

YOUNG & HEALTHY, INC.  
(a nonprofit organization)

FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

(with Independent Auditor's Report Thereon)

YOUNG & HEALTHY, INC.

FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Young & Healthy, Inc.  
Pasadena, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Young & Healthy, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements (collectively, 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 Young & Healthy, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

**Emphasis of Matter**

As discussed in Note 2, Young & Healthy, Inc. adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2018-08, Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The requirements of the ASU have been applied using modified prospective method as of July 1, 2019 to all contracts entered into after July 1, 2019. Our opinion is not modified with respect to this matter.

As discussed in Note 2, Young & Healthy, Inc. adopted Topic 606 - Revenue from Contracts with Customers using the modified retrospective method applied to all contracts as of and for the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

LUCAS, HOESFALL, MURPHY & PINDROH, LLP

Pasadena, California  
February 2, 2022

YOUNG & HEALTHY, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021

ASSETS

	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
Current assets			
Cash	\$ 299,865	\$ 79,999	\$ 379,864
Investments, at fair value	840,640	-	840,640
Unconditional promises to give, net	<u>-</u>	<u>94,250</u>	<u>94,250</u>
Total current assets	1,140,505	174,249	1,314,754
Property and equipment			
Computer equipment	105,615	-	105,615
Software	39,287	-	39,287
Leasehold improvements	75,265	-	75,265
Furniture and fixtures	<u>85,856</u>	<u>-</u>	<u>85,856</u>
	306,023	-	306,023
Less: accumulated depreciation	<u>(213,438)</u>	<u>-</u>	<u>(213,438)</u>
Total property and equipment, net	<u>92,585</u>	<u>-</u>	<u>92,585</u>
Total assets	<u>\$ 1,233,090</u>	<u>\$ 174,249</u>	<u>\$ 1,407,339</u>

LIABILITIES AND NET ASSETS

Liabilities			
Accounts payable	\$ 3,397	\$ -	\$ 3,397
Accrued expenses	<u>51,109</u>	<u>-</u>	<u>51,109</u>
Total current liabilities	54,506	-	54,506
Paycheck protection program loan	<u>163,312</u>	<u>-</u>	<u>163,312</u>
Total liabilities	<u>217,818</u>	<u>-</u>	<u>217,818</u>
Net assets			
Without donor restrictions			
Undesignated	922,687	-	922,687
Invested in property and equipment	<u>92,585</u>	<u>-</u>	<u>92,585</u>
	<u>1,015,272</u>	<u>-</u>	<u>1,015,272</u>
With donor restrictions	<u>-</u>	<u>174,249</u>	<u>174,249</u>
Total net assets	<u>1,015,272</u>	<u>174,249</u>	<u>1,189,521</u>
Total liabilities and net assets	<u>\$ 1,233,090</u>	<u>\$ 174,249</u>	<u>\$ 1,407,339</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

YOUNG & HEALTHY, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020

ASSETS

	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
Current assets			
Cash	\$ 317,990	\$ 125,525	\$ 443,515
Investments, at fair value	731,324	-	731,324
Unconditional promises to give, net	<u>-</u>	<u>153,845</u>	<u>153,845</u>
Total current assets	1,049,314	279,370	1,328,684
Property and equipment			
Computer equipment	102,323	-	102,323
Software	37,389	-	37,389
Leasehold improvements	75,265	-	75,265
Furniture and fixtures	<u>85,856</u>	<u>-</u>	<u>85,856</u>
	300,833	-	300,833
Less: accumulated depreciation	<u>(178,288)</u>	<u>-</u>	<u>(178,288)</u>
Total property and equipment, net	<u>122,545</u>	<u>-</u>	<u>122,545</u>
Total assets	<u>\$ 1,171,859</u>	<u>\$ 279,370</u>	<u>\$ 1,451,229</u>

