

**AVENUES FOR YOUTH**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2021**

# AVENUES FOR YOUTH

## FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management  
Avenues for Youth  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Avenues for Youth (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to 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 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 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.

(Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avenues for Youth as of June 30, 2021, 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.

**Report on Summarized Comparative Information**

We have previously audited Avenues for Youth's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mahoney Ulbrich  
Christiansen Russ P.A.*

October 28, 2021

## AVENUES FOR YOUTH

### STATEMENT OF FINANCIAL POSITION

June 30, 2021  
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,045,927	\$ 1,754,381
Cash - fiscal agency and youth savings funds	1,786	1,785
Cash - board designated opportunity fund	890,000	150,000
Cash - board designated operating reserve	204,205	103,717
Cash - board designated fiscal 2022	123,082	-
Certificates of deposit - board designated operating reserve	626,249	625,000
Contributions and grants receivable	426,344	525,400
Unconditional promises to give in-kind rent, net	705,507	798,577
Prepaid expenses	16,089	17,546
Leasehold improvements, furniture and equipment, net	320,217	348,105
Total assets	\$ 4,359,406	\$ 4,324,511
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 30,772	\$ 27,864
Accrued payroll and related	130,970	143,071
Fiscal agency and youth savings payable	1,786	1,785
Refundable advances	66,324	18,058
Loan payable	-	366,400
Total liabilities	229,852	557,178
Net assets:		
Net assets without donor restrictions		
Undesignated and unrestricted	840,849	790,153
Board designated reserves	1,843,536	878,717
Board designated leasehold improvements, furniture and equipment	266,643	287,120
Total net assets without donor restrictions	2,951,028	1,955,990
Net assets with donor restrictions	1,178,526	1,811,343
Total net assets	4,129,554	3,767,333
Total liabilities and net assets	\$ 4,359,406	\$ 4,324,511

See accompanying notes financial statements.

## AVENUES FOR YOUTH

### STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

	2021			2020
	Without donor restrictions	With donor restrictions	Total	
Revenue and support:				
Government grants and contracts	\$ 1,101,330	\$ -	\$ 1,101,330	\$ 1,193,287
Forgiveness of PPP loan	366,400		366,400	-
Public support:				
Grants and contributions	1,247,864	141,000	1,388,864	1,587,433
In-kind contributions	102,603	-	102,603	168,856
Program services	241,651	-	241,651	263,792
Special events revenue	95,300	-	95,300	86,239
Interest income	2,174	-	2,174	17,980
Other income	1,000	-	1,000	16,896
Net assets released from restrictions	773,817	(773,817)	-	-
<b>Total revenue and support</b>	<b>3,932,139</b>	<b>(632,817)</b>	<b>3,299,322</b>	<b>3,334,483</b>
Expenses:				
Program services:				
Emergency shelter and transitional housing	1,610,956	-	1,610,956	1,579,850
Community-based housing	318,470	-	318,470	441,863
Rapid rehousing	253,448	-	253,448	255,374
Total program services	2,182,874	-	2,182,874	2,277,087
Management and general	360,355	-	360,355	364,315
Fundraising	393,872	-	393,872	337,399
<b>Total expenses</b>	<b>2,937,101</b>	<b>-</b>	<b>2,937,101</b>	<b>2,978,801</b>
Change in net assets	995,038	(632,817)	362,221	355,682
Net assets - beginning of year	1,955,990	1,811,343	3,767,333	3,411,651
Net assets - end of year	<u>\$ 2,951,028</u>	<u>\$ 1,178,526</u>	<u>\$ 4,129,554</u>	<u>\$ 3,767,333</u>

See accompanying notes to financial statements.

