



**NATIONAL CENTER FOR YOUTH LAW**



**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

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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, 2020, 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, 2020, 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

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited the National Center for Youth Law's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harrington Group*

Oakland, California

April 24, 2021

**NATIONAL CENTER FOR YOUTH LAW**

STATEMENT OF FINANCIAL POSITION

December 31, 2020

With comparative totals at December 31, 2019

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 3,245,412	\$ 2,990,119
Accounts receivable	635,526	810,527
Grants receivable (Note 4)	5,743,570	5,250,750
Prepaid expenses	257,755	200,180
Deposits	86,809	85,809
Investments (Note 5)	6,730,082	3,659,860
Property and equipment (Note 6)	238,321	318,952
<b>TOTAL ASSETS</b>	<b>\$ 16,937,475</b>	<b>\$ 13,316,197</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 287,106	\$ 242,491
Accrued payroll	203,168	215,524
Accrued vacation	628,527	442,389
Accrued liabilities other	149,634	168,726
Payroll protection program loan (Note 8)	1,399,800	-
<b>TOTAL LIABILITIES</b>	<b>2,668,235</b>	<b>1,069,130</b>
<b>NET ASSETS</b>		
Without donor restrictions	6,096,633	3,320,641
With donor restrictions (Note 9)	8,172,607	8,926,426
<b>TOTAL NET ASSETS</b>	<b>14,269,240</b>	<b>12,247,067</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 16,937,475</b>	<b>\$ 13,316,197</b>

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, 2020

With comparative totals for the year ended December 31, 2019

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020</b>	<b>2019</b>
<b>REVENUE AND SUPPORT</b>				
Foundation grants and contracts	\$ 1,853,907	\$ 7,205,007	\$ 9,058,914	\$ 11,110,241
In-kind support (Note 12)	7,483,705		7,483,705	4,444,642
Government grants and contracts	2,123,787		2,123,787	2,342,640
Attorneys fees	538,952		538,952	134,205
Contributions	297,487		297,487	180,222
Law firms and corporate giving	56,719		56,719	355,899
Restitution/Cy Pres settlements	1,774,895		1,774,895	74,832
Miscellaneous	20		20	5,210
Net assets released from restrictions (Note 9)	7,958,826	(7,958,826)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>22,088,298</b>	<b>(753,819)</b>	<b>21,334,479</b>	<b>18,647,891</b>
<b>EXPENSES</b>				
Program expenses	16,994,321		16,994,321	13,959,639
Management and general	1,739,589		1,739,589	1,086,623
Fundraising	682,982		682,982	515,941
<b>TOTAL EXPENSES</b>	<b>19,416,892</b>	<b>-</b>	<b>19,416,892</b>	<b>15,562,203</b>
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</b>	<b>2,671,406</b>	<b>(753,819)</b>	<b>1,917,587</b>	<b>3,085,688</b>
<b>OTHER CHANGES</b>				
Interest and dividend income	32,844		32,844	35,908
Gain on investments	71,742		71,742	133,196
<b>TOTAL OTHER CHANGES</b>	<b>104,586</b>	<b>-</b>	<b>104,586</b>	<b>169,104</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,775,992</b>	<b>(753,819)</b>	<b>2,022,173</b>	<b>3,254,792</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,320,641</b>	<b>8,926,426</b>	<b>12,247,067</b>	<b>8,992,275</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 6,096,633</b>	<b>\$ 8,172,607</b>	<b>\$ 14,269,240</b>	<b>\$ 12,247,067</b>