LIABILITIES AND NET ASSETS

Liabilities			
Accounts payable	\$ 5,002	\$ -	\$ 5,002
Accrued expenses	<u>60,093</u>	<u>-</u>	<u>60,093</u>
Total current liabilities	65,095	-	65,095
Paycheck protection program loan	<u>162,000</u>	<u>-</u>	<u>162,000</u>
Total liabilities	<u>227,095</u>	<u>-</u>	<u>227,095</u>
Net assets			
Without donor restrictions			
Undesignated	822,219	-	822,219
Invested in property and equipment	<u>122,545</u>	<u>-</u>	<u>122,545</u>
	<u>944,764</u>	<u>-</u>	<u>944,764</u>
With donor restrictions	<u>-</u>	<u>279,370</u>	<u>279,370</u>
Total net assets	<u>944,764</u>	<u>279,370</u>	<u>1,224,134</u>
Total liabilities and net assets	<u>\$ 1,171,859</u>	<u>\$ 279,370</u>	<u>\$ 1,451,229</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

YOUNG & HEALTHY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	Without donor Restrictions	With donor Restrictions	Total
<b>Revenues</b>			
Contributions	\$ 353,543	\$ 488,241	\$ 841,784
Donated services	634,490	-	634,490
In-kind contributions	1,730,882	-	1,730,882
Special events, net of expenses of \$48,527	187,724	-	187,724
Interest income	15,589	-	15,589
Net gains and losses from investments	93,913	-	93,913
Net assets released from restrictions	593,362	(593,362)	-
Total revenues	3,609,503	(105,121)	3,504,382
<b>Expenses</b>			
Program services:			
Medical and dental	300,747	-	300,747
Mental health	591,084	-	591,084
Outreach	1,686,823	-	1,686,823
Volunteer	109,197	-	109,197
Dental Education	59,759	-	59,759
Mobile clinic	431,691	-	431,691
Supporting services:			
Development	322,706	-	322,706
General and administrative	198,988	-	198,988
Total expenses	3,700,995	-	3,700,995
Gain on extinguishment of debt	162,000	-	162,000
Change in net assets	70,508	(105,121)	(34,613)
Net assets, beginning of year	944,764	279,370	1,224,135
Net assets, end of year	\$ 1,015,272	\$ 174,249	\$ 1,189,521

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

YOUNG & HEALTHY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	Without donor Restrictions	With donor Restrictions	Total
Revenues			
Contributions	\$ 400,162	\$ 340,224	\$ 740,386
Donated services	682,208	-	682,208
In-kind contributions	166,926	-	166,926
Special events, net of expenses of \$48,467	289,784	-	289,784
Interest income	17,443	-	17,443
Net gains and losses from investments	19,407	-	19,407
Net assets released from restrictions	512,103	(512,103)	-
Total revenues	2,088,033	(171,879)	1,916,154
Expenses			
Program services:			
Medical and dental	449,263	-	449,263
Mental health	596,074	-	596,074
Outreach	146,740	-	146,740
Volunteer	96,289	-	96,289
Dental Education	54,041	-	54,041
Mobile clinic	269,010	-	269,010
Supporting services:			
Development	313,119	-	313,119
General and administrative	170,968	-	170,968
Total expenses	2,095,504	-	2,095,504
Change in net assets	(7,471)	(171,879)	(179,350)
Net assets, beginning of year	952,236	451,249	1,403,485
Net assets, end of year	\$ 944,765	\$ 279,370	\$ 1,224,135

