Interfaith Youth Core

Financial Report
July 31, 2020

Contents

Plante & Moran, PLLC
10 South Riverside Plaza
9th floor
Chicago, IL 60606
Tel: 312.207.1040
Fax: 312.207.1066
plantemoran.com

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, 2020 and 2019 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, 2020 and 2019 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.

Emphasis of Matter

As described in Note 2 to the financial statements, the COVID-19 pandemic has impacted business operations. Our opinion is not modified with respect to this matter.

To the Board of Directors
Interfaith Youth Core

Also, as described in Note 2 to the financial statements, IFYC adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

January 14, 2021

Statement of Financial Position

July 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash	$ 12,794,798	$ 4,685,571
Investments (Note 4)	7,824,703	4,591,924
Accounts receivable - Net	94,094	33,246
Short-term portion of grants and contributions receivable (Note 5)	2,593,639	3,554,954
Prepaid expenses and other current assets	280,169	615,772
Total current assets	23,587,403	13,481,467
Grants and Contributions Receivable - Net of current portion (Note 5)	2,731,684	2,371,984
Property and Equipment - Net (Note 6)	185,279	162,416
Total noncurrent assets	2,916,963	2,534,400
Total assets	**$ 26,504,366**	**$ 16,015,867**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 45,976	$ 191,441
Deferred revenue	23,699	40,397
Accrued liabilities and other:		
Accrued payroll	168,495	74,163
Short-term portion of deferred rent (Note 9)	30,426	22,329
Other accrued liabilities	39,444	55,669
Total accrued liabilities and other	238,365	152,161
Current portion of Paycheck Protection Program loan	242,983	-
Total current liabilities	551,023	383,999
Paycheck Protection Program Loan - Net of current portion	437,369	-
Deferred Rent - Net of current portion (Note 9)	102,851	133,277
Total liabilities	1,091,243	517,276
Net Assets		
Without donor restrictions:		
Undesignated	13,188,431	6,993,226
Board designated	750,000	500,000
Total without donor restrictions	13,938,431	7,493,226
With donor restrictions (Note 7)	11,474,692	8,005,365
Total net assets	25,413,123	15,498,591
Total liabilities and net assets	**$ 26,504,366**	**$ 16,015,867**

Statement of Activities and Changes in Net Assets

Years Ended July 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Individual contributions	$ 6,469,049	$ 3,005,000	$ 9,474,049	$ 429,805	$ 1,075,000	$ 1,504,805
Grants and contributions	977,277	6,889,500	7,866,777	816,304	1,592,888	2,409,192
Publications	12,429	-	12,429	5,788	-	5,788
Seminars and workshops	45,517	-	45,517	46,345	-	46,345
University revenue	78,750	-	78,750	144,600	-	144,600
Net realized and unrealized gains on investments	71,422	-	71,422	43,261	-	43,261
Interest and dividends	103,667	-	103,667	91,373	-	91,373
Honoraria	197,150	-	197,150	250,700	-	250,700
Foundation earned revenue	7,500	-	7,500	45,000	-	45,000
Donated services and facilities (Note 10)	22,901	-	22,901	17,242	-	17,242
Other revenue	14,806	-	14,806	3,724	-	3,724
Net assets released from restrictions	6,425,173	(6,425,173)	-	7,135,506	(7,135,506)	-
Total revenue, gains, and other support	14,425,641	3,469,327	17,894,968	9,029,648	(4,467,618)	4,562,030
Expenses						
Program services:						
Campus partnerships	1,025,543	-	1,025,543	1,084,158	-	1,084,158
Communications	2,876,736	-	2,876,736	2,321,827	-	2,321,827
Leadership	2,093,686	-	2,093,686	1,922,264	-	1,922,264
Support services:						
Fundraising	782,025	-	782,025	821,430	-	821,430
Management and general	1,202,446	-	1,202,446	965,663	-	965,663
Total expenses	7,980,436	-	7,980,436	7,115,342	-	7,115,342
Increase (Decrease) in Net Assets	6,445,205	3,469,327	9,914,532	1,914,306	(4,467,618)	(2,553,312)
Net Assets - Beginning of year	7,493,226	8,005,365	15,498,591	5,578,920	12,472,983	18,051,903
Net Assets - End of year	**$ 13,938,431**	**$ 11,474,692**	**$ 25,413,123**	**$ 7,493,226**	**$ 8,005,365**	**$ 15,498,591**

See notes to financial statements.

