750	2,338,042	3,254,792	3,429,659
NET ASSETS, BEGINNING OF YEAR	2,403,891	6,588,384	8,992,275	5,562,616
NET ASSETS, END OF YEAR	\$ 3,320,641	\$ 8,926,426	\$ 12,247,067	\$ 8,992,275

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

NATIONAL CENTER FOR YOUTH LAW

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

With comparative totals for the year ended December 31, 2018

	Juvenile Justice	Child Welfare	Health and Information	Education Civil Rights Alliance	Legal Strategies	Immigration	FosterEd Arizona	FosterEd California	Other Program	Total Program Expenses	Management and General	Fundraising	Total Expenses 2019	2018
Salaries	\$ 799,124	\$ 79,814	\$ 548,446	\$ 247,814	\$ 623,176	\$ 616,484	\$ 1,297,308	\$ 1,447,095	\$ -	\$ 5,659,261	\$ 601,910	\$ 352,766	\$ 6,613,937	\$ 5,460,645
Employee benefits	149,156	11,357	100,086	41,348	105,855	107,883	280,131	307,341	3,418	1,106,575	105,979	59,902	1,272,456	978,198
Payroll taxes	59,990	6,023	41,362	18,605	47,688	46,216	98,044	108,829		426,757	40,378	26,142	493,277	405,128
Total personnel costs	1,008,270	97,194	689,894	307,767	776,719	770,583	1,675,483	1,863,265	3,418	7,192,593	748,267	438,810	8,379,670	6,843,971
In-kind legal services (Note 11)	186,987	17,079	137,712	12,373	930,597	3,114,478				4,399,226	45,416		4,444,642	4,217,205
Travel	118,750	17,045	56,982	35,661	61,160	41,983	95,166	120,857	2,753	550,357	35,797	18,066	604,220	414,377
Occupancy	88,281	5,416	51,924	40,488	78,484	70,630	61,593	73,238		470,054	51,020	34,657	555,731	457,637
Fees for service	15,096	58,241	18,230	1,311	2,901	46,574	142,292	52,193	5,200	342,038	32,397	729	375,164	384,691
Grants	40,000		261,785					40,500		342,285			342,285	629,031
Office expenses	30,242	5,659	33,566	21,164	23,105	19,852	41,319	51,194		226,101	33,691	14,205	273,997	223,418
Information technology	22,516	635	15,388	8,194	11,627	14,962	50,193	50,959		174,474	48,934	5,080	228,488	297,437
Depreciation	2,826	137	1,817	422	1,167	1,656	61,400	62,528		131,953	1,338	992	134,283	127,289
Conferences and meetings	10,603	671	7,648	8,243	6,475	2,304	13,141	33,627	684	83,396	10,716	2,058	96,170	81,867
Insurance	3,020	175	1,967	823	1,952	2,142	6,173	6,859		23,111	28,217	1,048	52,376	33,335
Accounting					1,366			5,843		7,209	39,357		46,566	12,563
Dues, licenses, and service fees	3,225	95	2,742	335	4,136	4,015	813	508	314	16,183	5,601	294	22,078	27,138
Bank fees	20		6							26	5,825	2	5,853	5,194
Advertising and promotion	547		49							596			596	108
Legal					37					37	47		84	12
Bad debt expense										-			-	13,207
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 1,530,383	\$ 202,347	\$ 1,279,710	\$ 436,781	\$ 1,899,726	\$ 4,089,179	\$ 2,147,573	\$ 2,361,571	\$ 12,369	\$ 13,959,639	\$ 1,086,623	\$ 515,941	\$ 15,562,203	
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 903,565	\$ 128,621	\$ 1,385,279	\$ 315,140	\$ 5,293,361	\$ 377,105	\$ 1,965,453	\$ 1,681,931	\$ 219,717	\$ 12,270,172	\$ 1,070,885	\$ 427,423		\$ 13,768,480

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

NATIONAL CENTER FOR YOUTH LAW

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

With comparative totals for the year ended December 31, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,254,792	\$ 3,429,659
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	134,283	127,289
(Gain) loss on investments	(133,196)	37,179
Reinvested interest and dividends	(33,287)	(31,623)
(Increase) decrease in operating assets:		
Accounts receivable	(206,328)	52,379
Grants receivable	(1,161,260)	(1,534,273)
Prepaid expenses	(38,453)	(52,432)
Deposits	(59,577)	(4,928)
Increase (decrease) in operating liabilities:		
Accounts payable	13,635	61,391
Accrued payroll	49,525	52,309
Accrued vacation	21,020	164,872
Accrued liabilities other	4,023	43,203
	1,845,177	2,345,025
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	3,600,418	724,114
Purchase of investments	(4,605,704)	(1,848,215)
Purchase of property and equipment	(267,832)	(60,131)
	(1,273,118)	(1,184,232)
NET INCREASE IN CASH AND CASH EQUIVALENTS	572,059	1,160,793
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,418,060	1,257,267
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,990,119	\$ 2,418,060

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

NATIONAL CENTER FOR YOUTH LAW

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

The National Center for Youth Law (“NCYL”) is a law firm that advances justice by defending the rights of children and improving the systems impacting their lives. We focus on complex challenges that disproportionately impact children and communities of color and on solutions that require multiple public systems to change their policies, practices and culture. For almost five decades, we have led cross-sector campaigns that weave together research, public awareness, demonstration projects, policy advocacy, coalition building, technical assistance, and litigation, when necessary.