See Independent Auditor's Report.  
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YOUNG & HEALTHY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	Program Service Expenses						Supporting Service Expenses		Total
	Medical and Dental	Mental Health	Outreach	Volunteer	Dental Education	Mobile Clinic	Development	General and Administrative	
Donated in-kind items	\$ 22,196	\$ 22,196	\$ 1,525,677	\$ 22,196	\$ 22,196	\$ 23,176	\$ 22,216	\$ 23,529	\$ 1,683,382
Salaries	66,274	214,862	96,378	50,974	13,411	25,852	182,683	99,234	749,668
Donated services	162,646	214,854	-	-	-	304,490	-	-	681,990
Payroll tax and benefits	21,587	55,970	21,598	14,563	3,593	6,864	51,915	21,940	198,030
Contract services	8,302	25,052	9,344	8,042	8,041	55,802	53,041	10,438	178,062
Program supplies	6,799	21,245	18,842	437	-	939	-	-	48,262
Payroll services	543	543	543	543	543	543	543	543	4,344
Audit	-	-	-	-	-	-	-	18,000	18,000
Insurance - other	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,472	17,242
Evaluation	-	10,000	-	-	-	-	-	-	10,000
Conference/education	-	9,817	-	-	-	-	-	114	9,931
Marketing and Public Relations	1,302	1,302	1,302	1,302	1,299	1,302	4	-	7,813
Telephone	717	672	763	717	717	673	717	762	5,738
Bank charges	-	-	-	-	-	-	-	5,639	5,639
Equipment maintenance	524	628	524	524	524	524	1,858	524	5,630
Insurance -workers compensation	697	697	697	697	697	697	697	(9)	4,870
Office supplies	193	2,072	1,434	102	31	707	72	80	4,691
Rent	553	553	553	553	553	553	553	553	4,424
Allowances(recovery) against unconditional promises	-	-	-	-	-	-	-	3,831	3,831
Accounting	-	-	-	-	-	-	-	3,130	3,130
Printing	113	1,621	113	285	113	326	278	-	2,849
Dues and subscriptions	9	49	9	9	9	9	-	2,287	2,381
Meetings	181	908	1,009	11	-	-	97	-	2,206
Postage	205	205	205	415	205	205	205	212	1,857
Miscellaneous	-	-	-	-	-	1,201	-	-	1,201
Travel/mileage/meals	9	20	14	9	9	9	9	-	79
Healing fund	79	-	-	-	-	-	-	-	79
Total before depreciation	295,039	585,376	1,681,115	103,489	54,051	425,982	316,998	193,279	3,655,329
Loss on disposal of assets	81	81	81	81	81	81	81	81	648
Depreciation	5,627	5,627	5,627	5,627	5,627	5,628	5,627	5,628	45,018
Total expenses	<u>\$ 300,747</u>	<u>\$ 591,084</u>	<u>\$ 1,686,823</u>	<u>\$ 109,197</u>	<u>\$ 59,759</u>	<u>\$ 431,691</u>	<u>\$ 322,706</u>	<u>\$ 198,988</u>	<u>\$ 3,700,995</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

YOUNG & HEALTHY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	Program Service Expenses						Supporting Service Expenses		Total
	Medical and Dental	Mental Health	Outreach	Volunteer	Dental Education	Mobile Clinic	Development	General and Administrative	
Donated services	\$ 314,863	\$ 212,390	\$ -	\$ -	\$ -	\$ 154,955	\$ -	\$ -	\$ 682,208
Salaries	69,667	184,764	76,817	46,863	12,722	24,945	163,583	89,016	668,377
Payroll tax and benefits	19,225	59,146	22,374	14,086	3,753	6,425	50,476	20,048	195,533
Donated in-kind items	14,026	38,110	26,498	14,277	14,371	14,011	31,676	13,957	166,926
Contract services	8,818	24,857	5,836	5,857	5,857	53,357	50,857	9,983	165,422
Program supplies	6,182	32,253	136	346	1,662	451	217	-	41,247
Audit	-	-	-	-	-	-	-	17,500	17,500
Insurance - other	1,806	1,806	1,806	1,806	1,806	1,806	1,805	1,806	14,447
Evaluation	-	14,100	-	-	-	-	-	-	14,100
Marketing and Public Relations	2,091	2,091	2,091	2,091	2,091	2,091	53	-	12,599
Bank charges	-	-	-	-	-	-	-	8,263	8,263
Conference/education	-	6,317	-	-	-	-	989	528	7,834
Payroll services	927	977	952	952	952	952	952	952	7,616
Meetings	492	4,498	487	445	316	206	425	28	6,897
Telephone	804	804	804	804	804	804	804	804	6,432
Printing	297	2,569	297	297	1,516	595	462	-	6,033
Rent	744	744	744	744	724	737	749	737	5,923
Office supplies	792	1,263	726	683	620	671	557	42	5,354
Equipment maintenance	338	533	338	338	338	323	1,641	302	4,151
Postage	411	397	397	397	384	541	1,088	400	4,015
Accounting	-	-	-	-	-	-	-	2,618	2,618
Travel/mileage/meals	196	1,727	137	126	82	105	113	-	2,486
Healing fund	1,365	-	-	-	-	-	-	-	1,365
Insurance -workers compensation	79	588	160	37	(97)	(105)	422	116	1,200
Dues and subscriptions	-	-	-	-	-	-	110	349	459
Allowances (recovery) against unconditional promises	-	-	-	-	-	-	-	(2,621)	(2,621)
Total before depreciation	443,123	589,934	140,600	90,149	47,901	262,870	306,979	164,828	2,046,384
Depreciation	6,140	6,140	6,140	6,140	6,140	6,140	6,140	6,140	49,120
Total expenses	<u>\$ 449,263</u>	<u>\$ 596,074</u>	<u>\$ 146,740</u>	<u>\$ 96,289</u>	<u>\$ 54,041</u>	<u>\$ 269,010</u>	<u>\$ 313,119</u>	<u>\$ 170,968</u>	<u>\$ 2,095,504</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

