YEAR UP, INC. AND SUBSIDIARY

CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

YEAR UP, INC. AND SUBSIDIARY

Contents
December 31, 2023 and 2022

50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpa.com

Independent Auditor's Report

To the Board of Directors of
Year Up, Inc. and Subsidiary:

Opinion

We have audited the consolidating financial statements of Year Up, Inc. (a Massachusetts corporation, not for profit) and its Subsidiary (collectively, the Entity), which comprise the consolidating statements of financial position as of December 31, 2023 and 2022, and the related consolidating statements of activities, changes in net assets and stockholder's equity, cash flows, and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

In our opinion, the accompanying consolidating financial statements present fairly, in all material respects, the consolidating financial position of Year Up, Inc. and its Subsidiary as of December 31, 2023 and 2022, and the changes in their net assets and stockholder's equity and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidating financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern within one year after the date that the consolidating 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 consolidating 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 for 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 consolidating financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 consolidating 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 consolidating 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 the Entity'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 consolidating financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity'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.

AAFCPAs, Inc.

Westborough, Massachusetts
March 8, 2024

YEAR UP, INC. AND SUBSIDIARY

Consolidating Statement of Financial Position
December 31, 2023
(With Summarized Comparative Totals as of December 31, 2022)

	2023				2022
Assets	**Year Up, Inc.**	**YUPRO**	**Eliminations**	**Total**	**Total**
Current Assets:					
Cash and cash equivalents	$ 48,468,702	$ 6,384,412	$ -	$ 54,853,114	$ 51,527,789
Cash and cash equivalents - endowment	-	-	-	-	1,350,000
Investments	43,323,881	-	-	43,323,881	37,204,886
Current portion of grants and pledges receivable, net	25,590,034	-	-	25,590,034	27,346,729
Internship receivable, net of allowance for credit losses of $2,738,177	20,964,784	1,858,639	(84,651)	22,738,772	23,327,918
Prepaid expenses and other	4,323,559	298,572	(179,877)	4,442,254	4,238,579
Total current assets	142,670,960	8,541,623	(264,528)	150,948,055	144,995,901
Grants and Pledges Receivable, net of current portion and discount	29,656,889	-	-	29,656,889	45,414,312
Right-of-Use (ROU) Asset, net	18,519,410	-	-	18,519,410	23,164,190
Property and Equipment, net	14,305,198	55,060	-	14,360,258	14,668,018
Investment in YUPRO	3,943,253	-	(3,943,253)	-	-
Investments - Endowment	7,107,580	-	-	7,107,580	3,883,733
Total assets	$ 216,203,290	$ 8,596,683	$ (4,207,781)	$ 220,592,192	$ 232,126,154
Liabilities, Net Assets and Stockholder's Equity					
Current Liabilities:					
Current portion of operating lease liability	$ 6,977,603	$ -	$ -	$ 6,977,603	$ 7,187,271
Accounts payable and accrued expenses	7,542,106	1,796,980	(264,528)	9,074,558	7,849,168
Accrued payroll and related expenses	7,960,263	79,416	-	8,039,679	9,140,782
Deferred revenue	3,221,079	810,323	-	4,031,402	4,818,661
Total current liabilities	25,701,051	2,686,719	(264,528)	28,123,242	28,995,882
Operating Lease Liability, net of current portion	18,723,871	-	-	18,723,871	24,701,466
Mandatorily Redeemable Preferred Stock, net	-	1,966,711	-	1,966,711	1,966,711
Total liabilities	44,424,922	4,653,430	(264,528)	48,813,824	55,664,059
Net Assets:					
Without donor restrictions	86,770,279	-	-	86,770,279	85,403,578
With donor restrictions:					
Purpose and time	68,854,806	-	-	68,854,806	75,607,821
Endowment	16,153,283	-	-	16,153,283	15,450,696
Total with donor restrictions	85,008,089	-	-	85,008,089	91,058,517
Total net assets	171,778,368	-	-	171,778,368	176,462,095
Stockholder's Equity:					
Paid-in capital:					
Common stock, $0.001 par, 100,000 shares authorized and 48,000 issued and outstanding	-	48	(48)	-	-
Paid-in capital in excess of par - common	-	479,952	(479,952)	-	-
Total paid-in capital	-	480,000	(480,000)	-	-
Retained earnings	-	3,463,253	(3,463,253)	-	-
Total stockholder's equity	-	3,943,253	(3,943,253)	-	-
Total net assets and stockholder's equity	171,778,368	3,943,253	(3,943,253)	171,778,368	176,462,095
Total liabilities and net assets and stockholder's equity	$ 216,203,290	$ 8,596,683	$ (4,207,781)	$ 220,592,192	$ 232,126,154

