

**JUVENILE LAW CENTER**

**FINANCIAL STATEMENTS**

**YEAR ENDED AUGUST 31, 2022**

**(WITH SUMMARIZED COMPARATIVE TOTALS  
FOR THE YEAR ENDED AUGUST 31, 2021)**



**JUVENILE LAW CENTER  
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(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Juvenile Law Center  
Philadelphia, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Juvenile Law Center (a nonprofit organization) which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Juvenile Law Center as of August 31, 2022, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Juvenile Law Center, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Juvenile Law Center's ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Juvenile Law Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Juvenile Law Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited the financial statements of Juvenile Law Center as of and for the year ended August 31, 2021 and in our report dated July 15, 2022, we expressed an unmodified opinion on the financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*J. Miller & Associates, LLC*

**J. MILLER & ASSOCIATES, LLC**

Philadelphia, Pennsylvania  
March 30, 2023

**JUVENILE LAW CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2022**  
**(WITH SUMMARIZED COMPARATIVE TOTALS AS OF AUGUST 31, 2021)**

	2022	2021
<u>Assets</u>		
Cash and equivalents	\$ 550,942	\$ 642,381
Grants and contributions receivable	3,082,447	1,312,189
Prepaid expenses	97,164	81,891
Investments	3,409,063	3,992,264
Investments - Endowment funds	2,313,944	2,709,794
Security deposit	21,800	21,800
Property and equipment, net	80,068	104,090
Total assets	\$ 9,555,428	\$ 8,864,409
<u>Liabilities</u>		
Accounts payable	\$ 9,555	\$ 92,420
Accrued expenses	113,443	79,977
Accrued vacation	25,671	69,115
Refundable advances	-	14,438
Due to others	1,368,833	-
Deferred rent	134,382	104,850
Loans payable	-	919,397
Total liabilities	1,651,884	1,280,197
<u>Net assets</u>		
Without donor restrictions	2,608,045	2,609,708
With donor restrictions	5,295,499	4,974,504
Total net assets	7,903,544	7,584,212
Total liabilities and net assets	\$ 9,555,428	\$ 8,864,409

See accompanying notes to the financial statements.

**JUVENILE LAW CENTER  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2022  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
<u>Support and revenue</u>				
Foundations and other grants	\$ -	\$ 3,385,879	\$ 3,385,879	\$ 2,034,765
Individual and corporate contributions	566,316	-	566,316	359,374
Forgiveness of debt - PPP loans	919,397	-	919,397	-
Contributions - Special events	147,406	-	147,406	478,284
Honoraria and fees	41,141	-	41,141	19,520
Miscellaneous income	8,441	-	8,441	5,033
Interest and dividends	68,552	46,477	115,029	108,429
Realized loss on sale of donated securities	(325)	-	(325)	-
Realized and unrealized gains	(651,670)	(442,327)	(1,093,997)	1,094,787
Net assets released from restrictions	2,669,034	(2,669,034)	-	-
Total support and revenue	<u>3,768,292</u>	<u>320,995</u>	<u>4,089,287</u>	<u>4,100,192</u>
<u>Expenses</u>				
Program expense	2,975,788	-	2,975,788	3,085,009
Management and general	343,584	-	343,584	339,677
Fundraising	450,583	-	450,583	487,859
Total expenses	<u>3,769,955</u>	<u>-</u>	<u>3,769,955</u>	<u>3,912,545</u>
Change in net assets	(1,663)	320,995	319,332	187,647
Net assets at beginning of year	2,609,708	4,974,504	7,584,212	7,396,565
Net assets at end of year	<u>\$ 2,608,045</u>	<u>\$ 5,295,499</u>	<u>\$ 7,903,544</u>	<u>\$ 7,584,212</u>

See accompanying notes to the financial statements.

