JUVENILE LAW CENTER

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED AUGUST 31, 2022)

J. MILLER & ASSOCIATES LLC
CPAs FOR NONPROFITS

JUVENILE LAW CENTER
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YEAR ENDED AUGUST 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED AUGUST 31, 2022)

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, 2023, 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, 2023, 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 other 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.

Emphasis of Matter

As disclosed in Note 13, the beginning net assets at September 1, 2022 were restated to reflect the reclassification of net assets related to the Zubrow funds. Our opinion is not modified with respect to this matter.

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 that 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, 2022 and, in our report, dated March 30, 2023, we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information, presented herein, as of August 31, 2022, 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
May 6, 2024

JUVENILE LAW CENTER
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF AUGUST 31, 2022)

	2023	Restated 2022
Assets		
Cash and equivalents	$ 451,895	$ 550,942
Investments	2,308,929	3,409,063
Grants and contributions receivable	2,352,323	3,082,447
Prepaid expenses	66,902	97,164
Investments - board designated	2,535,570	2,313,944
Security deposit	10,900	21,800
Operating lease right-of-use asset	1,019,193	1,193,722
Property and equipment, net	86,805	80,068
Total assets	$ 8,832,517	$ 10,749,150
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 177,809	$ 9,555
Accrued expenses	119,873	113,443
Accrued vacation	90,326	25,671
Due to others	702,167	1,368,833
Operating lease liability	1,157,877	1,328,104
Total liabilities	2,248,052	2,845,606
Net assets		
Undesignated	1,191,171	2,598,047
Board designated	2,535,570	2,313,944
Without donor restrictions	3,726,741	4,911,991
With donor restrictions	2,857,724	2,991,553
Total net assets	6,584,465	7,903,544
Total liabilities and net assets	$ 8,832,517	$ 10,749,150

See accompanying notes to the financial statements.

JUVENILE LAW CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Restated Total 2022
Support and revenue				
Foundations and other grants	$ -	$ 2,450,250	$ 2,450,250	$ 3,385,879
Individual and corporate contributions	772,986	-	772,986	566,316
Forgiveness of debt - PPP loans	-	-	-	919,397
Fundraising events, net of direct donor benefits of $93,537	117,674	-	117,674	147,406
Honoraria and fees	46,619	-	46,619	41,141
Miscellaneous income	722	-	722	8,441
Realized loss on sale of donated securities	(1,684)	-	(1,684)	(325)
Net investment return	435,485	-	435,485	(978,968)
Net assets released from restrictions	2,584,079	(2,584,079)	-	-
Total support and revenue	3,955,881	(133,829)	3,822,052	4,089,287
Expenses				
Program expense	3,881,485	-	3,881,485	2,975,788
Management and general	570,452	-	570,452	343,584
Fundraising	689,194	-	689,194	450,583
Total expenses	5,141,131	-	5,141,131	3,769,955
Change in net assets	(1,185,250)	(133,829)	(1,319,079)	319,332
Net assets at beginning of year, as restated	4,911,991	2,991,553	7,903,544	7,584,212
Net assets at end of year	$ 3,726,741	$ 2,857,724	$ 6,584,465	$ 7,903,544

See accompanying notes to the financial statements.

JUVENILE LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)

	Program Expense	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total 2023	Restated Total 2022
Salaries	$ 2,469,381	$ 308,871	$ 419,760	$ -	$ 3,198,012	$ 2,255,887
Payroll taxes	187,771	23,486	31,919	-	243,176	169,596
Heath insurance	353,497	44,215	60,090	-	457,802	383,717
Retirement plan expense	87,679	10,967	14,902	-	113,548	96,000
Total salaries and related expenses	3,098,328	387,539	526,671	-	4,012,538	2,905,200
Accounting and audit	-	67,206	-	-	67,206	51,206
Bad debt	-	9,000	-	-	9,000	-
Bank charges	5,906	739	1,004	-	7,649	7,046
Computer/software maintenance and support	25,528	3,193	4,339	-	33,060	52,212
Consultant - other	304,084	42,233	47,613	-	393,930	257,972
Depreciation	23,078	2,887	3,923	-	29,888	24,022
Fundraising supplies	-	-	41,876	-	41,876	28,811
Insurance	23,301	2,914	3,961	-	30,176	32,268
Leadership Awards	-	-	-	15,000	15,000	
Litigation	29,697	-	-	-	29,697	9,717
Miscellaneous	21,534	2,694	3,660	-	27,888	23,565
Occupancy	146,969	18,383	24,982	-	190,334	188,849
Office expense and supplies	40,427	5,057	6,872	-	52,356	32,115
Postage	3,577	448	608	-	4,633	6,041
Printing and publications	13,803	1,727	2,346	-	17,876	6,723
Special event costs	-	-	-	78,537	78,537	35,852
Staff development	19,723	-	-	-	19,723	15,276
Telephone	5,918	740	1,006	-	7,664	7,109
Travel and training	119,612	25,692	20,333	-	165,637	36,674
Total expenses by function	3,881,485	570,452	689,194	93,537	5,234,668	3,805,807
Less: expenses include with revenues on the statement of activities						
Cost of direct benefits to donors	-	-	-	(93,537)	(93,537)	(35,852)
Total expenses included in the expense section on the statement of activities	$ 3,881,485	$ 570,452	$ 689,194	$ -	$ 5,141,131	$ 3,769,955

See accompanying notes to the financial statements.