YEAR UP, INC. AND SUBSIDIARY

Consolidating Statement of Financial Position
December 31, 2022

Assets	Year Up, Inc.	YUPRO	Eliminations	Total
Current Assets:				
Cash and cash equivalents	$ 45,423,727	$ 6,104,062	$ -	$ 51,527,789
Cash and cash equivalents - endowment	1,350,000	-	-	1,350,000
Investments	37,204,886	-	-	37,204,886
Current portion of grants and pledges receivable, net	27,346,729	-	-	27,346,729
Internship receivable, net of allowance for credit losses of $1,796,994	20,745,954	3,712,866	(1,130,902)	23,327,918
Prepaid expenses and other	3,759,907	478,672	-	4,238,579
Total current assets	135,831,203	10,295,600	(1,130,902)	144,995,901
Grants and Pledges Receivable, net of current portion and discount	45,414,312	-	-	45,414,312
Right-of-Use (ROU) Asset, net	23,164,190	-	-	23,164,190
Property and Equipment, net	14,621,860	46,158	-	14,668,018
Investment in YUPRO	3,500,893	-	(3,500,893)	-
Investments - Endowment	3,883,733	-	-	3,883,733
Total assets	$ 226,416,191	$ 10,341,758	$ (4,631,795)	$ 232,126,154
Liabilities, Net Assets and Stockholder's Equity				
Current Liabilities:				
Current portion of operating lease liability	$ 7,187,271	$ -	$ -	$ 7,187,271
Accounts payable and accrued expenses	6,009,169	2,970,901	(1,130,902)	7,849,168
Accrued payroll and related expenses	8,817,360	323,422	-	9,140,782
Deferred revenue	3,238,830	1,579,831	-	4,818,661
Total current liabilities	25,252,630	4,874,154	(1,130,902)	28,995,882
Operating Lease Liability, net of current portion	24,701,466	-	-	24,701,466
Mandatorily Redeemable Preferred Stock, net	-	1,966,711	-	1,966,711
Total liabilities	49,954,096	6,840,865	(1,130,902)	55,664,059
Net Assets:				
Without donor restrictions	85,403,578	-	-	85,403,578
With donor restrictions:				
Purpose and time	75,607,821	-	-	75,607,821
Endowment	15,450,696	-	-	15,450,696
Total with donor restrictions	91,058,517	-	-	91,058,517
Total net assets	176,462,095	-	-	176,462,095
Stockholder's Equity:				
Paid-in capital:				
Common stock, $0.001 par, 100,000 shares authorized and 48,000 issued and outstanding	-	48	(48)	-
Paid-in capital in excess of par - common	-	479,952	(479,952)	-
Total paid-in capital	-	480,000	(480,000)	-
Retained earnings	-	3,020,893	(3,020,893)	-
Total stockholder's equity	-	3,500,893	(3,500,893)	-
Total net assets and stockholder's equity	176,462,095	3,500,893	(3,500,893)	176,462,095
Total liabilities and net assets and stockholder's equity	$ 226,416,191	$ 10,341,758	$ (4,631,795)	$ 232,126,154

The accompanying notes are an integral part of these consolidating statements.

