

GLOBAL CITIZEN YEAR, INC.
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022)

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INDEPENDENT AUDITOR'S REPORT

January 24, 2024

Board of Directors
Global Citizen Year, Inc.
Oakland, California

Opinion

I have audited the accompanying financial statements of Global Citizen Year, Inc. (a nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Citizen Year, Inc. as of June 30, 2023, and the changes in 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Global Citizen Year, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the Global Citizen Year, Inc.'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

My 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 my 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, I:

- 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 Global Citizen Year, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Citizen Year, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

I have previously audited Global Citizen Year, Inc.'s 2022 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated February 22, 2023. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Healy and Associates
Concord, California

GLOBAL CITIZEN YEAR, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,456,390	\$ 5,232,771
Investments	8,269,447	11,643,841
Grants and pledges receivable	185,000	230,000
Tuition and accounts receivable	16,266	108,296
Prepaid expenses and other current assets	83,667	115,785
TOTAL CURRENT ASSETS	15,010,770	17,330,693
Fixed assets, net	2,257	9,028
Right-of-use asset	280,352	-
Deposits	16,506	15,456
TOTAL ASSETS	\$ 15,309,885	\$ 17,355,177
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 763,051	\$ 151,068
Sabbatical liability	113,213	101,634
Security deposit	10,500	10,500
Lease liability, current portion	138,174	-
Deferred revenue	1,500	38,389
TOTAL CURRENT LIABILITIES	1,026,438	301,591
Lease liability, long-term portion	142,178	-
TOTAL LIABILITIES	1,168,616	301,591
 NET ASSETS		
Without donor restrictions		
Board designated	1,600,000	1,600,000
Undesignated	7,560,380	10,091,086
With donor restrictions	4,980,889	5,362,500
TOTAL NET ASSETS	14,141,269	17,053,586
 TOTAL LIABILITIES AND NET ASSETS	\$ 15,309,885	\$ 17,355,177

See Notes to Financial Statements

GLOBAL CITIZEN YEAR, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
REVENUE AND SUPPORT				
Support:				
Grants, awards, and contributions	\$ 768,042	\$ 1,880,300	\$ 2,648,342	\$ 20,188,894
In-kind services	2,000	-	2,000	-
Total Support	<u>770,042</u>	<u>1,880,300</u>	<u>2,650,342</u>	<u>20,188,894</u>
Revenue:				
Investment gain(loss), net	416,266	-	416,266	(1,054,028)
Rental income	130,176	-	130,176	37,500
Tuition and fees	95,900	-	95,900	141,250
Interest on savings and CDs	93,640	-	93,640	-
Other income	29,579	-	29,579	38,986
Employee retention tax credit refund	-	-	-	597,876
PPP loan forgiveness	-	-	-	408,142
Total Revenue	<u>765,561</u>	<u>-</u>	<u>765,561</u>	<u>169,726</u>
Net assets released from restriction	<u>2,261,911</u>	<u>(2,261,911)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>3,797,514</u>	<u>(381,611)</u>	<u>3,415,903</u>	<u>20,358,620</u>
EXPENSES				
Program Services	4,363,362	-	4,363,362	3,784,145
General and Administrative	1,176,517	-	1,176,517	1,245,375
Fundraising	788,341	-	788,341	615,033
Total Expenses	<u>6,328,220</u>	<u>-</u>	<u>6,328,220</u>	<u>5,644,553</u>
Change in net assets	(2,530,706)	(381,611)	(2,912,317)	14,714,067
NET ASSETS, beginning of year, as previously stated	11,691,086	5,362,500	17,053,586	2,456,557
Prior period adjustment	-	-	-	(117,038)
NET ASSETS, beginning of year, as restated	<u>11,691,086</u>	<u>5,362,500</u>	<u>17,053,586</u>	<u>2,339,519</u>
NET ASSETS, end of year	<u>\$ 9,160,380</u>	<u>\$ 4,980,889</u>	<u>\$ 14,141,269</u>	<u>\$ 17,053,586</u>

