Interfaith Youth Core

Financial Report
July 31, 2021

Contents

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Independent Auditor's Report

To the Board of Directors
Interfaith Youth Core

We have audited the accompanying financial statements of Interfaith Youth Core (IFYC), which comprise the statement of financial position as of July 31, 2021 and 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Youth Core as of July 31, 2021 and 2020 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

January 13, 2022

Statement of Financial Position

July 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash	$ 10,066,831	$ 12,794,798
Investments (Note 4)	11,520,351	7,824,703
Accounts receivable - Net	23,525	94,094
Short-term portion of grants and contributions receivable (Note 5)	2,368,500	2,593,639
Prepaid expenses and other current assets	497,907	280,169
Total current assets	24,477,114	23,587,403
Grants and Contributions Receivable - Net of current portion (Note 5)	2,642,554	2,731,684
Property and Equipment - Net (Note 6)	296,628	185,279
Total noncurrent assets	2,939,182	2,916,963
Total assets	**$ 27,416,296**	**$ 26,504,366**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 164,113	$ 45,976
Grants and scholarships payable	1,208,925	-
Deferred revenue	11,075	23,699
Accrued liabilities and other:		
Accrued payroll	203,200	168,495
Short-term portion of deferred rent (Note 9)	38,773	30,426
Other accrued liabilities	62,022	39,444
Total accrued liabilities and other	303,995	238,365
Current portion of Paycheck Protection Program loan	-	242,983
Total current liabilities	1,688,108	551,023
Paycheck Protection Program Loan - Net of current portion	-	437,369
Deferred Rent - Net of current portion (Note 9)	64,078	102,851
Total liabilities	1,752,186	1,091,243
Net Assets		
Without donor restrictions:		
Undesignated	12,893,032	13,188,431
Board designated	1,000,000	750,000
Total without donor restrictions	13,893,032	13,938,431
With donor restrictions (Note 7)	11,771,078	11,474,692
Total net assets	25,664,110	25,413,123
Total liabilities and net assets	**$ 27,416,296**	**$ 26,504,366**

Statement of Activities and Changes in Net Assets

Years Ended July 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Individual contributions	$ 286,732	$ 225,000	$ 511,732	$ 6,469,049	$ 3,005,000	$ 9,474,049
Grants and contributions	133,496	8,472,500	8,605,996	977,277	6,889,500	7,866,777
Publications	-	-	-	12,429	-	12,429
Seminars and workshops	9,898	-	9,898	45,517	-	45,517
Earned revenue	132,750	-	132,750	86,250	-	86,250
Net realized and unrealized gains on investments	354,373	-	354,373	71,422	-	71,422
Interest and dividends	90,390	-	90,390	103,667	-	103,667
Honoraria	160,050	-	160,050	197,150	-	197,150
Donated services and facilities (Note 10)	33,769	-	33,769	22,901	-	22,901
Other revenue	50	-	50	14,806	-	14,806
Net assets released from restrictions	8,401,114	(8,401,114)	-	6,425,173	(6,425,173)	-
Total revenue, gains, and other support	9,602,622	296,386	9,899,008	14,425,641	3,469,327	17,894,968
Expenses						
Program services:						
Campus	2,855,656	-	2,855,656	1,025,543	-	1,025,543
Narrative	2,117,201	-	2,117,201	2,876,736	-	2,876,736
Innovation	3,320,179	-	3,320,179	2,093,686	-	2,093,686
Support services:						
Advancement	715,521	-	715,521	782,025	-	782,025
Operations	1,319,816	-	1,319,816	1,202,446	-	1,202,446
Total expenses	10,328,373	-	10,328,373	7,980,436	-	7,980,436
(Decrease) Increase in Net Assets - Before other changes in net assets	(725,751)	296,386	(429,365)	6,445,205	3,469,327	9,914,532
Other Changes in Net Assets - Gain on debt forgiveness	680,352	-	680,352	-	-	-
(Decrease) Increase in Net Assets	(45,399)	296,386	250,987	6,445,205	3,469,327	9,914,532
Net Assets - Beginning of year	13,938,431	11,474,692	25,413,123	7,493,226	8,005,365	15,498,591
Net Assets - End of year	**$ 13,893,032**	**$ 11,771,078**	**$ 25,664,110**	**$ 13,938,431**	**$ 11,474,692**	**$ 25,413,123**

See notes to financial statements.