YOUNG & HEALTHY, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections from donors	\$ 1,183,016	\$ 1,084,282
Interest collected	15,589	17,442
Cash paid to vendors and employees	<u>(1,409,862)</u>	<u>(1,209,374)</u>
Net cash used in operating activities	<u>(211,257)</u>	<u>(107,650)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(15,706)	(25,010)
Proceeds from sale of investments	-	263,257
Purchase of investments	<u>-</u>	<u>(100,000)</u>
Net cash (used in) provided by provided by investing activities	<u>(15,706)</u>	<u>138,247</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from paycheck protection program loan	<u>163,312</u>	<u>162,000</u>
Net cash provided by financing activities	<u>163,312</u>	<u>162,000</u>
(Decrease) Increase in cash during the year	(63,651)	192,597
Cash, beginning of year	<u>443,515</u>	<u>250,918</u>
Cash, end of year	<u>\$ 379,864</u>	<u>\$ 443,515</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ (34,613)	\$ (179,351)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	45,018	49,120
Loss on disposal of assets	648	-
Gain on extinguishment of debt	(162,000)	-
Interest reinvested	(15,399)	(17,251)
Unrealized (gain) loss on investments	(93,912)	(19,162)
Changes in:		
Unconditional promises to give, net	59,595	34,704
Accounts payable	(1,610)	2,456
Accrued expenses	<u>(8,984)</u>	<u>21,834</u>
Net cash used in operating activities	<u>\$ (211,257)</u>	<u>\$ (107,650)</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Since 1990, Young & Healthy, Inc. (the Organization) has served low-income children and families in the greater Pasadena area with the mission to provide access to high-quality healthcare services. The Organization's program services and impact on the community can be categorized in three different groups: donated health services to uninsured and underinsured community; health insurance enrollment, advocacy and navigation; and educational services.

*Donated health services (unaudited):* For the year ended June 30, 2021, the Organization assisted approximately 470 children and 26 adults with medical, dental and mental health services that were donated by the Organization's 351 professional volunteers.

For the year ended June 30, 2020, the Organization assisted approximately 1,216 children and 56 adults with medical, dental and mental health services that were donated by the Organization's 367 professional volunteers.

*Health insurance enrollment (unaudited):* For the year ended June 30, 2021, the Organization provided insurance enrollment assistance, insurance education and advocacy services to approximately 573 children and 745 adults.

For the year ended June 30, 2020, the Organization provided insurance enrollment assistance, insurance education and advocacy services to approximately 333 children and 534 adults.

*Education and prevention (unaudited):*

*First Grade Dental Education Program:* For the year ended June 30, 2021, 62 of the Organization's volunteers taught approximately 1,262 first graders in 54 Pasadena area classrooms proper dental hygiene habits over a nine month period.

For the year ended June 30, 2020, 60 of the Organization's volunteers taught approximately 1,390 first graders in 47 Pasadena area classrooms proper dental hygiene habits over a nine month period.

*Parent Education:* For the year ended June 30, 2021, the Organization's staff and professional volunteers lead 43 parent workshops to a total of approximately 857 parents and guardians.

For the year ended June 30, 2020, the Organization's staff and professional volunteers lead 66 parent workshops to a total of approximately 629 parents and guardians.

*Trauma Informed Care:* For the year ended June 30, 2021, the Organization offered 97 trainings to approximately 2,028 people, including Pasadena Unified School District teachers and administrators.

For the year ended June 30, 2020, the Organization offered 163 trainings to approximately 3,750 people, including Pasadena Unified School District teachers and administrators.

YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION (Continued)

*Education and prevention (unaudited) (Continued):*

*Mindfulness Pilot:* For the year ended June 30, 2021, the Organization completed a pilot of a new Mindfulness Curriculum. The Organization's Mindfulness Educator completed the 6-week program for 17 schools, 72 classes and approximately 2,474 children.

For the year ended June 30, 2020, the Organization completed a pilot of a new Mindfulness Curriculum. The Organization's Mindfulness Educator completed the 6-week program for 13 schools, 61 classes and approximately 1,690 children.

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 financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets 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

For the purpose of the statement of cash flows, cash includes the amounts deposited with a financial institution. The Organization defines cash equivalents as short-term, highly liquid investments that are both readily convertible to cash, and so near to maturity that the risk of changes in value because of interest fluctuations is insignificant.

YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional Promises to Give

Unconditional promises to give are stated at the amount management expects to collect from outstanding balances. Long-term unconditional promises are stated at present value, discounted using Federal Prime Rate. Management provides for probable uncollectible amounts through an allowance for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to unconditional promises to give (see Note 5).

Property and Equipment

Property and equipment are carried at cost or, if received as a donation, at the fair value at the date of the gift. Depreciation is calculated on the straight line method over their estimated useful lives of 3 to 10 years. Leasehold improvements are amortized over the shorter of the lease term or the estimated remaining useful life of the respective asset. Costs of additions, improvements and betterments are capitalized; repairs and maintenance are expensed when incurred. Upon retirement or disposal, the related cost and accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is reflected in the statement of activities. Depreciation expense for the years ended June 30, 2021 and 2020 was \$45,018 and \$49,120, respectively.

Revenue Recognition

*Contributions*

Contributions consist principally of donations from individuals and organizations. Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as increases to net assets without donor restrictions or net assets with donor restrictions on the existence and/or nature of any donor purpose or time restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported as net assets released from restrictions in the statement of activities.

*Federal Grant*

During the year ended June 30, 2021, the Organization partnered with an organization called Day One, (a community-based nonprofit organization), as a subcontractor to their grant agreement with Department of Health and Human Services. The project is called TOMA and its purpose is to facilitate Earned Income Tax Credit (EITC) and Adverse Childhood Experience (ACE) by building local knowledge and capacity.

Through Day One, Young and Healthy will receive a grant of \$130,000 a year for 3 years on a conditional basis from September 1, 2020 through September 30, 2023. During the year ended June 30, 2021, Organization incurred \$112,833, which was approved by the grantor, as such the \$112,833 was recorded as contribution. Out of the \$112,833 grant earned, \$41,211 was outstanding as receivable, which was subsequently received by the Organization on August 24, 2021.

YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

*Donated Services and In-Kind Contributions*

Support arising from donated services is recognized if the services received require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donor. The donated services are reflected as contributions, with associated donated service expense based on the fair value of volunteer professional services performed for the Organization. The volunteers are utilized in the medical, dental, mental health, and mobile clinic programs.

Donated in-kind items are contributed goods and supplies that are recorded at fair value at the date of donation.

A substantial number of community volunteers have made significant contributions of their time to the Organization's program and supporting services. The value of this contributed time is not included in the financial statements but the estimated value of donated time for the years ended June 30, 2021 and 2020 were \$184,216 (unaudited) and \$129,683 (unaudited), respectively.

During the year ended June 30, 2021, the Organization faced a challenge for the Dental Clinic event, as patients had to be tested for Coronavirus prior to their visit. The Organization with partnership with Children's Museum, arranged for Coronavirus testing at the Seventh Day Adventist Church parking lot. The Community Organized Relief Effort (CORE), which is a crisis response organization that brings immediate aid and recovery to underserved communities, administered the Coronavirus testing, and provided about 11,400 testing with estimated value of \$1,426,250.

During the year ended June 30, 2021, the Organization also partnered with Chapcare Medical and Dental Health Center, which is a local community clinic that provides comprehensive primary healthcare services, to provide vaccinations to the underserved community. As of June 30, 2021, Organization provided vaccinees to 96 people with estimated value of \$19,200.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated by management of the Organization among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to either program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated based on the basis of estimates of time and effort. Expenses that can be identified for program or supporting service are reported accordingly.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and California R&TC Section 23701d. It is the Board of Directors' opinion that the Organization will continue to be an exempt organization.

YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uncertain Tax Position

The Organization accounts for uncertain tax positions in accordance with Financial Accounting Standards Board (FASB) ASC 740, *Accounting for Uncertainty in Income Taxes*. FASB ASC 740 prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken. The interpretation also provides guidance on recognition, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. For federal and state tax purposes, the Organization is no longer subject to income tax examinations by the tax authorities for years before 2017 and 2016, respectively.

Concentrations of Risk

The Organization has concentrations of 76% and 78% of the Organization's net unconditional promises to give derived from one and four donors at June 30, 2021 and 2020, respectively.

The Organization maintains bank accounts with the banking institutions in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC). Cash balances are insured by the FDIC for up to \$250,000 per institution. The Organization had uninsured cash balances of \$165,170 and \$197,792 at June 30, 2021 and 2020, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the allowance for uncollectible promises (see Note 5).

Reclassifications

Certain reclassifications have been made to the June 30, 2020 financial statements to conform to the June 30, 2021 presentation. Such reclassifications have had no effect on change in net assets as previously reported.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue From Contracts With Customers (Topic 606). As compared to existing guidance on revenue recognition, ASU 2014 significantly enhances comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The largely principle-based guidance in ASU 2014-09 provides a framework for addressing revenue recognition issues comprehensively for entities that apply GAAP, in addition to those entities that apply International Financial Reporting Standards. The guidance in ASU No. 2014-09 also improves U.S. GAAP by reducing the number of requirements which an entity must consider in recognizing revenue, as well as requiring improved disclosure to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. On July 1, 2020, the Organization adopted ASU 2014-09, applying the modified retrospective method. The adoption did not have a material impact on the measurement or the recognition of revenue.



YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The amendment clarifies guidance on how an entity determines whether a transfer of assets is a contribution or exchange transaction. The amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any agreements not completed and any new agreements entered into at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018 for resource recipients and for annual reporting periods beginning after December 15, 2019 for resource providers. On July 1, 2019, the Organization adopted ASU 2018-08 as a resource recipient, applying the modified prospective method. The adoption did not have material impact on the organization's financial statements for the year-ended June 30, 2020. During the year ended June 30, 2021, the organization received a federal grant as a sub-contractor through Day One which is recognized in accordance with ASU 2018-08.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which requires a not-for profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021. The Organization is currently evaluating the impact of this new guidance on its financial statements.

3. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-months period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the expenditures undertaken to support those activities to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient funds to cover general expenditures not covered by donor-restricted resources.

The Organization's financial assets available within one year of June 30, 2021 to meet general expenditures include:

Financial assets:

Cash and cash equivalents	\$ 299,865
Unconditional promise to give, net	97,008
Investments	<u>840,640</u>
Total financial assets and other liquidity resources	<u>\$ 1,237,513</u>

YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENT

The Organization adopted the provisions of ASC 820-10 *Fair Value Measurements*, for financial assets and liabilities measured on a recurring basis. The provisions apply to all financial assets and financial liabilities that are being measured and reported on a fair value basis. The provisions establish a framework for measuring fair value and expands disclosure about fair value measurements. The statement requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-coorborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

The following table sets forth by level within the fair value hierarchy, the Organization's assets measured at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Mutual Funds, ETF's, Closed- End Funds	\$ 833,922	\$ -	\$ -	\$ 833,922
Cash equivalents	-	-	-	6,718
Total investments	<u>\$ 833,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 840,640</u>

The following table sets forth by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Mutual Funds, ETF's, Closed- End Funds	\$ 725,818	\$ -	\$ -	\$ 725,818
Cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,506</u>
Total investments	<u>\$ 725,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731,324</u>

YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENT (Continued)

As of June 30, 2021, the Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Mutual funds - Mutual funds are valued at the quoted market price of the fund, which represents the net asset value of the share held by the fund at year-end.

Exchange traded funds - Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy

5. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are temporarily restricted net assets for general operational purposes and outreach program. Unconditional promises to give are as follows as of June 30,:

	2021	2020
Receivable in less than one year	\$ 97,008	\$ 150,517
Receivable in one to five years	3,844	6,730
Receivable thereafter	-	3,200
Total unconditional promises to give	100,852	160,447
Less: discounts to net present value	(2,602)	(2,602)
Less: allowance for uncollectible promises	(4,000)	(4,000)
Unconditional promises to give, net	\$ 94,250	\$ 153,845

A discount rate of 4.25% was applied to long-term promises to give at June 30, 2021 and 2020, respectively.