See Notes to Financial Statements

GLOBAL CITIZEN YEAR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	Program Services	General and Administrative	Fundraising	Total	
				2023	2022
EXPENSES:					
Salaries	\$ 2,339,806	\$ 313,287	\$ 329,979	\$ 2,983,072	\$ 2,850,401
Professional fees	911,434	270,191	355,200	1,536,825	1,336,367
Program platform and other expenses	653,363	1,781	170	655,314	498,602
Employee benefits	191,818	108,377	31,328	331,523	323,117
Travel and networking	83,367	134,554	26,684	244,605	42,482
Payroll taxes	156,616	23,365	24,290	204,271	209,875
Lease and rental expense	474	182,444	-	182,918	146,557
Communications and technology	6,214	94,246	10,321	110,781	125,823
Bank fees, other fees, and taxes	13,676	8,850	8,902	31,428	55,959
Insurance	-	21,646	-	21,646	12,170
Printing, copying, postage, and shipping	2,246	3,629	1,229	7,104	3,584
Depreciation and amortization	-	6,771	-	6,771	18,332
Office supplies	284	5,017	41	5,342	5,896
Bad debt expense	3,724	359	-	4,083	2,370
In-kind services	-	2,000	-	2,000	-
Miscellaneous	340	-	197	537	8,446
Utilities and janitorial	-	-	-	-	4,572
	<u>\$ 4,363,362</u>	<u>\$ 1,176,517</u>	<u>\$ 788,341</u>	<u>\$ 6,328,220</u>	<u>\$ 5,644,553</u>

GLOBAL CITIZEN YEAR, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	Total	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,912,317)	\$ 14,714,067
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	6,771	18,332
PPP loan forgiveness	-	(408,142)
Unrealized (gain) loss	(169,744)	1,154,874
CHANGES IN ASSETS AND LIABILITIES:		
Grants, pledges, tuition, and accounts receivable	137,030	441,454
Prepaid expenses and other current assets	32,118	(13,151)
Deposits	(1,050)	-
Right-of-use asset	(280,352)	-
Accounts payable and accrued expenses	611,983	(121,479)
Sabbatical payable	11,579	(15,404)
Security deposit	-	10,500
Lease liability	280,352	-
Deferred revenue	(36,889)	33,389
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(2,320,519)	15,814,440
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in investments	3,544,138	(12,159,852)
Property and equipment purchases	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,544,138	(12,159,852)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,223,619	3,654,588
CASH AND CASH EQUIVALENTS, beginning of year	5,232,771	1,578,183
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,456,390</u>	<u>\$ 5,232,771</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Right-of-use asset	<u>\$ 414,694</u>	<u>\$ -</u>
Operating lease liability for right-of-use asset	<u>\$ 414,694</u>	<u>\$ -</u>

GLOBAL CITIZEN YEAR, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE A – NATURE OF ACTIVITIES

Global Citizen Year, Inc. (the Organization) is a California nonprofit public benefit corporation, founded in 2008. Global Citizen Year is pioneering a new educational pathway to launch the leaders our world needs now through two distinct experiences: the Take Action Lab and Global Citizen Year Academy (Academy). Both programs select talented students who represent society's diversity and equip them with the empathy, agency, and global network to drive impact today - and over the course of their lives.

As the Organization recovers from the impact of the global pandemic, they have suspended their Fellowship program, an immersive 8-month long experience, and have focused on delivering the Global Citizen Year Academy, an intensive leadership experience (delivered virtually) that equips determined young people worldwide with powerful skills for a lifetime of social impact. Alongside the Academy, in the Spring of 2023 they launched a new semester-long immersive program called Take Action Lab.

The Organization is supported through public support from individuals, corporations, and foundations. In addition, the Organization earns revenue through tuition fees. Tuition fees are based on a family's ability to pay. Financial assistance is provided to certain students based on need, merit, and ability to benefit from the programs. The Organization's main business office is in Oakland, California.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Method and Basis of Presentation (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Grants and Pledges Receivable

The Organization receives income from various contributors. Grants and pledges receivable consist of unconditional promises to give by donors expected to be received within the next business cycle. The Organization has no allowance for uncollectible pledges.

Tuition and Accounts Receivable

The Organization evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. Accounts receivable in the statement of financial position is reflected net of the allowance for doubtful accounts in the amount of \$0.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Tuition revenue for the Academy is recognized as earned over the duration of the program.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Organization's financial instruments include cash, cash equivalents, and investments. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

- **Level 1**— Quoted prices for identical assets in active markets.
- **Level 2**—Observable inputs other than Level 1, which include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- **Level 3**— Unobservable inputs that cannot be corroborated by observable market data.

The fair value hierarchy used by the Organization to measure the fair value of investments is detailed in Note E.

Fixed Assets

Fixed assets are stated at historical cost. Furniture and equipment expenditures or donations with a cost or fair value of \$5,000 or greater, are capitalized and depreciated over three to five years using the straight-line method. Website creation and development exceeding \$5,000 is recorded at cost and is amortized over the estimated useful life of two years.

Deferred Revenue

Deferred revenue represents the cash received in advance of the upcoming program year.

Contributed Goods, Services, and Use of Facilities

The Organization receives goods, services, and the use of facilities which are donated for carrying out the mission of the Organization. The amounts reflected in the accompanying financial statements meet the criteria for recognition under ASC 958 and are reflected at fair market value at the time of the contribution or performance of the service. During the year ended June 30, 2023 the Organization received \$2,000 in professional accounting services allocated to general and administrative expenses.