Interfaith Youth Core

Statement of Functional Expenses

Year Ended July 31, 2021

	Program Services				Support Services		
	Campus	Narrative	Innovation	Total	Advancement	Operations	Total
Salaries and related expenses	$ 1,587,710	$ 854,621	$ 499,898	$ 2,942,229	$ 556,219	$ 625,670	$ 4,124,118
Employee benefits	168,528	86,293	49,870	304,691	56,458	95,116	456,265
Payroll taxes	119,106	61,988	30,775	211,869	33,835	57,519	303,223
Total salaries and related expenses	1,875,344	1,002,902	580,543	3,458,789	646,512	778,305	4,883,606
Professional fees	155,194	339,405	63,447	558,046	13,788	88,904	660,738
Accounting fees	-	-	-	-	-	32,250	32,250
Information technology services	43,380	20,704	12,828	76,912	9,645	119,586	206,143
Supplies	28,268	12,406	13,068	53,742	1,618	4,540	59,900
Computer-related expenses	37,468	5,464	21	42,953	235	77,540	120,728
Telephone and telecommunications	7,486	4,621	2,051	14,158	2,014	3,249	19,421
Postage, shipping, and advertising	27,801	5,178	-	32,979	380	6,543	39,902
Books, subscriptions, and reference	2,101	10,465	153	12,719	2,661	1,713	17,093
Printing and copying	446	205	-	651	1,582	617	2,850
Fees and charges	515	88	5,000	5,603	641	2,895	9,139
Staff development	12,602	693	-	13,295	-	22,187	35,482
Occupancy expenses	136,724	72,380	40,269	249,373	35,095	52,854	337,322
Travel expense	12,181	13,068	1,737	26,986	23	3,440	30,449
Meetings expense	102	30	-	132	1,061	9	1,202
Depreciation	4,120	-	29,939	34,059	-	73,818	107,877
Insurance	-	-	-	-	-	32,661	32,661
Other expenses	7,611	304	248	8,163	266	(2,095)	6,334
Scholarships and stipends to individuals	194,450	277,338	1,948,625	2,420,413	-	20,800	2,441,213
Grants to other organizations	309,863	351,950	622,250	1,284,063	-	-	1,284,063
Total functional expenses	**$ 2,855,656**	**$ 2,117,201**	**$ 3,320,179**	**$ 8,293,036**	**$ 715,521**	**$ 1,319,816**	**$ 10,328,373**

See notes to financial statements.

Statement of Functional Expenses

Year Ended July 31, 2020

	Program Services				Support Services		
	Campus	Narrative	Innovation	Total	Advancement	Operations	Total
Salaries and related expenses	$ 657,629	$ 1,018,731	$ 698,773	$ 2,375,133	$ 576,065	$ 466,401	$ 3,417,599
Employee benefits	95,704	158,637	117,763	372,104	61,596	160,127	593,827
Payroll taxes	45,351	77,748	51,809	174,908	31,722	35,604	242,234
Total salaries and related expenses	798,684	1,255,116	868,345	2,922,145	669,383	662,132	4,253,660
Professional fees	-	268,530	50,348	318,878	8,598	105,228	432,704
Accounting fees	-	-	-	-	-	30,850	30,850
Information technology services	29,728	26,704	31,090	87,522	13,016	83,775	184,313
Supplies	11,680	29,050	592,707	633,437	19,959	18,627	672,023
Computer-related expenses	-	18,224	9,042	27,266	2,272	50,297	79,835
Telephone and telecommunications	6,699	9,179	4,888	20,766	3,297	4,881	28,944
Postage, shipping, and delivery	-	21,117	13,039	34,156	585	3,492	38,233
Books, subscriptions, and reference	242	10,709	779	11,730	800	2,766	15,296
Printing and copying	895	1,276	5,189	7,360	3,375	1,264	11,999
Fees and charges	-	-	662	662	744	12,174	13,580
Staff development	3,947	4,348	6,779	15,074	199	28,185	43,458
Occupancy expenses	82,890	76,617	79,306	238,813	36,293	57,826	332,932
Travel expense	24,894	79,074	120,665	224,633	19,732	3,455	247,820
Meetings expense	-	1,643	404	2,047	2,697	223	4,967
Depreciation	-	56,141	-	56,141	-	43,289	99,430
Insurance	-	-	-	-	-	30,159	30,159
Other expenses	178	2,460	153	2,791	1,075	26,254	30,120
Scholarships and stipends to individuals	-	69,200	134,166	203,366	-	36,669	240,035
Grants to other organizations	65,706	947,348	176,124	1,189,178	-	900	1,190,078
Total functional expenses	**$ 1,025,543**	**$ 2,876,736**	**$ 2,093,686**	**$ 5,995,965**	**$ 782,025**	**$ 1,202,446**	**$ 7,980,436**

See notes to financial statements.