6. PAYCHECK PROTECTION PROGRAM LOAN

On March 18, 2021, the Organization received second loan proceeds in the amount of \$163,312 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to 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 forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first two months with maturity date being March 18, 2026. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On February 2, 2022, the Organization has applied for forgiveness of the second loan proceeds for the full amount.

YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

7. SPECIAL EVENTS

The annual "It's Possible" fundraising virtual event was held in May 2021. The revenue generated and expenses incurred for the year ended June 30, 2021 were \$38,082 and \$9,371, respectively. The annual "It's Possible" fundraising event scheduled to be held in May 2020 was cancelled due to COVID19 Quarantine. Even though the event was cancelled, donors still made donations for the cause. The revenue generated and expenses incurred for the year ended June 30, 2020 were \$23,061 and \$3,607, respectively.

In October 2020, the Organization held The Fundraising Gala which raised \$198,169 in revenues and incurred \$39,156 in expenses. In October 2019, the Organization held The Fundraising Gala which raised \$315,191 in revenues and incurred \$44,860 in expenses.

8. DONATED SERVICES AND IN-KIND ITEMS

The Organization received donated professional services and materials as follows during the year ended June 30, 2021:

	2021	2020
Donated services - professional services	\$ 634,490	\$ 682,208
Rent	177,568	109,728
Program supplies	58,911	37,305
Gala gifts	-	17,660
Supplies	1,433	1,732
COVID testing	1,426,250	-
COVID vaccines	19,200	-
USC mobile clinic fee	47,500	-
Professional services	-	500
Total donated in-kind	\$ 2,365,352	\$ 848,633

9. GAIN ON EXTINGUISHMENT OF DEBT

The Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to 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 forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. On May 15, 2020, the Organization received loan proceeds in the amount of \$162,000 under the PPP. On February 11, 2021, the Organization received forgiveness of the entire \$162,000 loan balance.

YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

10. NET ASSET WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Mental Health	\$ 40,121	\$ 125,525
Medical and dental	15,901	-
Outreach	17,335	-
Mobile dental clinic	6,642	-
Promises to give, the proceeds from which have been restricted by donors for		
Mental health	-	20,000
Mobile dental clinic	35,000	35,000
Medical and dental	-	-
	<u>114,999</u>	<u>180,525</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	16,938	98,845
Mental health	1,100	-
Outreach	<u>41,212</u>	<u>-</u>
	<u>\$ 174,249</u>	<u>\$ 279,370</u>

Net assets were released from donor restrictions during the year ended June 30, 2021 and 2020, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	<u>2021</u>	<u>2020</u>
Expiration of time restriction	\$ 98,845	\$ 107,885
Medical and dental	88,957	107,076
Strategic planning	-	20,000
Mental health	199,304	220,565
Mobile dental clinic	-	35,000
Outreach	206,256	-
Office space adaptation	<u>-</u>	<u>21,577</u>
	<u>\$ 593,362</u>	<u>\$ 512,103</u>

11. OPERATING LEASES

The Organization receives donated office space. The term of the lease was for a period of five years ending on February 1, 2022. Under the lease, the Donor may terminate the agreement at their sole discretion with 180 days written notice. The Organization and the Donor are in the process of extending the lease term. For the years ended June 30, 2021 and 2020, in-kind rent contribution and rent expense recognized was \$177,566 and \$109,728, respectively, included in contributions and expenses in the accompanying statement of activities.

YOUNG & HEALTHY, INC.  
NOTES TO FINANCIAL STATEMENTS

12. PENSION PLAN

The Organization maintains a defined contribution pension plan (the Plan) for its eligible employees. Employees are eligible to participate in the Plan if they have completed one year of service and reached 21 years of age. The Organization may make a discretionary contribution not to exceed 3% of an individual employee's elective deferrals in a given plan year. The Organization's contributions for the years ended June 30, 2021 and 2020, were \$19,203 and \$11,242, respectively.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 2, 2022, which is the date the financial statements were available to be issued.