YEAR UP, INC. AND SUBSIDIARY

Consolidating Statement of Activities
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023						2022
	Year Up, Inc.						
	Without Donor Restrictions	With Donor Restrictions	Total	YUPRO	Eliminations	Total	Total
Operating Revenues and Sales:							
Program service fees	$ 93,521,600	$ -	$ 93,521,600	$ -	$ -	$ 93,521,600	$ 81,631,764
Contributions and grants	42,138,237	45,626,852	87,765,089	-	-	87,765,089	82,762,947
Investment income (loss), net of fees	3,695,499	-	3,695,499	-	-	3,695,499	(3,479,406)
In-kind goods and services	2,967,362	-	2,967,362	-	-	2,967,362	2,711,890
Other revenue	868,487	-	868,487	-	(179,877)	688,610	683,273
Net assets released from restrictions	52,379,867	(52,379,867)	-	-	-	-	-
Total operating revenues	195,571,052	(6,753,015)	188,818,037	-	(179,877)	188,638,160	164,310,468
Sales	-	-	-	21,335,674	(832,128)	20,503,546	25,704,775
Less - cost of sales	-	-	-	16,079,664	-	16,079,664	20,209,636
Net sales	-	-	-	5,256,010	(832,128)	4,423,882	5,495,139
Total operating revenues and sales	195,571,052	(6,753,015)	188,818,037	5,256,010	(1,012,005)	193,062,042	169,805,607
Operating Expenses:							
Program services:							
Direct Service	149,562,679	-	149,562,679	2,919,210	(832,128)	151,649,761	126,235,949
Alumni	2,397,730	-	2,397,730	-	-	2,397,730	1,991,541
Grads of Life	6,036,276	-	6,036,276	-	-	6,036,276	5,398,565
Total program services	157,996,685	-	157,996,685	2,919,210	(832,128)	160,083,767	133,626,055
General and administrative	25,981,292	-	25,981,292	1,894,440	(179,877)	27,695,855	23,367,349
Fundraising	10,668,734	-	10,668,734	-	-	10,668,734	9,914,574
Total operating expenses	194,646,711	-	194,646,711	4,813,650	(1,012,005)	198,448,356	166,907,978
Changes in net assets and stockholder's equity from operations	924,341	(6,753,015)	(5,828,674)	442,360	-	(5,386,314)	2,897,629
Non-operating Revenues (Expenses):							
Investment gain (loss), net of fees - endowment	-	523,847	523,847	-	-	523,847	(416,267)
Pledge discount - endowment	-	178,740	178,740	-	-	178,740	-
Equity in earnings of subsidiary	442,360	-	442,360	-	(442,360)	-	-
Contributions - endowment	-	-	-	-	-	-	11,566,963
Total non-operating revenues (expenses)	442,360	702,587	1,144,947	-	(442,360)	702,587	11,150,696
Changes in net assets and stockholder's equity	$ 1,366,701	$ (6,050,428)	$ (4,683,727)	$ 442,360	$ (442,360)	$ (4,683,727)	$ 14,048,325

The accompanying notes are an integral part of these consolidating statements.

YEAR UP, INC. AND SUBSIDIARY

Consolidating Statement of Activities
For the Year Ended December 31, 2022

	Year Up, Inc. Without Donor Restrictions	Year Up, Inc. With Donor Restrictions	Year Up, Inc. Total	YUPRO	Eliminations	Total
Operating Revenues and Sales:						
Program service fees	$ 81,631,764	$ -	$ 81,631,764	$ -	$ -	$ 81,631,764
Contributions and grants	37,607,188	45,155,759	82,762,947	-	-	82,762,947
Investment loss, net of fees	(3,479,406)	-	(3,479,406)	-	-	(3,479,406)
In-kind goods and services	2,711,890	-	2,711,890	-	-	2,711,890
Other revenue	989,860	-	989,860	-	(306,587)	683,273
Net assets released from restrictions	48,482,065	(48,482,065)	-	-	-	-
Total operating revenues	167,943,361	(3,326,306)	164,617,055	-	(306,587)	164,310,468
Sales	-	-	-	26,674,995	(970,220)	25,704,775
Less - cost of sales	-	-	-	20,209,636	-	20,209,636
Net sales	-	-	-	6,465,359	(970,220)	5,495,139
Total operating revenues and sales	167,943,361	(3,326,306)	164,617,055	6,465,359	(1,276,807)	169,805,607
Operating Expenses:						
Program services:						
Direct Service	123,906,416	-	123,906,416	3,299,753	(970,220)	126,235,949
Alumni	1,991,541	-	1,991,541	-	-	1,991,541
Grads of Life	5,398,565	-	5,398,565	-	-	5,398,565
Total program services	131,296,522	-	131,296,522	3,299,753	(970,220)	133,626,055
General and administrative	21,754,725	-	21,754,725	1,919,211	(306,587)	23,367,349
Fundraising	9,914,574	-	9,914,574	-	-	9,914,574
Total operating expenses	162,965,821	-	162,965,821	5,218,964	(1,276,807)	166,907,978
Changes in net assets and stockholder's equity from operations	4,977,540	(3,326,306)	1,651,234	1,246,395	-	2,897,629
Non-operating Revenues (Expenses):						
Investment loss, net of fees - endowment	-	(416,267)	(416,267)	-	-	(416,267)
Equity in earnings of subsidiary	1,246,395	-	1,246,395	-	(1,246,395)	-
Contributions - endowment	-	11,566,963	11,566,963	-	-	11,566,963
Total non-operating revenues (expenses)	1,246,395	11,150,696	12,397,091	-	(1,246,395)	11,150,696
Changes in net assets and stockholder's equity	$ 6,223,935	$ 7,824,390	$ 14,048,325	$ 1,246,395	$ (1,246,395)	$ 14,048,325