Statement of Cash Flows

Years Ended July 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Increase in net assets	$ 250,987	$ 9,914,532
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation expense	107,877	99,430
Contributed stock	(1,081,657)	(513,481)
Bad debt expense	941	-
Realized and unrealized gains on investments	(354,373)	(71,422)
Deferred rent	(30,426)	(22,329)
Gain on debt forgiveness	(680,352)	-
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	70,569	(60,848)
Grants and contributions receivable	313,328	601,615
Prepaid expenses and other current assets	(251,738)	335,603
Accounts payable	152,137	(145,465)
Grants payable	1,208,925	-
Accrued payroll	34,705	94,332
Other accrued liabilities	34,591	(28,238)
Deferred revenue	(12,624)	(16,698)
Net cash (used in) provided by operating activities	(237,110)	10,187,031
Cash Flows from Investing Activities		
Purchase of property and equipment	(231,239)	(110,280)
Purchases of investments	(7,313,047)	(3,311,357)
Proceeds from sales of investments	3,971,772	150,000
Sale of contributed stock	1,081,657	513,481
Net cash used in investing activities	(2,490,857)	(2,758,156)
Cash Flows Provided by Financing Activities - Proceeds from Paycheck Protection Program loan	-	680,352
Net (Decrease) Increase in Cash	(2,727,967)	8,109,227
Cash - Beginning of year	12,794,798	4,685,571
Cash - End of year	**$ 10,066,831**	**$ 12,794,798**
Supplemental Cash Flow Information - Noncash property and equipment additions	$ -	$ 12,013

See notes to financial statements.

Note 1 - Nature of Business

Interfaith Youth Core (IFYC), located in Chicago, Illinois, is a nonprofit corporation. Established in 2002, IFYC's vision is to build a society in which interfaith cooperation is a social norm. Rather than succumb to the notion of the inevitability of religious conflict, IFYC seeks to transform America into a nation that sees its religious diversity as a strength. Focusing on the higher education sector for its catalytic impact on broader society, IFYC has four strategically aligned program areas:

Model Environments - IFYC partners with campuses to implement consultations, devise assessment resources, and steward relationships over the long term, achieving sustainable, institution-wide shifts embedding interfaith cooperation.

Leaders - IFYC trains, cultivates, and networks a set of campus leaders, including students, staff, faculty, administrators, and alumni to advance interfaith cooperation within their spheres of influence.

Knowledge Base - IFYC contributes to and curates a knowledge base that provides the theoretical core to undergird practice.

Communications - Communications programs give voice to the interfaith movement through a range of media platforms and change public discourse from the inevitability of religious conflict to the possibility of interfaith cooperation.

IFYC's funding is derived primarily from individual and foundation gifts, seminars and workshops, speaking honoraria, and university contracts.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of IFYC have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of IFYC are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of IFYC.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of IFYC or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Concentrations of Credit Risk

IFYC maintains its cash in bank deposit accounts that at times may exceed federally insured limits. IFYC has not experienced any losses in such accounts, and management does not believe IFYC is exposed to any significant credit risk on cash.

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

As of August 1, 2020, IFYC adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. IFYC adopted the new standard using the modified retrospective method. The adoption of the ASU did not result in a restatement of the 2020 financial information, as there was no change to the timing of revenue recognition.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are recorded in the statement of activities and changes in net assets based on the specific identification method. IFYC's investments are exposed to various risks, such as interest rate and credit risk, as well as overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statement of financial position.

Accounts, Grants, and Contributions Receivable

Accounts receivable consist of amounts due for services rendered. Receivables are carried at original invoice amounts. IFYC's contributions receivable are composed primarily of grants and allocations committed from various funding agencies for use in IFYC's activities. Management monitors the collection of these receivables on a periodic basis, and amounts are written off when deemed uncollectible. Management believes that all grants and contributions receivable are fully collectible. The allowance for doubtful accounts receivable was $9,360 as of July 31, 2021 and 2020.