NCYL lead campaigns that change laws and regulations, redesign government services, and hold public agencies accountable for the wellbeing of children in their care. Current campaigns include:

- Working with youth who are in foster care, homeless, and involved in the youth justice system to ensure they receive the educational opportunities they need to graduate from high school with a full array of college and career opportunities
- Protecting the civil rights of students and ensuring schools are safe, empowering places for all children
- Ending the criminalization of survivors of child sex trafficking and ensuring they get the services they need to heal and lead healthy, productive lives
- Empowering youth in foster care to make decisions about their bodies and futures by ensuring access to reproductive health care
- Ensuring youth in foster care receive effective mental health services rather than harmful and unnecessary psychotropic medications
- Ending the incarceration of youth as adults, reducing the number of children involved in the youth justice system, and eliminating juvenile fines and fees
- Ending the unconstitutional detention and protecting the due process rights of children in federal immigration custody

Through our diverse campaigns, NCYL protects and advances the rights of children and youth by changing policy, practice, and culture within public agencies, improving communication between systems, and deepening collaboration between public systems and the communities they serve. We also support the advocacy efforts of public interest law firms by providing technical assistance to public interest attorneys. We have ensured that government agencies effectively serve children in their care by:

- Helping public agencies rethink and redesign their services
- Drafting and advocating for new laws and regulations that incentivize and fund public agencies to improve outcomes for children and youth
- Operating demonstration sites in which we work directly with children and families to launch and evaluate innovative services
- Raising public awareness through the media
- Bringing strategic lawsuits to catalyze and accelerate system change when necessary

continued

NATIONAL CENTER FOR YOUTH LAW

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions. Net assets subject to donor-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.

Cash and Cash Equivalents

NCYL has defined cash and cash equivalents as cash in banks and money market accounts in securities institutions.

Accounts Receivable

Accounts receivable includes outstanding contracts receivable. No allowance for doubtful accounts has been provided as they are all deemed fully collectible.

Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

NATIONAL CENTER FOR YOUTH LAW

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Concentration of Credit Risks

NCYL maintains cash and cash equivalents at high-credit quality financial institutions. At times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limit. NCYL has not incurred losses related to these deposits.

Investments

NCYL values its investments at fair value. Unrealized gains or losses (including investments bought, sold and held during the year) are reflected in the Statement of Activities as gain or loss on investments.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

NCYL is required to measure certain investments, non-cash contributions, and revenues at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to two thousand dollars and the useful life is greater than one year.

Donated Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial 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, are recorded at fair value in the period received (see Note 9).

continued

NATIONAL CENTER FOR YOUTH LAW

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

Costs of providing NCYL's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. NCYL uses the proportion of time spent on each program to allocate indirect costs.

Income Taxes

NCYL is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by NCYL in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. NCYL's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Revenue and Revenue Recognition

NCYL 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.

A portion of NCYL's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when NCYL has incurred expenditures in compliance with specific contract or grant provisions.

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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The ASU is effective for fiscal years beginning after December 15, 2018. Retrospective application is permitted.

continued

NATIONAL CENTER FOR YOUTH LAW

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

NCYL has implemented the provisions of ASU 2018-08 applicable to both contributions received to contributions made in the accompanying financial statements for the year ended December 31, 2019, under a modified prospective basis, as management believes the standard improves the usefulness and the understandability of the entity's financial reporting. Accordingly, there is no effect on net assets in connection with NCYL's implementation of ASU 2018-08.

Comparative Totals

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NCYL's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through April 27, 2020, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

3. Liquidity and Availability of Resources

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

For purposes of analyzing resources available to meet general expenditures over a 12-month period, NCYL considers all expenditures related to its ongoing activities and the pattern of income from grants, contracts, fundraising, and investments. The Finance Committee of the Board of Trustees meets twice a year to review all financial aspects of the organization and reviews investment results, assesses risk, and makes recommendations for changes as needed.