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, 2020

With comparative totals for the year ended December 31, 2019

	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 2020	2019
Salaries	\$ 812,197	\$ 26,559	\$ 802,115	\$ 295,793	\$ 779,059	\$ 887,808	\$ 986,292	\$ 1,233,504	\$ -	\$ 5,823,327	\$ 942,820	\$ 477,970	\$ 7,244,117	\$ 6,613,937
Employee benefits	131,041	5,421	165,271	48,756	126,555	158,341	205,967	233,465	50	1,074,867	126,729	76,595	1,278,191	1,272,456
Payroll taxes	54,725	1,760	52,092	20,167	52,698	59,854	63,109	79,451	-	383,856	63,060	32,033	478,949	493,277
Total personnel costs	997,963	33,740	1,019,478	364,716	958,312	1,106,003	1,255,368	1,546,420	50	7,282,050	1,132,609	586,598	9,001,257	8,379,670
In-kind legal services (Note 12)	47,845	17,563	76,741	2,369,524	33,654	4,934,178	4,200			7,483,705			7,483,705	4,444,642
Travel	25,926	9,588	8,731	8,952	8,916	14,580	19,456	11,054	396	107,599	7,424	695	115,718	604,220
Occupancy	103,340	1,355	106,098	37,918	106,507	107,989	62,428	55,080		580,715	96,144	47,156	724,015	555,731
Fees for service	56,958	66,530	125,494	4,267	3,863	35,780	37,349	75,402	16,082	421,725	207,194	18,831	647,750	375,164
Grants	35,000		473,057						1,895	509,952			509,952	342,285
Office expenses	35,709	3,613	35,744	13,232	29,724	30,390	55,055	49,345	1,391	254,203	44,992	14,881	314,076	273,997
Information technology	15,424	1,110	15,140	6,135	10,244	19,624	57,360	39,788		164,825	89,589	5,804	260,218	228,488
Depreciation	9,270	469	8,610	1,231	7,189	10,678	5,042	3,574		46,063	68,838	5,809	120,710	134,283
Conferences and meetings	4,212	2,879	2,214	1,729	5,701	2,715	6,294	16,290	320	42,354	26,295	952	69,601	96,170
Insurance	2,737	85	3,267	969	2,432	3,178	4,589	5,582		22,839	32,460	1,468	56,767	52,376
Accounting	(5,742)		6,577		123					958	12,082		13,040	46,566
Dues, licenses, and service fees	4,754	18	3,416	659	9,688	46,276	1,299	1,375		67,485	10,868	722	79,075	22,078
Bank fees						5				5	10,073		10,078	5,853
Advertising and promotion							93	31		124		66	190	596
Legal										-			-	84
Bad debt expense	7,343							2,376		9,719	1,021		10,740	-
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<b>\$ 1,340,739</b>	<b>\$ 136,950</b>	<b>\$ 1,884,567</b>	<b>\$ 2,809,332</b>	<b>\$ 1,176,353</b>	<b>\$ 6,311,396</b>	<b>\$ 1,504,333</b>	<b>\$ 1,810,517</b>	<b>\$ 20,134</b>	<b>\$ 16,994,321</b>	<b>\$ 1,739,589</b>	<b>\$ 682,982</b>	<b>\$ 19,416,892</b>	
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

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, 2020

With comparative totals for the year ended December 31, 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,022,173	\$ 3,254,792
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	62,837	134,283
(Gain) on investments	(71,742)	(133,196)
Reinvested interest and dividends	(29,678)	(33,287)
(Increase) decrease in operating assets:		
Accounts receivable	175,001	(206,328)
Grants receivable	(492,820)	(1,161,260)
Prepaid expenses	(57,575)	(38,453)
Deposits	(1,000)	(59,577)
Increase (decrease) in operating liabilities:		
Accounts payable	44,615	13,635
Accrued payroll	(12,356)	49,525
Accrued vacation	186,138	21,020
Accrued liabilities other	(19,092)	4,023
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,806,501</b>	<b>1,845,177</b>
 <b>CASH FLOWS TO INVESTING ACTIVITIES:</b>		
Sale of investments	5,342,776	3,600,418
Purchase of investments	(8,311,578)	(4,605,704)
Purchase of property and equipment	17,794	(267,832)
 <b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(2,951,008)</b>	<b>(1,273,118)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from paycheck protection program loan	1,399,800	-
 <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>1,399,800</b>	<b>-</b>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>255,293</b>	<b>572,059</b>
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,990,119</b>	<b>2,418,060</b>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 3,245,412</b>	<b>\$ 2,990,119</b>

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



# NATIONAL CENTER FOR YOUTH LAW

## NOTES TO FINANCIAL STATEMENTS

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### 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

# NATIONAL CENTER FOR YOUTH LAW

## NOTES TO FINANCIAL STATEMENTS

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### 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

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### 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 10).

continued

# NATIONAL CENTER FOR YOUTH LAW

## NOTES TO FINANCIAL STATEMENTS

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### 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.

# NATIONAL CENTER FOR YOUTH LAW

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### 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, 2019, from which the summarized information was derived.