**AVENUES FOR YOUTH**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

	2021							2020
	Emergency Shelter and Transitional Housing Services	Community-Based Housing Services	Rapid Rehousing Services	Total Program Services	Management and General	Fundraising	Total	
Salaries	\$ 1,013,989	\$ 230,890	\$ 134,008	\$ 1,378,887	\$ 206,217	\$ 272,765	\$ 1,857,869	\$ 1,867,191
Payroll taxes	78,802	17,805	10,440	107,047	16,045	21,138	144,230	145,592
Employee benefits	102,477	31,439	18,492	152,408	26,719	29,210	208,337	205,676
<b>Total personnel expense</b>	<b>1,195,268</b>	<b>280,134</b>	<b>162,940</b>	<b>1,638,342</b>	<b>248,981</b>	<b>323,113</b>	<b>2,210,436</b>	<b>2,218,459</b>
<b>Program activities</b>								
Food and meals	53,374	47	-	53,421	-	-	53,421	89,367
Rent subsidy	969	500	61,725	63,194	-	-	63,194	86,112
Supplies	49,757	995	8,264	59,016	-	-	59,016	105,803
Activities	-	-	-	-	-	-	-	3,221
Youth transportation	6,068	-	200	6,268	-	-	6,268	9,305
<b>Total program activities</b>	<b>110,168</b>	<b>1,542</b>	<b>70,189</b>	<b>181,899</b>	<b>-</b>	<b>-</b>	<b>181,899</b>	<b>293,808</b>
Contract services and professional fees	16,980	2,920	1,438	21,338	43,416	19,160	83,914	38,543
Office and cleaning supplies	25,607	309	126	26,042	1,591	786	28,419	23,276
Telecommunication	12,163	2,887	2,187	17,237	1,801	1,260	20,298	21,207
Technology	18,974	5,275	2,354	26,603	5,165	17,583	49,351	38,406
Marketing and advertising	1,393	3,004	482	4,879	18	14,927	19,824	8,673
Printing and postage	2,790	-	-	2,790	901	6,653	10,344	8,956
Occupancy	85,050	13,037	7,418	105,505	13,300	1,650	120,455	121,090
Equipment	15,265	1,736	76	17,077	555	909	18,541	9,441
Repairs and maintenance	25,473	16	9	25,498	1,638	162	27,298	29,692
Utilities	31,354	-	-	31,354	7,111	950	39,415	34,449
Insurance	19,589	1,781	1,484	22,854	5,046	1,781	29,681	25,278
Travel and meetings	3,360	677	2,573	6,610	138	241	6,989	16,118
Licenses, fees and memberships	21,575	4,037	1,921	27,533	1,295	1,169	29,997	24,754
Conferences/training	1,191	1,080	232	2,503	735	2,244	5,482	10,365
Depreciation	24,575	-	-	24,575	6,421	846	31,842	39,324
Miscellaneous	181	35	19	235	22,243	438	22,916	16,962
	<u>\$ 1,610,956</u>	<u>\$ 318,470</u>	<u>\$ 253,448</u>	<u>\$ 2,182,874</u>	<u>\$ 360,355</u>	<u>\$ 393,872</u>	<u>\$ 2,937,101</u>	<u>\$ 2,978,801</u>

See accompanying notes to financial statements.

## AVENUES FOR YOUTH

### STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 362,221	\$ 355,682
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	31,842	39,324
Amortization	6,930	4,968
Forgiveness of loan payable	(366,400)	-
Changes in operating assets and liabilities:		
Contributions and grants receivable	99,056	508,406
Unconditional promises to give in-kind rent, net	86,140	90,064
Prepaid expenses	1,457	(1,980)
Accounts payable	2,908	1,532
Accrued payroll and related	(12,101)	7,456
Fiscal agency and youth savings payable	1	1,635
Refundable advances	48,266	18,058
Net cash from operating activities	260,320	1,025,145
Cash flows from investing activities:		
Purchase of equipment	(3,954)	(42,016)
Net cash from investing activities	(3,954)	(42,016)
Cash flows from financing activities:		
Issuance of loan payable	-	366,400
Net cash from financing activities	-	366,400
Net increase in cash, cash equivalents, and restricted cash	256,366	1,349,529
Cash, cash equivalents, and restricted cash - beginning of year	2,634,883	1,285,354
Cash, cash equivalents, and restricted cash - end of year	\$ 2,891,249	\$ 2,634,883
Reconciliation to the statement of financial position:		
Cash and cash equivalents	\$ 1,045,927	\$ 1,754,381
Cash - fiscal agency and youth savings funds	1,786	1,785
Cash - board designated opportunity fund	890,000	150,000
Cash - board designated operating reserve	204,205	103,717
Cash - board designated fiscal 2022	123,082	-
Certificates of deposit - board designated operating reserve	626,249	625,000
Total cash, cash equivalents, and restricted cash	\$ 2,891,249	\$ 2,634,883