In addition to financial assets available to meet general expenditures over the next 12 months, NCYL operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of December 31, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

NATIONAL CENTER FOR YOUTH LAW

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

Cash and cash equivalents	\$ 2,990,121
Accounts receivable, net	810,528
Grants receivable	3,300,750
Investments	<u>3,659,860</u>
	10,761,259
Less: donor restricted funds	<u>6,083,144</u>
Financial assets available	<u>\$ 4,678,115</u>

4. Grants Receivable

Grants receivable are recorded as support when committed unless designated otherwise. All grants are valued at their estimated fair value and are deemed fully collectible. Accordingly, no allowance for uncollectible receivables has been recorded as of December 31, 2019. Unamortized discount on multi-year grants receivable is immaterial and has not been recorded. Total grants receivable at December 31, 2019 of \$5,250,750 is expected to be collected as follows:

<u>Year ending December 31,</u>	
2020	\$3,300,750
2021	1,675,000
2022	<u>275,000</u>
	<u>\$5,250,750</u>

5. Investments

Investments at December 31, 2019 consist of the following:

Bonds	\$3,657,218
Equities	<u>2,642</u>
	<u>\$3,659,860</u>

6. Property and Equipment

Property and equipment at December 31, 2019 consist of the following:

Developed software	\$ 394,259
Furniture and equipment	175,600
Leasehold improvement	113,726
Law library	<u>57,873</u>
	741,458
Less: accumulated depreciation	<u>(422,506)</u>
	<u>\$ 318,952</u>

Depreciation expense during the year ended December 31, 2019 was \$134,283.

continued

NATIONAL CENTER FOR YOUTH LAW

NOTES TO FINANCIAL STATEMENTS

7. Line of Credit

NCYL has a secured revolving line of credit with a bank, in the amount of \$500,000 due December 22, 2020, bearing an interest rate of 4.50%. There was no outstanding balance at December 31, 2019.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2019 consist of the following:

FosterEd – California	\$2,722,267
Reproductive Health	1,931,945
Immigration	1,186,996
CA Youth Justice	1,162,241
Other Projects	500,000
FosterEd – Arizona	398,959
ECRA	336,930
Fine and Fees	271,488
Child Trafficking	241,250
Legal Advocacy	168,656
Bill Grimm Fund	3,800
Fiza Fellowship	1,894
	<u>\$8,926,426</u>

For the year ended December 31, 2019, net assets with donor restrictions released from purpose restrictions were \$6,716,561.

9. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2019 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds				
Large value	\$ 1,567	\$ -	\$ -	\$ 1,567
Large core	<u>1,075</u>	<u>-</u>	<u>-</u>	<u>1,075</u>
Total equity funds	<u>2,642</u>	<u>-</u>	<u>-</u>	<u>2,642</u>
Bonds				
Government	2,363,428			2,363,428
Short-term bond	815,780			815,780
Intermediate-term bond	<u>478,010</u>	<u>-</u>	<u>-</u>	<u>478,010</u>
Total bond funds	<u>3,657,218</u>	<u>-</u>	<u>-</u>	<u>3,657,218</u>
Total exchange traded funds	<u>\$3,659,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,659,860</u>

continued

NATIONAL CENTER FOR YOUTH LAW

NOTES TO FINANCIAL STATEMENTS

9. Fair Value Measurements, continued

The fair value of exchange traded funds and equities are measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The table below presents transactions measured at fair value on a non-recurring basis during the year ended December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Grants commitments – new	\$ -	\$ -	\$5,250,750	\$5,250,750
Donated services		<u>4,444,642</u>		<u>4,444,642</u>
	<u>\$ -</u>	<u>\$4,444,642</u>	<u>\$5,250,750</u>	<u>\$9,695,392</u>

The fair value of donated services has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of grant commitments – new has been measured on a non-recurring basis using the value provided by the grantor at the date commitment and based on evaluating the credit worthiness of the grantor (Level 3 inputs).

10. Commitments and Contingencies

Grant Awards

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. NCYL deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of NCYL to the provisions of the grants. NCYL's management is of the opinion that NCYL has complied with the terms of all grants.

Obligations Under Operating Leases

NCYL leases five offices and a copier under operating lease. The lease term for the main Oakland office extends to February 28, 2025. Future minimum payments, by year and in the aggregate, under this lease with initial or remaining terms of one year or more, consist of the following:

<u>Year ending December 31,</u>	
2020	\$ 706,494
2021	655,546
2022	633,545
2023	602,898
Thereafter	<u>724,988</u>
	<u>\$3,323,471</u>

Rent expense under the operating lease for the year ended December 31, 2019 was \$555,731.

continued

NATIONAL CENTER FOR YOUTH LAW

NOTES TO FINANCIAL STATEMENTS

11. In-kind Support

NCYL partners with outside attorneys and law firms to litigate cases on behalf of its clients. The pro bono firms donate the time of their attorneys and staff in addition to paying for out of pocket expenses associated with investigations and litigation. Additionally, NCYL had volunteer staff attorneys and law clerks. Total amount of in-kind support for the year ended December 31, 2019 was \$4,444,642.

Immigration	\$3,091,667
Legal fees and expenses	1,012,175
Legal fees	166,620
Law clerks	119,858
Volunteer staff attorney	<u>54,322</u>
	<u>\$4,444,642</u>

12. Employee Benefit Plan

NCYL has a 403(b) employee benefit plan available to all eligible employees. Employees may contribute any whole percentage of annual compensation provided that it does not exceed maximum amounts as permitted by law. NCYL made a non-matching contribution of 4% of employee's earnings during the year ended December 31, 2019. Employer contributions under this plan for the year ended December 31, 2019 were \$258,748.