The accompanying notes are an integral part of these consolidating statements.

YEAR UP, INC. AND SUBSIDIARY

Consolidating Statements of Changes in Net Assets and Stockholder's Equity
For the Years Ended December 31, 2023 and 2022

	Year Up, Inc.			YUPRO				
	Net Assets			Stockholder's Equity				
	Without Donor Restrictions	With Donor Restrictions	Total	Common Stock	Retained Earnings	Total	Eliminations	Total
Net Assets and Stockholder's Equity, December 31, 2021	$ 79,179,643	$ 83,234,127	$ 162,413,770	$ 480,000	$ 1,774,498	$ 2,254,498	$ (2,254,498)	$ 162,413,770
Changes in net assets and stockholder's equity	6,223,935	7,824,390	14,048,325	-	1,246,395	1,246,395	(1,246,395)	14,048,325
Net Assets and Stockholder's Equity, December 31, 2022	85,403,578	91,058,517	176,462,095	480,000	3,020,893	3,500,893	(3,500,893)	176,462,095
Changes in net assets and stockholder's equity	1,366,701	(6,050,428)	(4,683,727)	-	442,360	442,360	(442,360)	(4,683,727)
Net Assets and Stockholder's Equity, December 31, 2023	$ 86,770,279	$ 85,008,089	$ 171,778,368	$ 480,000	$ 3,463,253	$ 3,943,253	$ (3,943,253)	$ 171,778,368

The accompanying notes are an integral part of these consolidating statements.

YEAR UP, INC. AND SUBSIDIARY

Consolidating Statement of Cash Flows
For the Year Ended December 31, 2023

	Year Up, Inc.	YUPRO	Eliminations	Total
Cash Flows from Operating Activities:				
Changes in net assets and stockholder's equity	$ (4,683,727)	$ 442,360	$ (442,360)	$ (4,683,727)
Adjustments to reconcile changes in net assets and stockholder's equity to net cash provided by operating activities:				
Equity in earnings of subsidiary	(442,360)	-	442,360	-
Depreciation	4,507,574	33,876	-	4,541,450
Credit losses	2,193,614	4,740	-	2,198,354
Bad debt	215,881	-	-	215,881
Realized and unrealized gain on investments	(2,537,029)	-	-	(2,537,029)
Loss on disposal of property and equipment	7,910	-	-	7,910
Changes in pledge discount	(2,598,377)	-	-	(2,598,377)
Changes in operating lease assets and liabilities	(1,542,483)	-	-	(1,542,483)
Changes in operating assets and liabilities:				
Grants and pledges receivables	18,446,614	-	-	18,446,614
Internship receivable	(2,412,444)	1,849,487	-	(562,957)
Prepaid expenses and other	(563,652)	180,100	-	(383,552)
Accounts payable and accrued expenses	1,532,937	(1,007,956)	-	524,981
Accrued payroll and related expenses	(857,097)	(244,006)	-	(1,101,103)
Federal and state taxes payable	-	(165,965)	-	(165,965)
Deferred revenue	(17,751)	(769,508)	-	(787,259)
Net cash provided by operating activities	11,249,610	323,128	-	11,572,738
Cash Flows from Investing Activities:				
Purchases of investments	(23,827,344)	-	-	(23,827,344)
Sales of investments	17,021,531	-	-	17,021,531
Acquisition of property and equipment	(4,198,822)	(42,778)	-	(4,241,600)
Cash collected on endowment pledges	1,450,000	-	-	1,450,000
Net cash used in investing activities	(9,554,635)	(42,778)	-	(9,597,413)
Net Change in Cash and Cash Equivalents	1,694,975	280,350	-	1,975,325
Cash and Cash Equivalents:				
Beginning of year	46,773,727	6,104,062	-	52,877,789
End of year	$ 48,468,702	$ 6,384,412	$ -	$ 54,853,114
Supplemental Disclosures:				
Cash paid for Federal and state income taxes	$ -	$ 159,540	$ -	$ 159,540