See accompanying notes to financial statements.



# AVENUES FOR YOUTH

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

### 1. ORGANIZATION

Avenues for Youth (Avenues) is a Minnesota nonprofit corporation whose mission is to partner with youth experiencing homelessness to achieve their dreams. Their mission is accomplished by providing shelter, short term and transitional housing, and supportive services for youth experiencing homelessness in a safe and nurturing environment. Through such services, Avenues seeks to help youth achieve their personal goals and find a positive transition into young adulthood.

Avenues operates congregate and community-based housing programs in the Twin Cities that support youth, including young families. While participating in an Avenues program, youth no longer need to put their energy into survival. With shelter and all basic needs met, they can work with Avenues staff to address other immediate issues, focus on important aspects of their development, and pursue their personal goals for education, employment, relationships, health and wellness, learning life skills and stable housing.

Program activities of Avenues include the following:

**Emergency Shelter and Transitional Housing Services** – Avenues operates shelter and transitional living programs at two sites. Minneapolis Avenues, in North Minneapolis, provides emergency shelter and housing in a welcoming and youth-driven environment. Minneapolis Avenues has 20 program beds. Brooklyn Avenues, in Brooklyn Park, also provides emergency shelter and housing. Brooklyn Avenues has 11 program beds. Both houses are staffed 24/7 with supportive adults who are dedicated and focused on supporting youth.

Youth receive all basic needs support (bedroom, bathroom, three meals per day, personal supplies, laundry, transit passes, access to computers and phone), along with 24 hour caring and guidance from Avenues staff and trained volunteers. Avenues takes a care coordination approach - each youth has access to a team that includes case managers, mental health therapist, nurse, education and career specialist, and independent and community partners. Youth live in these programs 7 months on average.

(Continued)

# AVENUES FOR YOUTH

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

### 1. ORGANIZATION (Continued)

**Community-Based Housing Services** – ConneQT, a host home program, is a housing option where LGBTQI+ youth choose to live with community members. The goal of this program is to provide culturally responsive housing within a youth's own community. Avenues does this by recruiting, training, and supporting community members that share their homes. Youth live with community members from one week to one year, depending on their needs. Avenues' ConneQT hosts are screened and trained LGBTQI+ or ally community members who have a spare bedroom and are able to share resources. Avenues staff work with youth, and the host home, to make sure the process is as comfortable as possible and make connections to resources like housing, education and career support, and more while in the program.

Avenues also has another housing program called Abule. Abule (A-boo-lay) translates to “the village” in the Yoruba language. Abule is a collective housing program for youth who identify as black, indigenous, and people of color (BIPOC) where community members share their home and resources with youth experiencing homelessness.

**Rapid Rehousing Services** – The Young Families Rapid Rehousing program provides housing and services to parents ages 18-24, and their children. Families are given rent subsidies based on their need, which can range from three months to a year of support. Families in the program have one or two parents, and up to two children.

Avenues works with parents in the program to identify and reach their goals. Families receive intensive support in education and career goals; job training programs; parenting classes and healthy living; financial education and independent living skills.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

# AVENUES FOR YOUTH

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial Statement Presentation** – The accompanying financial statements have been prepared using the accrual basis of accounting.