Paycheck Protection Program Loan

Funding received under the Paycheck Protection Program (PPP) is from a lending institution and has the potential to be forgiven in part or wholly by the Small Business Administration. The proceeds from the loan, therefore, remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and IFYC has been legally released or (2) IFYC pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and the legal release is received, the liability is reduced by the amount forgiven, and a gain on extinguishment is recorded. See Note 11 for additional information regarding terms and conditions of the PPP loan.

Designated Endowment without Donor Restrictions

IFYC maintains within its net assets without donor restrictions a designated endowment from which IFYC's board permits only distributions (grants) of earnings, which may include appreciation and income. This designated endowment consists of funds received from donors without donor restrictions designated by the board with the objective to generate income to support the organization. IFYC, at the discretion of the board, may spend up to 4 percent of the endowment fund's fair value each year. Recognizing the perpetual nature of the endowment and its purpose to support IFYC’s long-term needs, an appropriate portion of the endowment can have a greater emphasis on equity-based investments where long-term growth prospects have a higher probability of producing greater returns than those expected from fixed-income securities. The board is authorized to determine asset allocation guidelines for the endowment to achieve its long-term objectives with appropriate attention to risk.

Note 2 - Significant Accounting Policies (Continued)

Contributions

Unconditional promises to give cash and other assets to IFYC are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met the year in which the contributions are received are reported as contributions without donor restrictions in the accompanying financial statements. Contributed stocks are sold upon receipt unless there are donor restrictions restricting the sale of such stocks.

Revenue Recognition for Contracts with Customers

IFYC’s revenue generated from contracts with customers consists of seminars and workshops, consulting work with other organizations, and honoraria. IFYC’s customers typically are students, foundations, corporations, and higher education institutions.

For each revenue stream, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, IFYC examines the performance obligations in the contract, considering the performance obligations, whether customers benefit from the resources, and whether the resources are readily available.

IFYC’s revenue is recognized when a given performance obligation is satisfied, either at a given point in time or over a period. Revenue is recognized at a given point in time when services or control of goods are transferred to the customer and when the customer can direct its use and obtain substantial benefit from the services or goods. IFYC recognizes revenue over a period if the customer receives and consumes the benefits that IFYC provides simultaneously or if IFYC’s performance does not create an asset with an alternative use and has an enforceable right to payment for the performance.

Performance obligations are determined based on the nature of the services provided by IFYC. For seminars and workshops, the performance obligation is to provide a bundle of services, including attendance and providing content for an educational event. For honoraria, the performance obligation is to deliver a defined speaking engagement. Both of these performance obligations are satisfied at the point in time when the event or speaking engagement occurs. For earned revenue, IFYC’s performance obligations vary depending on the nature of the individual contract and typically include working collaboratively with the customer to host an event, provide educational content, or provide consulting services for a specific deliverable. These performance obligations are satisfied at a point in time for an event or over time for content creation or consulting services that are provided during the contract period.

Revenue is reported at the amount that reflects the consideration to which IFYC expects to be entitled in exchange for providing services. IFYC does not offer discounts for early payment, and none of IFYC’s contracts have a significant financing component.

For the years ended July 31, 2021 and 2020, the beginning balances of IFYC's accounts receivable related to customers with contracts were $83,267 and $23,871, respectively. The closing balances were $23,525 and $83,267, respectively. The allowance for doubtful accounts on the closing accounts receivable balances was $9,360 as of July 31, 2021 and 2020. No impairment losses were recorded for these receivable balances during 2021 and 2020.

Note 2 - Significant Accounting Policies (Continued)

IFYC determines the transaction price based on stated contract fees for services provided. Cash payments received in advance of the event date or IFYC satisfying its performance obligation(s) are recorded as contract liabilities (deferred revenue) on the statement of financial position. For the years ended July 31, 2021 and 2020, the beginning balances of IFYC's deferred revenue from contracts with customers were $23,699 and $40,397, respectively.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are depreciated over the shorter of their useful lives or the lease term. Costs of repairs and maintenance are charged to expense as incurred.

Grants and Scholarships Payable

IFYC awards grants and scholarships to selected organizations and individuals for interfaith and educational initiatives to advance its mission. Unconditional grants are recorded by IFYC in the period awarded and approved by management. The expenditures included in the accompanying financial statements include the amounts expensed for the years ended July 31, 2021 and 2020. Conditional grants are expensed when such conditions are substantially met. There were no conditional grants awarded as of July 31, 2021 and 2020.