YEAR UP, INC. AND SUBSIDIARY

Consolidating Statement of Cash Flows
For the Year Ended December 31, 2022

	Year Up, Inc.	YUPRO	Eliminations	Total
Cash Flows from Operating Activities:				
Changes in net assets and stockholder's equity	$ 14,048,325	$ 1,246,395	$ (1,246,395)	$ 14,048,325
Adjustments to reconcile changes in net assets and stockholder's equity to net cash provided by (used in) operating activities:				
Equity in earnings of subsidiary	(1,246,395)	-	1,246,395	-
Depreciation	4,820,329	58,154	-	4,878,483
Bad debt	287,420	-	-	287,420
Realized and unrealized loss on investments	4,767,390	-	-	4,767,390
Loss on disposal of property and equipment	60,707	4,545	-	65,252
Changes in pledge discount	3,715,762	-	-	3,715,762
Changes in operating lease assets and liabilites	(1,285,285)	-	-	(1,285,285)
Endowment contributions	(11,566,963)	-	-	(11,566,963)
Changes in operating assets and liabilities:				
Grants and pledges receivables	(3,888,000)	-	-	(3,888,000)
Internship receivable	(11,925,161)	(629,176)	-	(12,554,337)
Prepaid expenses and other	(1,125,590)	(429,615)	-	(1,555,205)
Accounts payable and accrued expenses	3,128,759	487,397	-	3,616,156
Federal and state taxes payable	-	(312,235)	-	(312,235)
Deferred revenue	163,646	69,998	-	233,644
Net cash provided by (used in) operating activities	(45,056)	495,463	-	450,407
Cash Flows from Investing Activities:				
Purchases of investments	(22,920,162)	-	-	(22,920,162)
Sales of investments	13,634,695	-	-	13,634,695
Acquisition of property and equipment	(3,255,944)	(4,255)	-	(3,260,199)
Endowment contributions	1,350,000	-	-	1,350,000
Net cash used in investing activities	(11,191,411)	(4,255)	-	(11,195,666)
Net Change in Cash and Cash Equivalents	(11,236,467)	491,208	-	(10,745,259)
Cash and Cash Equivalents:				
Beginning of year	58,010,194	5,612,854	-	63,623,048
End of year	$ 46,773,727	$ 6,104,062	$ -	$ 52,877,789
Reconciliation of Cash and Cash Equivalents Reported Within the Consolidating Statement of Financial Position:				
Cash and cash equivalents	$ 45,423,727	$ 6,104,062	$ -	$ 51,527,789
Cash and cash equivalents - endowment	1,350,000	-	-	1,350,000
Total cash and cash equivalents shown in the consolidating statement of cash flows	$ 46,773,727	$ 6,104,062	$ -	$ 52,877,789
Supplemental Disclosures:				
Cash paid for Federal and state income taxes	$ -	$ 550,457	$ -	$ 550,457

The accompanying notes are an integral part of these consolidating statements.