GLOBAL CITIZEN YEAR, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization has received tax exempt status under Section 501(c)(3) of the Internal Revenue Code, Section 23701(d) of the State of California Revenue and Taxation Code. The Organization's tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has no unrelated business income, and management has analyzed the tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited either based upon detailed time records, participant enrollment, and estimates prepared by management personnel.

Foreign Operations

The Organization has programming that takes place abroad and makes distributions to partners abroad in carrying out those programs. The balance of the funds held abroad by partners is \$3,730 and \$47,884, at June 30, 2023 and 2022, respectively, and are included in prepaid expenses and other current assets in the accompanying statement of financial position.

Comparative Financial Information and Reclassifications

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

GLOBAL CITIZEN YEAR, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Principles

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a comprehensive new lease accounting model. It 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 for leases with a lease term of more than one year. It is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization adopted the standard on July 1, 2022. The Organization elected the ‘package of practical expedients’, which permitted the Organization not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs; and all of the new standard’s available transition practical expedients. In addition, the Organization adopted the practical expedients of using the risk-free interest rate and the short-term lease definition. The adoption of the standard resulted in the addition of right of use assets and lease liabilities as reflected in the accompanying financial statements.

The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, less any lease incentives received. All right-of-use assets are reviewed for impairment. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an incremental borrowing rate for the same term as the underlying lease or the risk-free interest rate. Lease expense for the operating lease is recognized on a straight-line basis over the lease term. Included in lease expense are any variable lease payments incurred in the period that were not included in the initial lease liability.

NOTE C – GRANTS, PLEDGES, TUITION, AND ACCOUNTS RECEIVABLE

At June 30, grants, pledges, tuition, and accounts are comprised of the following:

	<u>2023</u>	<u>2022</u>
Grants and pledges receivable	\$ 185,000	\$ 230,000
Employee retention tax credit receivable	-	108,263
Tuition and other accounts receivable	<u>16,266</u>	<u>33</u>
	<u>\$ 201,266</u>	<u>\$ 338,296</u>

GLOBAL CITIZEN YEAR, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE D – CONCENTRATION OF CREDIT RISK

Grants and pledges receivable constitute a concentration of credit risk as approximately 79% of total receivables are due from one funder.

The total cash held in financial institutions by the Organization at June 30, 2023 and 2022, includes \$1,497,572 and \$5,045,354, respectively, in monies that are not covered by insurance provided by the FDIC.

During the year ended June 30, 2023, approximately 44% of the Organization’s revenue and support is from one funder.

NOTE E – INVESTMENTS

The Organization’s investments, measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2023 are as follows:

	<u>Level 1</u>
Fixed income	\$ 7,288,854
Equities	<u>980,593</u>
Total investments	<u>\$ 8,269,447</u>

Investment activity for the year ended June 30, 2023 is as follows:

Investments, beginning of year	\$ 11,643,841
Additions	3,085,070
Withdrawals	(4,177,413)
Dividends and interest	267,712
Long term capital gain	8,810
Unrealized gain	169,744
Advisory fees	(30,000)
Less amount in cash	<u>(2,698,317)</u>
Investments, end of year	<u>\$ 8,269,447</u>

GLOBAL CITIZEN YEAR, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE F – FIXED ASSETS

Fixed assets at June 30 consists of the following:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ -	\$ 64,066
Furniture and fixtures	63,991	63,991
Website creation and development	34,053	34,053
Less: accumulated depreciation/amortization	<u>(95,787)</u>	<u>(153,082)</u>
Fixed assets, net	<u>\$ 2,257</u>	<u>\$ 9,028</u>

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 is \$6,771 and \$18,332, respectively.

NOTE G – DEFERRED REVENUE

For the year ended June 30, 2023, activity in deferred revenue consists of the following:

<u>Restriction</u>	<u>6/30/2022</u>	<u>Received</u>	<u>Recognized</u>	<u>6/30/2023</u>
Academy tuition	\$ 38,389	\$ 1,500	(\$ 38,389)	\$ 1,500
Total	<u>\$ 38,389</u>	<u>\$ 1,500</u>	<u>(\$ 38,389)</u>	<u>\$ 1,500</u>

NOTE H – NET ASSETS WITH BOARD DESIGNATIONS

The Organization had the following activity in net assets with board designations for the year ended June 30, 2023:

<u>Designation</u>	<u>6/30/22</u>	<u>Awards</u>	<u>Releases</u>	<u>6/30/23</u>
Reserve	<u>\$1,600,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,600,000</u>

NOTE I – LINE OF CREDIT

The Organization had a secured line of credit with a financial institution with a maximum line of \$650,000, with a variable interest rate calculated using the application margin (or 3.026%) plus the Secured Overnight Financing Rate (SOFR), which expires in March 2024. At June 30, 2023 and 2022, the line of credit had no balance.