**JUVENILE LAW CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)**

	Program Expense	Management and General	Fundraising	Total 2022	Total 2021
Salaries	\$ 1,854,472	\$ 139,334	\$ 262,081	\$ 2,255,887	\$ 2,370,430
Payroll taxes	139,419	10,474	19,703	169,596	180,336
Health insurance	315,438	23,700	44,579	383,717	382,386
Retirement plan expense	78,918	5,929	11,153	96,000	96,000
Total salaries and related expenses	2,388,247	179,437	337,516	2,905,200	3,029,152
Accounting and audit	-	51,206	-	51,206	42,345
Bank charges	5,792	435	819	7,046	7,743
Computer expense	42,921	3,225	6,066	52,212	37,674
Consultant - pass thru funds	-	25,389	-	25,389	46,785
Consultant - other	196,152	61,820	-	257,972	299,009
Depreciation	19,747	1,484	2,791	24,022	40,791
Fundraising supplies and expense	-	-	28,811	28,811	80,610
Insurance	26,526	1,993	3,749	32,268	32,208
Library	23,908	-	-	23,908	20,277
Litigation	9,717	-	-	9,717	5,189
Miscellaneous	19,371	1,456	2,738	23,565	5,979
Occupancy	155,245	11,664	21,940	188,849	188,428
Office expense and supplies	26,400	1,984	3,731	32,115	16,597
Postage	4,966	373	702	6,041	576
Printing and publications	5,528	414	781	6,723	24,983
Shared event costs	-	-	35,852	35,852	57,351
Staff development	15,276	-	-	15,276	15,999
Telephone	5,844	439	826	7,109	5,971
Travel and training	30,148	2,265	4,261	36,674	12,232
Total expenses	<u>\$ 2,975,788</u>	<u>\$ 343,584</u>	<u>\$ 450,583</u>	<u>\$ 3,769,955</u>	<u>\$ 3,969,899</u>

See accompanying notes to the financial statements.

**JUVENILE LAW CENTER  
STATEMENT OF CASH FLOW  
YEAR ENDED AUGUST 31, 2022  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)**

	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 319,332	\$ 187,647
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	24,022	40,791
Realized and unrealized gains	1,093,997	(1,094,787)
Loss on sale of donated securities	325	-
Donated securities	(68,883)	-
Forgiveness of debt - PPP loan	(919,397)	-
<u>Change in assets and liabilities</u>		
Grants and contributions receivable	(1,770,258)	27,121
Prepaid expenses	(15,273)	22,393
Accounts payable	(82,865)	(43,161)
Accrued expenses	33,466	17,774
Accrued vacation	(43,444)	(2,548)
Refundable advances	(14,438)	11,938
Deferred revenue	-	(250,000)
Due to others	1,368,833	(75,000)
Deferred rent	29,532	44,299
Net cash used in operating activities	<u>(45,051)</u>	<u>(1,113,533)</u>
 <u>Cash flows from investing activities</u>		
Proceeds from sale of investments	21,646	144,808
Purchase of investments	(113,354)	(255,299)
Purchase of property and equipment	-	37,819
Net cash used in investing activities	<u>(91,708)</u>	<u>(72,672)</u>
 <u>Cash flows from Financing activities</u>		
Drawdowns on loans payable	-	481,647
Net cash provided by financing activities	<u>-</u>	<u>481,647</u>
 Net decrease in cash and equivalents	(136,759)	(704,558)
 Cash and equivalents at beginning of year	<u>642,381</u>	<u>1,346,939</u>
 Cash and equivalents at end of year	<u>\$ 505,622</u>	<u>\$ 642,381</u>

See accompanying notes to the financial statements.



**JUVENILE LAW CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**NOTE 1            NATURE OF OPERATIONS**

**Nature of Operations**

Juvenile Law Center ("the Center"), founded in 1975, is a nonprofit public-interest organization based in Philadelphia, Pennsylvania. The Center advocates for rights, dignity, equity, and opportunity for youth in the child welfare and justice systems. Through litigation, appellate advocacy, and submission of amicus (friend-of-the-court) briefs, policy reform, public education, training, consulting, and strategic communications, the Center fights for children who come into contact with the child welfare and justice systems. The Center strives to ensure that laws, policies, and practices affecting youth advance racial and economic equity and are rooted in research, consistent with children's unique developmental characteristics, and reflective of international human rights values. The Center is funded through foundation grants, as well as individual and corporate contributions.

**NOTE 2            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Center prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") which involves the application of the accrual basis of accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

**Financial Statement Presentation**

Currently, there are two classes of net assets for nonprofit organizations: net assets with donor restrictions and net assets without donor restrictions.