Statement of Functional Expenses

Year Ended July 31, 2020

	Program Services				Support Services		
	Campus Partnerships	Communications	Leadership	Total	Fundraising	Management and General	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 advertising	-	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 Functional Expenses

Year Ended July 31, 2019

	Program Services				Support Services		
	Campus Partnerships	Communications	Leadership	Total	Fundraising	Management and General	Total
Salaries and related expenses	$ 570,330	$ 836,964	$ 717,663	$ 2,124,957	$ 547,456	$ 465,366	$ 3,137,779
Employee benefits	87,631	158,251	94,104	339,986	54,524	44,791	439,301
Payroll taxes	37,471	58,124	48,892	144,487	31,011	31,218	206,716
Total salaries and related expenses	695,432	1,053,339	860,659	2,609,430	632,991	541,375	3,783,796
Professional fees	-	100,865	21,882	122,747	2,450	44,148	169,345
Accounting fees	-	-	-	-	-	29,500	29,500
Information technology services	14,434	18,486	17,948	50,868	9,657	96,134	156,659
Supplies	1,758	47,552	395,320	444,630	6,660	18,200	469,490
Computer-related expenses	1,054	7,856	5,310	14,220	-	27,986	42,206
Telephone and telecommunications	6,832	9,007	7,360	23,199	4,258	5,586	33,043
Postage, shipping, and delivery	-	64,995	-	64,995	2,131	6,841	73,967
Books, subscriptions, and reference	55	5,063	11,397	16,515	9,960	1,997	28,472
Printing and copying	665	4,046	826	5,537	4,871	4,539	14,947
Fees and charges	-	-	1,494	1,494	1,898	14,073	17,465
Staff development	411	6,589	1,944	8,944	33	20,133	29,110
Occupancy expenses	64,279	82,638	80,054	226,971	42,094	54,704	323,769
Travel expense	41,232	63,824	102,337	207,393	34,799	5,125	247,317
Meetings expense	108	672	382	1,162	3,643	589	5,394
Depreciation	-	49,441	-	49,441	-	43,288	92,729
Insurance	-	-	-	-	-	29,825	29,825
Other expenses	1,119	1,583	1,775	4,477	45,985	21,020	71,482
Scholarships and stipends to individuals	19,900	33,600	169,171	222,671	-	-	222,671
Grants to other organizations	236,879	772,271	244,405	1,253,555	20,000	600	1,274,155
Total functional expenses	**$ 1,084,158**	**$ 2,321,827**	**$ 1,922,264**	**$ 5,328,249**	**$ 821,430**	**$ 965,663**	**$ 7,115,342**

See notes to financial statements.

Statement of Cash Flows

Years Ended July 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 9,914,532	$ (2,553,312)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation expense	99,430	92,729
Contributed stock	(513,481)	(1,526,623)
Bad debt expense	-	45,000
Realized and unrealized gains on investments	(71,422)	(43,261)
Deferred rent	(22,329)	(14,419)
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(60,848)	56,098
Grants and contributions receivable	601,615	3,644,099
Prepaid expenses and other current assets	335,603	(122,266)
Accounts payable	(145,465)	86,196
Accrued payroll	94,332	(18,771)
Other accrued liabilities	(28,238)	(3,141)
Deferred revenue	(16,698)	(985)
Net cash provided by (used in) operating activities	10,187,031	(358,656)
Cash Flows from Investing Activities		
Purchase of property and equipment	(110,280)	-
Purchases of investments	(3,311,357)	(5,098,089)
Proceeds from sales of investments	150,000	4,174,000
Sale of contributed stock	513,481	1,526,623
Net cash (used in) provided by investing activities	(2,758,156)	602,534
Cash Flows Provided by Financing Activities - Proceeds from Paycheck Protection Program loan	680,352	-
Net Increase in Cash	8,109,227	243,878
Cash - Beginning of year	4,685,571	4,441,693
Cash - End of year	**$ 12,794,798**	**$ 4,685,571**
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.