JUVENILE LAW CENTER
STATEMENT OF CASH FLOW
YEAR ENDED AUGUST 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)

	2023	Restated 2022
Cash flows from operating activities		
Change in net assets	$ (1,319,079)	$ 319,332
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	29,888	24,022
Realized and unrealized gains (losses)	(325,371)	1,093,997
Loss on sale of donated securities	1,684	325
Donated securities	(91,501)	(68,883)
Change in assets and liabilities		
Grants and contributions receivable	730,124	(1,770,258)
Prepaid expenses	30,262	(15,273)
Security deposit	10,900	-
Operating lease right-of-use asset	174,529	-
Accounts payable	168,254	(82,865)
Accrued expenses	6,430	33,466
Accrued vacation	64,655	(43,444)
Refundable advances	-	(14,438)
Due to others	(666,666)	1,368,833
Deferred rent	-	29,532
Operating lease liability	(170,227)	-
Net cash (used in) provided by operating activities	(1,356,118)	(45,051)
Cash flows from investing activities		
Proceeds from sale of investments	1,469,631	21,321
Purchase of investments	(175,935)	(67,709)
Purchase of property and equipment	(36,625)	-
Net cash provided by (used in) investing activities	1,257,071	(46,388)
Net decrease in cash and equivalents	(99,047)	(91,439)
Cash and equivalents at beginning of year	550,942	642,381
Cash and equivalents at end of year	$ 451,895	$ 550,942
Supplemental schedule of noncash activity		
Implementation of lease standard:		
Operating lease right-of-use asset	$ -	$ 1,193,722
Operating lease liability	-	(1,193,722)
	$ -	$ -

See accompanying notes to the financial statements.

JUVENILE LAW CENTER
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

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 Unites 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summarized Comparative Information

The summarized comparative information presents amounts in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended August 31, 2022 from which the summarized information was derived.

Recent Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities by lessees for those leases classified as operating leases.

The Center adopted this ASU effective September 1, 2021 and as of August 31, 2022 (the earliest year presented), recognized an operating lease liability of $1,328,104, which represents the present value of the remaining operating lease payments, discounted using the incremental borrowing rate of 3.03%, and a right of use asset of $1,193,722, which represents the operating lease liability of $1,328,104 adjusted for deferred rent of $134,382. The adoption of this ASU had a material impact on the Center's statement of financial position due to the recognition of operating lease – right-of-use asset and lease liability. However, there was no impact to the statement of activities.

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, 2023, management has determined that amounts are fully collectible and an allowance for doubtful accounts is not deemed necessary.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Realized and unrealized gains and losses, and interest and dividends, net of fees are reported as net investment return in the statement of activities and classified 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 dividends are recognized when earned.

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.

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 statement 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. The Center follows the accounting guidance for uncertain tax positions and believes that it has appropriate support for any tax position taken. As such, the Center does not have any uncertain tax positions that are material to the financial statements.

NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE

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

Amounts due within one year	$2,252,323
Amounts due in two years	100,000
	$2,352,323

NOTE 4 LIQUIDITY AND AVAILABILITY

The following represents the Center's current financial assets:

Cash and equivalents	$ 451,895
Investments	2,308,929
Grants and contributions receivable	2,352,323
Investments - board designated	2,535,570
	7,648,717
Less: Board designated portion	2,535,570
Less: Time restrictions beyond one year	429,792
Less: Amount with purpose restrictions	1,635,974
Less: Due to others	702,167
	5,303,503
Financial assets available to meet general expenditures over the next twelve months	$ 2,345,214

NOTE 4 LIQUIDITY AND AVAILABILITY (CONTINUED)

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 took a distribution of $284,000 during the year ended August 31, 2023.

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.

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	$ 647,917
Equities	1,661,012
	2,308,929
Investments -board designated (Zubrow Fund):	
Fixed income	752,743
Equities	1,782,827
	2,535,570
Total assets measured at fair value	$ 4,844,499

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The investment return is as follows:

Interest and dividends, net	$	110,114
Realized loss		446,963
Unrealized loss		(121,592)
	$	435,485

NOTE 6 INVESTMENTS – BOARD DESIGNATED

The Center has a board designated fund referred as the "Zubrow Fund" which is reported as a separate line item on the foregoing Statement of Financial Position as Investments – board designated. The line item titled Investments on the foregoing Statement of Financial Position reflects the then current market value of the Center's unrestricted and undesignated investments, exclusive of the Zubrow Fund.