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 available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets may be used at the discretion of the Center's management and board.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) 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.

**JUVENILE LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022**

**NOTE 2                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Summarized Comparative Information**

The summarized comparative information presents amounts in total but not by each net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended August 31, 2021, from which the summarized information was derived.

**Recent Accounting Pronouncements Not Yet Adopted**

*Leases*

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)." The primary objective of the standard is to increase transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset. The standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Center is currently evaluating the standard and its impact on its financial statements for the year ending August 31, 2023.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Grants and Contributions Receivable**

Grants and contributions receivable represent unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are met. Amounts not expected to be collected are written off when deemed uncollectible. As of August 31, 2022, management has determined that amounts are fully collectible and an allowance for doubtful accounts is not deemed necessary.

**Investments**

Investments with readily determinable fair values are measured and reported at fair value. Purchases and sales of securities are recorded on a trade-date basis. Any realized and unrealized gains and losses are reported in the statement of activities as a change in net assets without donor restrictions or net assets with donor restrictions depending on the existence of restrictions by the donor or law on the use. Interest and dividend income are recognized when earned.

**JUVENILE LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022**

**NOTE 2           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. The cost of repairs and maintenance that improve or extend the useful lives of the respective assets are recorded at cost. Repairs and maintenance that do not improve or extend the useful life are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which range from 3-5 years, or in the case of leasehold improvements, the lesser of the useful life or lease term.

**Due to Others**

The Center records a liability for funds that are due to others under multi-grantee grant awards with other nonprofits. The funds are released to the other named beneficiaries on a periodic basis throughout the term of the grants.

**Refundable Advances**

Transfers of assets under conditional promises, which are received by the Center prior to fulfilling these conditions, are recorded as a liability until the conditions are substantially met.

**Deferred Rent**

Deferred rent represents the rent expense incurred in excess of annual cash payments. Rental expense on the office lease is recorded by amortizing the total minimum rental payments over the life of the lease on a straight-line basis. The deferred rent balance is reduced in future years, as the rental payment exceeds the amount of recorded rent expense.

**Revenue and Revenue Recognition**

Contributions received, including foundations and other grants, are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 statements of activities as net assets released from restrictions.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Special events revenue equal to the fair value of direct benefits to donors is recognized when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place.

Honoraria and fees are recognized when the related event takes place.

**JUVENILE LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022**

**NOTE 2           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributed Nonfinancial Assets**

The Organization adopted ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The standard requires disclosure of information on an entity's policies on contributed nonfinancial assets, including in-kind contributions, about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques.

Contributed services are recognized as contributions, at fair value when received, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Organization. No contributed services were recognized during the year ended August 31, 2022. Contributed items are recorded as contributions at their estimated fair value at the date of donation.

**Functional Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Payroll and related expenses are allocated to program, management and general and fundraising based on time and effort. Indirect expenses have been allocated based on salary expenditures.

**Income Taxes**

The Center is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for income taxes. The Center's informational returns are subject to review and examination by Federal and State tax authorities. The Center is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income taxes.

**NOTE 3           GRANTS AND CONTRIBUTIONS RECEIVABLE**

Grants and contributions receivable are estimated to be collected as follows:

Amounts due within one year	\$ 2,082,447
Amounts due in two years	<u>1,000,000</u>
	<u><u>\$ 3,082,447</u></u>

**JUVENILE LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022**

**NOTE 4 LIQUIDITY AND AVAILABILITY**

The following represents the Center’s current financial assets:

Cash and equivalents	\$ 550,942
Grants and contributions receivable	3,082,447
Investments	3,409,063
Investments - Endowment funds	<u>2,313,944</u>
	<u>9,356,396</u>
Less: Nonexpendable portion	1,000,000
Less: Time restrictions beyond one year	777,778
Less: Amount with purpose restrictions	3,758,236
Less: Due to others	<u>1,368,833</u>
	<u>6,904,847</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 2,451,549</u></u>

The Center manages its liquidity by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near term operating needs. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. The Center’s investment policy allows for an annual spending rate of 5% of the preceding three-year average of its investment portfolio. The Center has not taken a distribution during the year ended August 31, 2022.