Knowledgebase - IFYC contributes to and curates a knowledgebase 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, whereby 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, 2019, IFYC adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. IFYC adopted the new standard on a modified prospective basis. The adoption of this ASU resulted in the recognition of government grants revenue as the conditions of the grants have been met. The adoption of the ASU did not result in a restatement of the 2019 financial information, as there was no change in 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, 2020 and 2019.

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.

As such, the total proceeds received from the loan are recorded as a liability on the statement of financial position and included in proceeds received from financing activities in the statement of cash flows as of and for the year ended June 30, 2020. See Note 11 for additional information on the terms and conditions of the PPP agreement.

Note 2 - Significant Accounting Policies (Continued)

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.

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

Honoraria revenue is recognized as income when the event occurs. Amounts received in advance are deferred and included in deferred revenue in the statement of financial position.

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.

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 required allocation on a reasonable basis that is consistently applied. Costs are classified directly, when possible. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management.

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

Note 2 - Significant Accounting Policies (Continued)

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.

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 moved its annual Interfaith Leadership Institute event, its largest annual in-person conference on interfaith leadership, to be all virtual, reaching 647 participants. IFYC also launched a number of new interfaith programs and initiatives online:

- We Are Each Other's: A campaign to activate and support interfaith leaders responding to current national crises
- Creating Our Future - Ritual, Race, and Religion in America: An all-virtual public conversation series
- The Interfaith America Racial Equity Media Fellows: A media fellowship for activists, artists, and thought leaders who engage racial equity work within higher education and American public life to share their thought leadership 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 May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. 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. The new guidance will be effective for IFYC's year ending July 31, 2021. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods: retrospectively to each period presented (full retrospective method) or retrospectively, with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). IFYC will most likely adopt the cumulative catch-up method if the implementation of the standard does not result in a significant adjustment. IFYC is reviewing its various revenue streams and does not feel this standard will have a significant impact on the timing of revenue recognition. However, IFYC does expect to have expanded disclosures as a result of the new standard.

Note 2 - Significant Accounting Policies (Continued)

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 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 descriptions of fair value techniques used to arrive at a fair value measure. The new guidance will be effective for IFYC's year ending June 30, 2022 and will be applied using the retrospective method.

Note 3 - Liquidity and Availability of Resources

The following reflects the IFYC's financial assets as of July 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of July 31, 2020 and 2019:

	2020	2019
Cash	$ 12,794,798	$ 4,685,571
Investments	7,824,703	4,591,924
Accounts receivable - Net	94,094	33,246
Grants and contributions receivable - Net	5,325,323	5,926,938
Financial assets - At year end	26,038,918	15,237,679
Contractual or donor-imposed restrictions - Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	11,474,692	8,005,365
Board designations	750,000	500,000
Financial assets available to meet cash needs for general expenditures within one year	$ 13,814,226	$ 6,732,314

The grants and contributions receivable are subject to implied time restrictions; of the amount reported above, $2,593,639 and $3,554,954 at July 31, 2020 and 2019, respectively, is expected to be collected within one year and released from donor-imposed purpose restrictions.

Note 3 - Liquidity and Availability of Resources (Continued)

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 $3,960,000. 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, 2020 and 2019 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.