GLOBAL CITIZEN YEAR, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

The Organization had the following activity in net assets with donor restrictions for the year ended June 30, 2023:

<u>Restriction</u>	<u>6/30/22</u>	<u>Awards</u>	<u>Releases</u>	<u>6/30/23</u>
Scholarship and new leaders fund	\$ 5,212,500	\$ 390,300	(\$ 1,595,800)	\$ 4,007,000
Time	150,000	1,490,000	(666,111)	973,889
Total	<u>\$ 5,362,500</u>	<u>\$ 1,880,300</u>	<u>(\$ 2,261,911)</u>	<u>\$ 4,980,889</u>

NOTE K – LEASES

During the year ended June 30, 2023, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments.

The Organization has a lease for office space in Oakland, California, under a non-cancellable lease which runs through June 2025 at approximately \$12,000 per month. In addition, the Organization leases office equipment under various agreements extending through October 2023 which are below the capitalization threshold set by the Organization and thus treated as short term leases. Finally, the Organization leases office space under a month-to-month agreement.

The client used a risk-free interest rate of 2.85% to determine the present value of the leases. Right-of-use assets were \$280,352 and lease liabilities were \$280,352 as of June 30, 2023. The weighted-average discount rate used to calculate the present value of future minimum lease payments was 2.85%. The weighted-average lease term was 2 years at June 30, 2023.

Future minimum payments for the fiscal year ended June 30 is as follows:

	<u>Operating Leases</u>	<u>Short term Leases</u>
2024	\$ 144,060	\$ 1,675
2025	144,060	-
Total minimum lease payments	288,120	1,675
Less: net present value	(7,768)	-
Present value of minimum lease payments	<u>\$ 280,352</u>	<u>\$ 1,675</u>

GLOBAL CITIZEN YEAR, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

NOTE K – LEASES (Continued)

Lease expense consists of the following for the year ended June 30, 2023:

Operating lease expense	\$ 144,060
Short term lease expense	34,162
Total lease expense	<u>\$ 178,222</u>

The total cash amount paid for operating leases was \$144,060 for the fiscal year ended June 30, 2023, with no non-cash component.

During the year ended June 30, 2023, the Organization sublet some of its office space to another organization at a rate of approximately \$10,500 per month through June 2025. The Organization recognized \$130,176 in rental income during the year ended June 30, 2023.

NOTE L – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 6,456,390
Investments	8,269,447
Grants, pledges, tuition, and accounts receivable	201,266
Total financial assets	<u>14,927,103</u>
Less:	
Net assets with Board designations	(1,600,000)
Net assets with restrictions to be met in one year	(4,980,889)
	<u>(6,580,889)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,346,214</u>
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As part of the Organization’s liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements, if available, in short-term investments. The Organization’s board designated funds are \$1,600,000 at June 30, 2023. Although they do not intend to spend from this board designated fund, these amounts could be made available if necessary. In addition, the Organization has access to lines of credit with a maximum available of \$650,000.

GLOBAL CITIZEN YEAR, INC.
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NOTE M – EMPLOYEE BENEFITS

The Organization offers its employees participation in a simple IRA plan with up to a 3% match. During the year ended June 30, 2023 and 2022, the Organization contributed \$69,774 and \$60,179, respectively, to the participants accounts.

The Organization's employees are entitled to unlimited paid time off. The amount of paid time off liability at June 30, 2023 could not be determined and is thus not reflected in the accompanying financial statements. Paid time off is accounted for in the period it is used.

All regular and full-time employees who have at least two years of continuous employment with the Organization are eligible for an international trip to one of the countries in which the Organization operates for the purposes of understanding the work that is being done there, giving context to their own work and building trust and relationships among staff. At June 30, 2023 and 2022, the Organization has accrued a liability for this future event in the amount of \$26,000 and \$26,000, respectively, and is reflected in accrued expenses in the accompanying financial statement of financial position.

The Organization offers a sabbatical benefit of one month (or 20 workdays) after three years continuous, permanent, full-time employment to employees. Additional sabbaticals accrue after the sabbatical is used. The expense is \$11,579 and \$15,405 for the year ended June 30, 2023 and 2022, and the liability accrued is \$113,213 and \$101,634 at June 30, 2023 and 2022, respectively.

NOTE N – SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition and disclosure through January 24, 2024, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in the financial statements.