Income Taxes

IFYC is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs are classified directly, when possible. Indirect costs have been allocated between the various program and support services based on estimates determined by management.

- Occupancy - By full-time equivalent (FTE) positions per department
- Information technology services - By full-time equivalent positions per department

Occupancy costs include maintenance, utilities, and other indirect expenses incurred by multiple departments. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Risks and Uncertainties from COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

Note 2 - Significant Accounting Policies (Continued)

In response to the pandemic declaration, IFYC closed its office and suspended in-person programming to comply with state and local health and safety standards. IFYC’s management and finance committee conducted financial scenario planning in response to uncertainties stemming from COVID-19. Due to the pandemic, IFYC canceled planned in-person campus visits and consultations but quickly pivoted to move interfaith programming online. IFYC accelerated the launch of Interfaith America, IFYC’s comprehensive media platform that features inspiring stories, articles, and interviews to highlight interfaith leadership in the United States. IFYC also transitioned its annual Interfaith Leadership Institute event, its largest annual in-person conference on interfaith leadership, to be fully virtual. IFYC also launched a number of new interfaith programs and initiatives online.

No impairments were recorded as of the statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while IFYC's results of operations, cash flows, investments, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Upcoming Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for IFYC's year ending July 31, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on IFYC’s financial statements as a result of IFYC's operating leases, as disclosed in Note 9, that will be reported on the statement of financial position at adoption. Upon adoption, IFYC will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the statement of activities and changes in net assets are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosure to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for IFYC's year ending July 31, 2022 and will be applied using the retrospective method.

Note 3 - Liquidity and Availability of Resources

The following reflects IFYC's financial assets as of July 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of July 31, 2021 and 2020:

	2021	2020
Cash	$ 10,066,831	$ 12,794,798
Investments	11,520,351	7,824,703
Accounts receivable - Net	23,525	94,094
Grants and contributions receivable - Net	5,011,054	5,325,323
Financial assets - At year end	26,621,761	26,038,918
Contractual or donor-imposed restrictions - Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	11,771,078	11,474,692
Board designations	1,000,000	750,000
Financial assets available to meet cash needs for general expenditures within one year	$ 13,850,683	$ 13,814,226

The grants and contributions receivable are subject to implied time restrictions; of the amount reported above, $2,368,500 and $2,593,639 at July 31, 2021 and 2020, respectively, is expected to be collected within one year and released from donor-imposed purpose restrictions.

IFYC has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet six months of normal operating expenses, which are, on average, approximately $4,700,000. IFYC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, IFYC invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and money market accounts.

IFYC also realizes there could be unanticipated liquidity needs.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about IFYC's assets measured at fair value on a recurring basis at July 31, 2021 and 2020 and the valuation techniques used by IFYC to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the IFYC has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 4 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. IFYC's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

IFYC does not currently utilize any Level 3 inputs.

	Assets Measured at Fair Value on a Recurring Basis at July 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at July 31, 2021
Investments:					
Mutual funds	$ 9,127,630	$ -	$ -	$ -	$ 9,127,630
Money market funds	333	-	-	-	333
Total investments	$ 9,127,963	$ -	$ -	$ -	$ 9,127,963

	Assets Measured at Fair Value on a Recurring Basis at July 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at July 31, 2020
Investments:					
Mutual funds	$ 1,160,251	$ -	$ -	$ -	$ 1,160,251
Money market funds	3,464,678	-	-	-	3,464,678
Certificates of deposit	-	3,199,774	-	-	3,199,774
Total investments	$ 4,624,929	$ 3,199,774	$ -	$ -	$ 7,824,703

Certificates of deposit are brokered through various financial institutions and are purchased and sold without a penalty unless redeemed early. They are valued at fair value. Not included in the tables above is $2,392,388 in bank deposits as of July 31, 2021.

Note 5 - Grants and Contributions Receivable

Contributions receivable are expected to be collected during the following periods:

	2021	2020
Less than one year	$ 2,368,500	$ 2,593,639
One to five years	2,700,000	2,816,000
Less allowance for present value discount (1 percent)	(57,446)	(84,316)
Total grants and contributions receivable	$ 5,011,054	$ 5,325,323

Note 6 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2021	2020	Depreciable Life - Years
Furniture and fixtures	$ 325,769	$ 236,438	3-5
Computer equipment and website	692,474	589,093	3-5
Leasehold improvements	37,404	10,890	5-20
Total cost	1,055,647	836,421	
Less accumulated depreciation	759,019	651,142	
Net amount	$ 296,628	$ 185,279	

Depreciation expense was $107,877 and $99,430 for the years ended July 31, 2021 and 2020, respectively.