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

- *Net assets without donor restrictions* are not restricted by donors or the donor-imposed restrictions have expired. Net assets without donor restrictions are available for programs and supporting services at the discretion of management and the board of directors.
- *Net assets with donor restrictions* are contributions restricted by donors for specific purposes or time periods. Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, the restricted net assets are reclassified to net assets without donor restrictions on the statement of activities. Contributions with donor-imposed restrictions that expire in the same fiscal year the contribution is recognized are reported as net assets without donor restrictions.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, Avenues considers unrestricted investment instruments purchased with original maturities of three months or less and any certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents.

**Cash – Board Designated** – Avenues has designated cash of \$1,843,536 and \$878,717 at June 30, 2021 and 2020. Amounts included in designated cash represent a board designated operating reserve, a board designated amount for fiscal year 2022, and a board designated opportunity fund. The guideline for the operating reserve is to have a liquid balance of at least 90 days with a goal of 100 days of budgeted operating expenses. The opportunity fund is designed to provide funds to meet special targets that further the mission of Avenues, which may or may not have specific expectations of incremental or long-term increased income. The board designated opportunity fund totaled \$890,000 at June 30, 2021.

**Certificates of Deposit** – Avenues records certificates of deposit at cost plus accrued interest, which approximates fair market value. Funds held in certificates of deposit are board designated as an operating reserve.

(Continued)

# AVENUES FOR YOUTH

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Restricted Cash – Fiscal Agency Funds** – Avenues periodically acts as an agent for other not for profit organizations. It accepts cash from the organization(s) and agrees to use the funds to benefit a specified purpose or beneficiary. These transactions are not included in the statement of activities since Avenues has no discretion in determining how the funds are used. Such agency amounts collected are recorded as liabilities until released. Avenues also periodically accepts funds from youth to be kept in a savings account for their use. Avenues holds funds of \$1,786 and \$1,785 at June 30, 2021 and 2020, respectively.

**Grants and Contributions Receivable** – Receivables are stated at the amount management expects to collect. Management reviews receivable balances at year end and establishes an allowance based on expected collections. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is worthless. Management determined that no allowance was necessary at June 30, 2021 and 2020.

**Leasehold Improvements, Furniture and Equipment** – Equipment is carried at cost if purchased, and at fair value at the date of gift if donated. Additions with a cost of less than \$2,500 are expensed. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Maintenance and repairs are expensed as incurred. Major renewals or betterments that extend the lives of equipment are capitalized. Management evaluates these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

**Grants and Contributions** – Avenues recognizes a contribution when cash, securities or other assets or an unconditional promise to give 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. Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Upon expiration of the time restriction or when purpose restrictions have been met, they are reclassified to net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

**Government Grants and Contracts** – Government grants and contract funds are generally considered conditional contributions and are recorded as revenue when the conditions have been satisfied. The conditions are considered satisfied when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as refundable advances.

(Continued)

## AVENUES FOR YOUTH

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Program Service Fees** – A portion of Avenues’ revenue is derived from county contracts and grants, which are conditioned upon certain performance requirements other than incurrence of allowable qualifying expenses. Amounts received are recognized as revenue at the rate stated in the agreements when Avenues has performed the related services required by the specific contract or grant provisions.

Expenditures under government grants and contracts are subject to review by the granting authority. If, as a result of such a review, expenditures are determined to be unallowable, the disallowance will be recorded at the time the assessment for refund is made.

**Functional Expenses** – The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Indirect expenses that impact program and supporting services have been allocated based on employee work efforts or square footage as determined by Avenues’ management.

**Donated Materials and Services** – Avenues receives contributions of personal hygiene products, clothing, gift cards and food. Donated items are recorded as contributions at their estimated fair market value when received. Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed professional services were valued at \$7,568 and \$1,785 in 2021 and 2020, respectively. Contributed items were valued at \$95,035 and \$167,071 in 2021 and 2020, respectively.