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, 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

Note 4 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at July 31, 2019				
	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, 2019
Investments:					
Mutual funds	$ 1,068,887	$ -	$ -	$ -	$ 1,068,887
Money market funds	822,108	-	-	-	822,108
Certificates of deposit	-	2,700,929	-	-	2,700,929
Total investments	$ 1,890,995	$ 2,700,929	$ -	$ -	$ 4,591,924

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.

IFYC's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the beginning of the reporting period. There were no such transfers for the years ended July 31, 2020 and 2019.

Note 5 - Grants and Contributions Receivable

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

	2020	2019
Less than one year	$ 2,593,639	$ 3,554,954
One to five years	2,816,000	2,449,707
Less allowance for present value discount (1 percent)	(84,316)	(77,723)
Total grants and contributions receivable	$ 5,325,323	$ 5,926,938

Note 6 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2020	2019	Depreciable Life - Years
Furniture and fixtures	$ 236,438	$ 189,901	3-5
Computer equipment and website	589,093	513,337	3-5
Leasehold improvements	10,890	10,890	5-20
Total cost	836,421	714,128	
Less accumulated depreciation	651,142	551,712	
Net amount	$ 185,279	$ 162,416	

Depreciation expense was $99,430 and $92,729 for the years ended July 31, 2020 and 2019, respectively.

Note 7 - Net Assets

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

	2020	2019
Board-designated net assets	$ 750,000	$ 500,000
Undesignated net assets	13,188,431	6,993,226
Total net assets without donor restrictions	$ 13,938,431	$ 7,493,226

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

	2020	2019
Subject to expenditures for a specified purpose:		
Leadership	$ 3,517,913	$ 794,741
Communications	507,515	837,906
Campus partnerships	1,776,363	-
Subject to the passage of time	5,672,901	6,372,718
Total net assets with donor restrictions	$ 11,474,692	$ 8,005,365

Note 8 - Concentration of Grants and Contributions

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

Approximately 41 percent of 2019 total grants and contributions revenue was contributed by two foundations, of which $2,925,000 is included in grants and contributions receivable on the statement of financial position as of July 31, 2019.

Note 9 - Operating Leases

In October 2012, IFYC entered into an operating sublease for office space. The sublease term began on November 1, 2012 and expired on November 30, 2016. Initially, the lease payments were abated for four months, and the rental payments ranged over the life of the lease from $19,843 to $21,626. IFYC is accounting for this lease in accordance with U.S. generally accepted accounting principles by using the straight-line method of accounting.

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 $133,277 and $155,606 for the years ended July 31, 2020 and 2019, respectively.

Note 9 - Operating Leases (Continued)

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

Years Ending July 31	Amount
2021	$ 333,611
2022	341,958
2023	350,524
2024	117,800
Total	$ 1,143,893

Total rent expense under all operating leases was $308,492 and $303,754 for the years ended July 31, 2020 and 2019, 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 $22,901 and $17,242 for the years ended July 31, 2020 and 2019, respectively.

Note 11 - Paycheck Protection Program Loan

On April 6, 2020, IFYC received a Paycheck Protection Program term note through one of its financial institutions for $680,352. The note was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program. The note structure required IFYC officials to certify certain statements that permitted IFYC to qualify for the loan and provides loan forgiveness for a portion up to all of the borrowed amount if IFYC uses the loan proceeds for the permitted loan purpose described in the note agreement; the portion not forgiven will be required to be repaid by IFYC in full in April 2022. Payments of principal and interest, at a rate of 1.00 percent, are due beginning 10 months after the end of the covered period in equal installments through the maturity date. IFYC has the right to repay any amount outstanding at any time without penalty.

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, 2020 and 2019, the employer match was $98,861 and $94,128, 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. This conditional pledge is not reflected in the accompanying financial statements.

Note 14 - Subsequent Events

On January 7, 2021, IFYC received notification that the Small Business Administration authorized full forgiveness of its Paycheck Protection Program loan disclosed in Note 11.

The financial statements and related disclosures include evaluation of events up through and including January 14, 2021, which is the date the financial statements were available to be issued.