YEAR UP, INC. AND SUBSIDIARY

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023										2022
	Year Up, Inc.										
	Program Services										
	Direct Service	Alumni	Grads of Life	Total Program	General and Administrative	Fundraising	Total	YUPRO	Eliminations	Total	Total
Payroll and Related:											
Salaries	$ 62,437,497	$ 1,021,339	$ 4,135,525	$ 67,594,361	$ 13,885,744	$ 6,781,420	$ 88,261,525	$ 2,499,869	$ -	$ 90,761,394	$ 82,563,856
Fringe benefits and taxes	19,579,922	280,470	1,046,583	20,906,975	3,495,911	1,783,740	26,186,626	444,301	-	26,630,927	23,923,997
Contractors wages, benefits and taxes	-	-	-	-	-	-	-	16,079,664	-	16,079,664	20,209,636
Total payroll and related	82,017,419	1,301,809	5,182,108	88,501,336	17,381,655	8,565,160	114,448,151	19,023,834	-	133,471,985	126,697,489
Non-Compensation Operating Expenses:											
Student related direct costs	40,705,778	44,308	-	40,750,086	-	-	40,750,086	-	(784,485)	39,965,601	22,083,532
Technology and telecommunications	6,933,774	615,856	304,705	7,854,335	929,414	401,426	9,185,175	110,763	-	9,295,938	9,097,717
Occupancy	5,671,140	4,228	1,850	5,677,218	2,406,764	17,771	8,101,753	-	-	8,101,753	7,246,294
Consultants and professional services	2,844,958	111,974	298,321	3,255,253	2,320,558	565,393	6,141,204	358,236	(47,643)	6,451,797	5,568,513
Other expenses	2,425,708	156,488	34,105	2,616,301	1,548,689	675,315	4,840,305	910,017	(179,877)	5,570,445	5,141,227
Depreciation	3,456,783	28,906	94,930	3,580,619	762,388	164,567	4,507,574	33,876	-	4,541,450	4,878,483
Advertising and promotion	4,024,493	17,111	33,800	4,075,404	10,704	41,561	4,127,669	354,024	-	4,481,693	3,692,668
Travel, lodging and meals	1,482,626	117,050	86,457	1,686,133	621,120	237,541	2,544,794	102,564	-	2,647,358	2,711,691
Total non-compensation operating expenses	67,545,260	1,095,921	854,168	69,495,349	8,599,637	2,103,574	80,198,560	1,869,480	(1,012,005)	81,056,035	60,420,125
Total operating expenses	149,562,679	2,397,730	6,036,276	157,996,685	25,981,292	10,668,734	194,646,711	20,893,314	(1,012,005)	214,528,020	187,117,614
Cost of Sales	-	-	-	-	-	-	-	(16,079,664)	-	(16,079,664)	(20,209,636)
Total operating expenses net of cost of sales	$ 149,562,679	$ 2,397,730	$ 6,036,276	$ 157,996,685	$ 25,981,292	$ 10,668,734	$ 194,646,711	$ 4,813,650	$ (1,012,005)	$ 198,448,356	$ 166,907,978

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2022

	Year Up, Inc.									
	Program Services									
	Direct Service	Alumni	Grads of Life	Total Program	General and Administrative	Fundraising	Total	YUPRO	Eliminations	Total
Payroll and Related:										
Salaries	$ 58,291,330	$ 952,230	$ 3,449,503	$ 62,693,063	$ 10,930,180	$ 6,350,581	$ 79,973,824	$ 2,590,032	$ -	$ 82,563,856
Fringe benefits and taxes	17,900,359	277,851	908,127	19,086,337	2,740,810	1,655,516	23,482,663	441,334	-	23,923,997
Contractors wages, benefits and taxes	-	-	-	-	-	-	-	20,209,636	-	20,209,636
Total payroll and related	76,191,689	1,230,081	4,357,630	81,779,400	13,670,990	8,006,097	103,456,487	23,241,002	-	126,697,489
Non-Compensation Operating Expenses:										
Student related direct costs	23,263,845	61,155	850	23,325,850	-	-	23,325,850	-	(1,242,318)	22,083,532
Technology and telecommunications	7,152,531	199,031	277,921	7,629,483	983,411	377,851	8,990,745	106,972	-	9,097,717
Occupancy	5,372,577	671	1,927	5,375,175	1,864,388	6,731	7,246,294	-	-	7,246,294
Consultants and professional services	2,067,477	58,120	480,646	2,606,243	2,355,281	442,836	5,404,360	198,642	(34,489)	5,568,513
Other expenses	1,536,807	104,274	34,903	1,675,984	1,497,066	665,647	3,838,697	1,302,530	-	5,141,227
Depreciation	3,725,085	33,795	97,071	3,855,951	787,493	176,885	4,820,329	58,154	-	4,878,483
Advertising and promotion	3,138,822	11,266	32,796	3,182,884	32,000	61,483	3,276,367	416,301	-	3,692,668
Travel, lodging and meals	1,457,583	293,148	114,821	1,865,552	564,096	177,044	2,606,692	104,999	-	2,711,691
Total non-compensation operating expenses	47,714,727	761,460	1,040,935	49,517,122	8,083,735	1,908,477	59,509,334	2,187,598	(1,276,807)	60,420,125
Total operating expenses	123,906,416	1,991,541	5,398,565	131,296,522	21,754,725	9,914,574	162,965,821	25,428,600	(1,276,807)	187,117,614
Cost of Sales	-	-	-	-	-	-	-	(20,209,636)	-	(20,209,636)
Total operating expenses net of cost of sales	$ 123,906,416	$ 1,991,541	$ 5,398,565	$ 131,296,522	$ 21,754,725	$ 9,914,574	$ 162,965,821	$ 5,218,964	$ (1,276,807)	$ 166,907,978