Note 7 - Net Assets

Net assets without donor restrictions consist of the following as of July 31:

	2021	2020
Board-designated net assets	$ 1,000,000	$ 750,000
Undesignated net assets	12,893,032	13,188,431
Total net assets without donor restrictions	$ 13,893,032	$ 13,938,431

Net assets with donor restrictions as of July 31 consist of the following:

	2021	2020
Subject to expenditures for a specified purpose:		
Narrative	$ 1,600,252	$ 1,365,241
Campus	3,976,152	4,317,209
Public health	1,963,448	119,341
Subject to the passage of time	4,231,226	5,672,901
Total net assets with donor restrictions	$ 11,771,078	$ 11,474,692

Note 8 - Concentration of Grants and Contributions

Approximately 58 percent of 2021 total grants and contributions revenue was contributed by four foundations, of which $1,250,000 is included in grants and contributions receivable on the statement of financial position as of July 31, 2021.

Approximately 84 percent of 2020 total grants and contributions revenue was contributed by two individuals, of which $1,600,000 is included in grants and contributions receivable on the statement of financial position as of July 31, 2020.

Note 9 - Operating Leases

In November 2016, IFYC entered into an operating sublease for new office space. The lease term began on December 1, 2016 and expires on November 30, 2023. Base rent for the lease commenced on July 1, 2017, after which time the monthly rental payments have ranged over the life of the lease from $25,402 to $29,450. As required by the lease, IFYC entered into a $101,606 standby letter of credit as the security deposit to the lessor. IFYC is accounting for this lease in accordance with U.S. generally accepted accounting principles by using the straight-line method of accounting.

The difference in actual rent payments and the expense recognized using the straight-line method is recorded as deferred rent liability in the amount of $64,078 and $102,851 for the years ended July 31, 2021 and 2020, respectively.

The following is a schedule of future minimum rental payments under the operating lease:

Years Ending July 31	Amount
2022	$ 341,958
2023	350,524
2024	117,800
Total	$ 810,282

Total rent expense under all operating leases was $312,145 and $308,492 for the years ended July 31, 2021 and 2020, respectively.

Note 10 - Donated Services and Facilities

A significant amount of volunteer services is contributed to IFYC to support its activities. These volunteer activities include participating on the board of directors and numerous other committees. The value of these services is not recorded in the financial statements. These volunteer services are not recordable under GAAP.

The value of contributed services included in the statement of activities and changes in net assets and allocated to management and general and program service expense was $33,769 and $22,901 for the years ended July 31, 2021 and 2020, respectively.

Note 11 - Paycheck Protection Program Loan

On April 6, 2020, IFYC received a Paycheck Protection Program loan through one of its financial institutions for $680,352. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. IFYC may use the funds on qualifying expenses over a covered period of up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of two years, with interest accruing at an annual rate of 1 percent and monthly payments of principal and interest beginning 10 months after the conclusion of the covered period.

IFYC applied for and received notification of forgiveness of the loan from the SBA for the entire loan balance on January 7, 2021. Loan forgiveness in the amount of $680,352 has been reflected as a gain on debt forgiveness in the accompanying statement of activities and changes in net assets.

Note 12 - Employee Benefit Plan

IFYC instituted a 403(b) plan available to all employees, with an employer match of 40 percent of the employees' contributions up to 6 percent of the salary. During the years ended July 31, 2021 and 2020, the employer match was $108,697 and $98,861, respectively.

Note 13 - Conditional Pledge

A conditional pledge restricted to support multiple initiatives of IFYC's programs and services was received during the year ended July 31, 2020. IFYC was eligible to receive $1,000,000 at October 31, 2020 if the conditions for the pledge were met. Payments of the pledge were conditional upon IFYC raising qualifying matching funds on a $1 (grantor) for $1 (grantee) matching basis during the period from November 1, 2019 through October 31, 2020. IFYC received the conditional funds in full in November 2020, and they are included in grants and contributions revenue as of July 31, 2021.

Note 14 - Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 13, 2022, which is the date the financial statements were available to be issued.