**Income Taxes** – Avenues is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent it has taxable income from activities that are not related to its exempt purpose. Management believes Avenues did not have any unrelated business income or uncertain tax positions in 2021 or 2020.

**Comparative Total Column** – The financial statements include certain prior year summarized comparative information in total but not by net asset class or functionalized expense. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States. Accordingly, such information should be read in conjunction with Avenues’ financial statements for the year ended June 30, 2020, from which the summarized information was derived.

(Continued)

## AVENUES FOR YOUTH

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

#### 3. LIQUIDITY AND AVAILABILITY

Avenues' management and board of directors regularly monitor the liquidity required to meet operating needs and other contractual commitments while also striving to invest its available funds. They consider contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to Avenues' annual operations to be available to meet cash needs for general expenditures. Avenues manages its liquidity and reserves following these guiding principles: operating within a prudent range of financial soundness and stability and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met.

Avenues has a liquidity benchmark to maintain current financial assets less current financial liabilities at a minimum of 45 days operating expenses. To achieve these targets, Avenues forecasts its future cash flows and monitors its liquidity at Finance Committee meetings. During the years ended June 30, 2021 and 2020, the level of liquidity and reserves were managed within the liquidity benchmarks.

Avenues considers all expenditures related to its ongoing activities that serve its organizational purpose, as well as the conduct of services undertaken to support those activities, to be general expenditures.

Financial assets available for general expenditures within one year of the statement of financial position dates are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,169,009	\$ 1,754,381
Contributions and grants receivable	<u>309,596</u>	<u>441,092</u>
	<u>\$ 1,478,605</u>	<u>\$ 2,195,473</u>

(Continued)

## AVENUES FOR YOUTH

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

#### 4. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 309,596	\$ 441,092
Receivable in one to three years	<u>116,747</u>	<u>84,308</u>
	<u>\$ 426,343</u>	<u>\$ 525,400</u>

#### 5. UNCONDITIONAL PROMISE TO GIVE IN-KIND RENT

Avenues leases a building for use as a youth emergency shelter and transitional housing facility as well as office space from the Minneapolis Public Housing Authority, City of Minneapolis, for \$1 per year. The lease was effective June 2019 and runs through June 30, 2034. Avenues is responsible for the operational costs of the property including maintenance, repairs, and leasehold improvements, all of which become the property of the City of Minneapolis upon expiration of the lease.

In September 2014, Avenues entered into a 10-year lease agreement with the Brooklyn Park Economic Development Authority, City of Brooklyn Park, for a building requiring annual payments of \$1. The building is operated as a homeless youth shelter and transitional housing facility. This program is referred to as Brooklyn Avenues. The 10-year term can be renewed for an additional 10-year period at the end of the lease. The lease can be terminated without cause with a nine-month notification. Avenues is responsible for the operational costs of the property, including maintenance, repairs, and leasehold improvements, all of which become the property of the City of Brooklyn Park upon expiration of the lease.

The unconditional promises to give in-kind rent have been recorded at their estimated fair value at the time they were received. The amounts have been discounted to their net present value using an interest rate of approximately 2%. Amortization of the discount is credited to net assets with donor restrictions.

(Continued)

## AVENUES FOR YOUTH

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

#### 5. UNCONDITIONAL PROMISE TO GIVE IN-KIND RENT (Continued)

As the annual rent is incurred, the related resources are classified as net assets without donor restrictions.