In previous financial statements, the Center has referred to the Zubrow Fund as an "endowment" that included the one million dollar ($1,000,000) original corpus of the Zubrow Fund ("Zubrow Corpus") plus the accumulated income and investment returns of the Zubrow Corpus. The donor has confirmed that the Zubrow Fund is not restricted to any specific Center operations or programming but has indicated a preference that the Zubrow Corpus and all income and investment returns of the Zubrow Fund, be used to support a portion or all of the annual cost to the Center to operate the Zubrow Fellowship Program. Nonetheless, the Center intends to manage the Zubrow Fund so that the current market value of the Zubrow Fund is one million dollars ($1,000,000) or greater, at all times. In accordance with GAAP, the Center has accounted for the Zubrow Fund as board designated.

While both the Zubrow Corpus and the accumulated income and investment returns of the Zubrow Fund were previously reported as an endowment, the accumulated income and investment returns historically have been board designated funds. The chart below reflects the restatement of the Zubrow Corpus as board designated and continuation of the accumulated income and investment returns of the Zubrow Fund as board designated.

Changes in the Zubrow Fund are as follows:

	Zubrow Fund Expendable (Board Designated)	Zubrow Fund Nonexpendable	Total
Net assets of the Zubrow Fund at September 1, 2022, as previously reported	$ 1,313,944	$ 1,000,000	$ 2,313,944
Reclassification	1,000,000	(1,000,000)	-
Board Designated net assets at September 1, 2022, as restated (see Note 13)	2,313,944	-	2,313,944
Investment return:			
Interest and dividends, net of fees	39,179	-	39,179
Realized loss	87,329	-	87,329
Unrealized loss	95,118	-	95,118
Board Designated net assets at August 31, 2023	$ 2,535,570	$ -	$ 2,535,570

NOTE 6 INVESTMENTS – BOARD DESIGNATED (CONTINUED)

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 use of the Zubrow Fund is at the discretion of the Board of Directors of the Center.

Return Objective, Spending Policy, and Risk Parameters

The Center's objective is to earn a reasonable, long-term, risk-adjusted total rate of return and to utilize a total return concept to determine the amount of funds approved to support the operations of the Center. The spending amount for the program each year is at the Board's sole discretion. The Zubrow 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 Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Center may utilize a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (dividends). The Center closely monitors its investment mix to determine the 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.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture and fixtures	$ 94,338
Computer equipment	25,620
Software/website	176,256
Leasehold improvements	57,192
	353,406
Less: accumulated depreciation	(266,601)
Total property and equipment, net	$ 86,805

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

Time restrictions	$ 1,221,750
Purpose restrictions:	
Child welfare and justice system advocacy	1,154,902
Youth Advocacy	144,789
Economic Justice Project	336,283
	1,635,974
	$ 2,857,724

Net assets were released from donor restrictions as follows:

Expiration of time restrictions	$ 831,346
Satisfaction of purpose restrictions:	
Child welfare and justice system advocacy	1,043,343
Youth engagement	204,378
Economic Justice Project	335,634
Youth Advocacy	169,378
Summer internships	-
	1,752,733
	$ 2,584,079

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, 2023, expenses associated with agreements in which the Center served as the fiscal agent were $0 and is reported as consultant – pass-thru funds on the statement of functional expenses. As of August 31, 2023, $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, 2023, $1,000,000 is outstanding and is included in grants and contributions receivable and $666,667 is due to the two partners and is included in due to others in the statement of financial position.

NOTE 10 RETIREMENT PLAN

The Center has a 403(b)-retirement plan for the benefit of all eligible employees who have met 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 $113,548 for the year ended August 31, 2023.

NOTE 11 LEASE 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.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit discount rate is not readily determinable from the lease, the Center will estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using our applicable borrowing rates and contractual lease terms and is 3.03%.

Future minimum lease payments are as follows:

August 31,	
2024	$ 187,796
2025	191,420
2026	195,044
2027	198,658
2028	202,280
Thereafter	343,576
	$ 1,318,774

Rent expense was $177,013 for the year ended August 31, 2023 and is included in occupancy in the statement of functional expenses.

NOTE 12 CONCENTRATIONS OF RISKS

The Center maintains its cash in accounts with two financial institutions, which at times exceed federally insured limits. The Center did not exceed the FDIC limit as of August 31, 2023.

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

The Center's 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 13 RESTATEMENT OF NET ASSETS

The beginning net asset at September 1, 2022 has been restated due to the reclassification of Zubrow Fund a portion of which was previously classified as nonexpendable donor restricted. The Center was advised that the funds received from the donor, who was a former board member, should have been classified as board designated. (See Note 6).

The impact on the restatement of net assets is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Asset
Beginning of year, as previously reported	$ 2,608,045	$ 5,295,499	$ 7,903,544
Reclassification of Zubrow funds	2,303,946	(2,303,946)	-
Beginning of year, as restated	$ 4,911,991	$ 2,991,553	$ 7,903,544

NOTE 14 SUBSEQUENT EVENTS

The Center has evaluated subsequent events through May 6, 2024 which is the date the financial statements were available to be issued.