#### Subsequent Events

Management has evaluated subsequent events through April 24, 2021, 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 and contracts receivable, 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, 2020, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 3,245,413
Accounts receivable, net	635,526
Grants and contracts receivable	4,289,096
Investments	<u>6,730,082</u>
	14,900,117
Less: donor restricted funds	<u>7,958,826</u>
Financial assets available	<u>\$ 6,941,291</u>

continued

# NATIONAL CENTER FOR YOUTH LAW

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2020. Unamortized discount on multi-year grants receivable is immaterial and has not been recorded. Total grants receivable at December 31, 2020 of \$5,743,570 is expected to be collected as follows:

<u>Year ending December 31,</u>	
2021	\$3,653,570
2022	1,390,000
2023	<u>700,000</u>
	<u>\$5,743,570</u>

### 5. Investments

Investments at December 31, 2020 consist of the following:

Bonds	\$6,727,738
Equities	<u>2,344</u>
	<u>\$6,730,082</u>

### 6. Property and Equipment

Property and equipment at December 31, 2020 consist of the following:

Developed software	\$ 394,259
Furniture and equipment	199,262
Leasehold improvement	<u>130,144</u>
	723,665
Less: accumulated depreciation	<u>(485,344)</u>
	<u>\$ 238,321</u>

Depreciation expense during the year ended December 31, 2020 was \$62,837.

### 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, 2020.

# NATIONAL CENTER FOR YOUTH LAW

## NOTES TO FINANCIAL STATEMENTS

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### 8. Paycheck Protection Plan Loan

On April 29, 2020, NCYL received loan proceeds in the amount of \$1,399,800 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), provides for loans for qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are eligible for forgiveness for a covered period up to twenty-four weeks, as long as the borrower uses the loan proceeds for eligible purposes (which includes payroll, benefits, rent and utilities) and maintains its full-time staff equivalency levels. The amount for the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1% with a deferral period for loan payments of either (1) the date that U.S. Small Business Association remits the borrower’s loan forgiveness, 10 months after the end of the borrower’s loan forgiveness covered period.

### 9. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2020 consist of the following:

FosterEd – California	\$1,841,618
Capacity Building	1,750,000
Reproductive Health	1,227,343
Immigration	1,065,882
Child Trafficking	623,333
Fine and Fees	552,500
ECRA	468,074
CA Youth Justice	430,208
Legal Advocacy	126,358
FosterEd – Arizona	82,291
Fiza Fellowship	5,000
	<u>\$8,172,607</u>

For the year ended December 31, 2020, net assets with donor restrictions released from purpose restrictions were \$7,958,826.

# NATIONAL CENTER FOR YOUTH LAW

## NOTES TO FINANCIAL STATEMENTS

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### 10. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2020 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds				
Large value	\$ 1,334	\$ -	\$ -	\$ 1,334
Large core	<u>1,010</u>	<u>          </u>	<u>          </u>	<u>1,010</u>
Total equity funds	<u>2,344</u>	<u>          </u>	<u>          </u>	<u>2,344</u>
Bonds				
Government	4,664,508			4,664,508
Short-term bond	1,548,369			1,548,369
Intermediate-term bond	<u>514,861</u>	<u>          </u>	<u>          </u>	<u>514,861</u>
Total bond funds	<u>6,727,738</u>	<u>          </u>	<u>          </u>	<u>6,727,738</u>
Total exchange traded funds	<u>\$6,730,082</u>	<u>\$          </u>	<u>\$          </u>	<u>\$6,730,082</u>

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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Grants commitments – new	\$ -	\$ -	\$5,743,570	\$ 5,743,570
Donated services	<u>          </u>	<u>7,483,705</u>	<u>          </u>	<u>7,483,705</u>
	<u>\$          </u>	<u>\$7,483,705</u>	<u>\$5,743,570</u>	<u>\$13,227,275</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 grants 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).

continued



# NATIONAL CENTER FOR YOUTH LAW

## NOTES TO FINANCIAL STATEMENTS

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### 11. 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>	
2021	\$ 677,229
2022	633,545
2023	602,898
2024	620,985
Thereafter	<u>104,002</u>
	<u>\$2,638,659</u>

Rent expense under the operating lease for the year ended December 31, 2020 was \$724,016.

#### Impact of COVID-19 Virus

Following the California and local "Safer-at-Home" orders, NCYL has been conducting business activities as usual with consideration of social distancing and remote work opportunities. The long-term impact of the COVID-19 virus on NCYL cannot be foreseen at this time and is not reflected in these financial statements.

# NATIONAL CENTER FOR YOUTH LAW

## NOTES TO FINANCIAL STATEMENTS

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### 12. 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 law clerks. Total amount of in-kind support for the year ended December 31, 2020 was \$7,483,705.

Legal fees	\$7,121,810
Legal Expenses	227,378
Law Clerks	<u>134,517</u>
	<u>\$7,483,705</u>

### 13. 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, 2020. Employer contributions under this plan for the year ended December 31, 2020 were \$280,007.