Unconditional promises to give in-kind rent consisted of the following at June 30:

	2021	2020
Receivable in less than one year	\$ 91,147	\$ 93,070
Receivable in one to three years	245,685	267,832
Receivable in more than three years	492,335	568,265
	829,167	929,167
Discount to present value	(123,660)	(130,590)
Unconditional promise to give In kind rent, net	\$ 705,507	\$ 798,577

#### 6. LEASEHOLD IMPROVEMENTS, FURNITURE AND EQUIPMENT

Leasehold improvements, furniture and equipment consist of the following at June 30:

	2021	2020
Leasehold improvements	\$ 623,150	\$ 623,150
Furniture and equipment, Minneapolis	131,655	137,495
Furniture and equipment, Brooklyn	58,440	61,815
	813,245	822,460
Less: accumulated depreciation	(493,028)	(474,355)
	\$ 320,217	\$ 348,105

(Continued)



## AVENUES FOR YOUTH

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

#### 7. LOAN PAYABLE

In April 2020, Avenues received an unsecured loan in the amount of \$366,400 through the Paycheck Protection Program (PPP), a program developed by the Federal government in response to the COVID-19 pandemic. The loan allowed for forgiveness if the proceeds were used according to the PPP requirements or payment terms including interest at 1% if they were not so used. The loan was forgiven in February 2021.

#### 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Purpose restricted for future year programs	\$ 120,050	\$ 254,372
Time restricted for future periods	352,969	758,394
Promises to give rent, net	<u>705,507</u>	<u>798,577</u>
	<u>\$ 1,178,526</u>	<u>\$ 1,811,343</u>

#### 9. RETIREMENT PLAN

Avenues sponsors a defined contribution plan covering all employees six months after hire. Avenues has elected to contribute an amount equal to 1% of each employee's wages automatically, without regard to whether the employee contributes, and to match an additional 50% of an employee's first 2% of contributions. Avenues' contribution was \$32,975 and \$28,272 for the fiscal years ended June 30, 2021 and 2020, respectively.

(Continued)

## AVENUES FOR YOUTH

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

#### 10. LEASE

Avenues leases administrative space under a non-cancelable operating lease agreement. The lease requires monthly payments for base rent which includes operating expenses. Rent expense under this lease was \$21,600 in fiscal 2021 and fiscal 2020. The lease expires in December 2021 and will require future minimum payments of \$10,800 in fiscal 2022.

#### 11. COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS

Avenues places its cash with several financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times the amount on deposit exceeds the insured limit of an institution which exposes Avenues to a collection risk. Avenues has not experienced any losses as a result of these deposits. At June 30, 2021 and 2020, deposits exceeded the insured limit by approximately \$580,000 and \$479,000. Avenues holds \$1,822,000 at June 30, 2021 in insured cash accounts at various banks through a cash sweep program.

Avenues has several government grants that contain conditions (primarily that funds be expended before they are earned or received). Since these grants represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met. Avenues has the following unearned conditional contributions at June 30, 2021:

Federal Family and Youth Services	
Bureau funding	\$ 205,504
State of Minnesota Office of Economic	
Opportunity funding	324,250
Housing and Urban Development funding	<u>203,233</u>
	<u>\$ 732,987</u>

Avenues has contracts with and grants from Federal, State of Minnesota, and county governments that base payments on contracted rates and numbers of eligible youth served and must comply with the appropriate requirements of these contracts and grants. Changes may occur with little notice or inadequate funding to pay for the related costs to comply with a change.

(Continued)

## AVENUES FOR YOUTH

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021  
(With Comparative Totals for 2020)

#### 11. **COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (Continued)**

A nationwide public health emergency continues to develop. Federal, state and local governments have enacted measures to combat the global pandemic resulting from a novel strain of coronavirus known as COVID-19. Measures have included regulatory restrictions on certain activities as well as recommendations for further voluntary curtailment of activities. Significant direct impacts on Avenues included closing emergency overnight beds and a slight reduction in shelter capacity to allow for appropriate social distancing. COVID-19 also caused a temporary reduction in the number of youth supported in community-based programs, as community members were understandably concerned about opening their homes to youth. As vaccines became available, numbers in these programs began to rebound. The future potential financial impacts of these issues are unknown and therefore no estimate can be made at this time.

#### 12. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 28, 2021, the date on which the financial statements were available for issue.