**NOTE 5 FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect management’s judgment about the assumptions that market participants would use in pricing the asset or liability.

**JUVENILE LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022**

**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

The table below presents the assets measured at fair value on a recurring basis as follows:

	Fair Value (Level 1)
Investments - Consolidated Fund:	
Fixed income	\$ 929,099
Equities	2,479,964
	3,409,063
Investments - Endowment Fund:	
Fixed income	630,825
Equities	1,683,119
	2,313,944
 Total assets measured at fair value	 \$ 5,723,007

The investment return for the investments - consolidated fund is as follows:

Interest and dividends, net	\$ 68,469
Realized loss	(539)
Unrealized loss	(651,131)
	\$ (583,201)

**NOTE 6 INVESTMENTS - ENDOWMENT FUNDS**

The Center's endowment consists of donor restricted funds (Barry Zubrow endowment) that were established to support fellowships and certain other programs. As required by GAAP, net assets associated with endowment funds are classified and are reported as net assets with or without donor restrictions.

Interpretation of Relevant Law

The Commonwealth of Pennsylvania has not adopted UPMIFA. State law allows nonprofit organizations to make an election to adopt a total return investment policy as provided by Act 141 (1988) of Pennsylvania legislature 15 Pa. C.S.A Section 5548 ("total return election").

The Center did not make a "total return election," and as such, the Center is free to adopt any prudent investment policy and to make withdrawals consistent with its goals of preserving the Barry Zubrow endowment fund while making funds available to fund the Zubrow fellowship in absence of donor restrictions to limit withdrawals from the funds to income or any other explicit restrictions.

**JUVENILE LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022**

**NOTE 6 INVESTMENTS - ENDOWMENT FUNDS**

Return Objective, Spending Policy, and Risk Parameters

The Center's objective is to earn a reasonable, long-term, risk-adjusted total rate of return to support its fellowship and other programs. The spending amount for the program each year is at the Board's sole discretion. The endowment fund is invested in a diversified mix of high-quality fixed income securities and equities mutual funds, which are projected to produce above average real returns without exposing the portfolio to excess risk.

Strategies Employer for Achieving Objectives

To satisfy its long-term rate of return objectives, the Center utilizes a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (dividends). The Center established the investment allocation guideline, which allocates 30% to fixed income securities mutual funds and 70% to equities mutual funds for all of the Center's investments. The Center closely monitors its investment allocation to determine their continued applicability based on the performance of the portfolio and market strategies. The allocation is reviewed quarterly and adjusted based on the recommendation from the Center's advisor and circumstances of market conditions.

Corpus of the Barry Zubrow endowment asset is held in perpetuity based on the donor-restriction. The Barry Zubrow endowment asset is invested in mutual funds. Dividend and earnings earned on the account are appropriated to fund the Zubrow Fellowship when enough dividend and earnings are accumulated to support a Zubrow fellow.

Changes in endowment funds are as follows:

	Zubrow Endowment Expendable	Zubrow Endowment Nonexpendable	Total
Endowment net assets at September 1, 2021	\$ 1,709,794	\$ 1,000,000	\$ 2,709,794
Investment return:			
Investment income	46,477	-	46,477
Realized loss	(367)	-	(367)
Unrealized loss	(441,960)	-	(441,960)
Endowment net assets at August 31, 2022	<u>\$ 1,313,944</u>	<u>\$ 1,000,000</u>	<u>\$ 2,313,944</u>

**JUVENILE LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022**

**NOTE 7      PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Furniture and fixtures	\$     94,338
Computer equipment	25,620
Software/website	139,631
Leasehold improvements	57,192
	<u>316,781</u>
Less: accumulated depreciation	(236,713)
Total property and equipment, net	<u><u>\$     80,068</u></u>

**NOTE 8      NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted as follows:

Time restrictions	<u>\$   508,095</u>
Purpose restrictions:	
Zubrow Fellowships	1,303,946
Child welfare and justice system advocacy	2,031,791
Youth engagement	35,000
Economic Justice Project	416,667
	<u>3,787,404</u>
Nonexpendable net assets	<u>1,000,000</u>
	<u><u>\$ 5,295,499</u></u>

Net assets were released from donor restrictions as follows:

Expiration of time restrictions	<u>\$   951,599</u>
Satisfaction of purpose restrictions:	
Child welfare and justice system advocacy	1,515,920
Economic Justice project	83,333
Fellowships	88,182
Summer internships	30,000
	<u>1,717,435</u>
	<u><u>\$ 2,669,034</u></u>



**JUVENILE LAW CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**NOTE 9           PASS-THROUGH GRANT AGREEMENTS**

The Center does a significant amount of collaboration. On occasion it serves as the fiscal agent for foundations, passing through dollars to individual subcontractors identified by those foundations. The financial statements reflect such transactions as both revenues and expenses and any amount due to the subcontractors is reported as a liability. During the year ended August 31, 2022, expenses associated with agreements in which the Center served as the fiscal agent were \$25,389 and is reported as consultant – pass-thru funds on the statement of functional expenses. As of August 31, 2022, \$35,500 is included in due to others in the statement of financial position.

On other occasions the Center has programmatic partners - other nonprofits who are identified in the Center's foundation grant applications as key partners in the Center's efforts. The financial statements do not reflect these transactions as revenue and expenses. Instead, any amount outstanding is reported as a receivable and the amount due to the partners is reported as a liability. During the year ended August 31, 2022, a multi-year grant totaling \$3,000,000, payable in three installments of \$1,000,000, was awarded to the Center and two partners. As of August 31, 2022, \$2,000,000 is outstanding and is included in grants and contributions receivable and \$1,333,333 is due to the two partners and is included in due to others in the statement of financial position.

**NOTE 10          FORGIVENESS OF DEBT - PPP LOANS**

In May 2020, the Center obtained a Paycheck Protection Program (PPP) loan in the amount of \$437,750 from the U.S. Small Business Administration. PPP loans were authorized by Congress in an effort to aid organizations during the pandemic. In May 2021, the Center obtained a second PPP loan in the amount of \$481,647. In September 2021, the Center received notification that both loans were forgiven and recognized \$919,397 as forgiveness of debt – PPP loans in the accompanying statement of activities for the year ended August 31, 2022.

**NOTE 11          RETIREMENT PLAN**

The Center has a 403(b)-retirement plan for the benefit of all eligible employees who have meet one year of continuous service. Annual contributions to the plan are discretionary and approved by the Board of Directors when it adopts the Center's fiscal year budget. The plan allows employees to contribute, in the form of a salary reduction, and benefits are to be paid to eligible employees at retirement. Retirement plan expense was \$96,000 for the year ended August 31, 2022.

**NOTE 12          COMMITMENT**

The Center has a 10.5-year lease agreement for office space at 1800 JFK Boulevard, Philadelphia, PA which expires in April 2030. Occupancy began in November 2019 and the lease agreement allows for free rent for the first two months, and an initial monthly base rent of \$10,870 with periodic increases throughout the lease term. The lease agreement also provides an option for early termination at any time between the dates August 1, 2022, and December 31, 2024, provided that the Center gives the landlord no less than nine (9) months prior written notice and pays a termination fee equal to the unamortized transaction costs including commissions, improvements, and free rent, at a 6% interest rate.

**JUVENILE LAW CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**NOTE 12      COMMITMENT (CONTINUED)**

Assuming no such option is exercised, future minimum lease payments are as follows:

Years ending August 31,		
2023	\$	172,711
2024		187,792
2025		191,415
2026		195,038
thereafter		<u>744,525</u>
	\$	<u><u>1,491,482</u></u>

Rent expense was \$177,022 for the year ended August 31, 2022 and is included in occupancy in the statement of functional expenses.

**NOTE 13      CONCENTRATIONS OF RISKS**

The Center maintains its cash in accounts with two financial institutions, which at times exceed federally insured limits. The amount that exceeded federally insured limits was \$178,989 at August 31, 2022. The Center has not experienced any losses and believes it is not exposed to any significant credit risk.

Substantially all of the grants and contributions receivable are derived from grant and foundation donors, all of which are made on an unsecured basis.

The Center's endowment investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

**NOTE 14      SUBSEQUENT EVENTS**

The Center has evaluated subsequent events through March 30, 2023, which is the date the financial statements were available to be issued.