NOTE A - OPERATIONS

Nature of Business

Year Up, Inc.'s (Year Up) mission is to close the opportunity divide by providing young adults with the skills, experience and support that will empower them to reach their potential through professional careers and higher education. The Opportunity Divide: Millions of young adults in the United States face social and economic injustice. They have talent and motivation but lack access to higher education and careers that provide a living wage. At the same time, U.S. businesses seek more and better trained talent to compete on the global stage, but there are not enough skilled workers to meet that demand.

Year Up achieves this mission through a high support, high expectations model that combines marketable job skills, stipends, internships, college credit, and several levels of support to place these young adults on a viable path to economic self-sufficiency.

Year Up was incorporated on October 11, 2000, and has launched forty fully operational programs across the following seventeen states and the District of Columbia: Massachusetts, Rhode Island, New York, California, Georgia, Illinois, Washington State, Florida, Pennsylvania, Arizona, Virginia, Texas, Delaware, North Carolina, New Jersey, Michigan and Maryland.

Year Up Professional Resource, PBC (YUPRO) is a wholly-owned subsidiary of Year Up, and a public benefit corporation organized under Subchapter XV of Chapter 1 of Title 8 of the General Corporate Law of the State of Delaware. YUPRO was incorporated on March 16, 2014, and its mission is to support the career development of low-income young adults who have successfully participated in post-secondary training programs through job placement, recruiting and further skills training.

Nature of Advocacy Work

Year Up has engaged in a set of influence strategies targeting three key barriers that limit options in the talent marketplace for Opportunity Youth: shifting perceptions of young adults from social liabilities to economic assets, shifting employer practices to broaden talent sourcing and hiring, and shifting public policies to support enterprising career pathways. The goal of this work is to provide Opportunity Youth a pathway to the education and training needed to become the source of skilled talent employers seek.

Year Up continues to invest in the national alumni relations team to support our alumni community, including providing centralized career/educational advancement resources, services to promote a high quality of life, and national and local engagement opportunities, as well as liaise with the National Alumni Association. Our work and programming are guided by a strategic framework, the Alumni ACT, developed by alumni in 2014 which includes three focuses: **Advance** in Careers and Education; **Contribute** to Year Up's Success; and **Take Action** in the Opportunity Movement.

Year Up graduated its first cohort of 20 young adults in 2002. As of February 2024, our diverse alumni community now numbers more than 30,000 graduates who are leaders within their families, workplaces and communities and are prime examples of Opportunity Talent that exists across the country.

The Alumni Strategy aligns with Year Up's core mission in several important ways:

- Alumni are Year Up's **largest stakeholder group**, numbering more than 30,000.
- Alumni are **significant resources** of support for current and future program participants.

NOTE A - OPERATIONS (Continued)

Nature of Advocacy Work (Continued)

- Alumni are key leverage points for **positively influencing the perceptions, policies and practices** that currently lead to unequal opportunities for Opportunity Youth.
- Alumni are **proof** of the long-term success of our program.

Grads of Life is a national initiative of Year Up founded to support employers' actions to close the Opportunity Divide in the United States. Year Up believes the private sector can drive systemic and structural change in America through its most powerful tool: meaningful job creation. Grads of Life works to build and power a movement of employers who are committed to dramatically expanding equity through employment and shifting the paradigm in Corporate America.

Grads of Life has deep subject matter expertise on the evidence-based, high-leverage practices that build inclusive pathways, minimize barriers to entry, and enable upward mobility. Through cutting edge research, Grads of Life demonstrated the business case for hiring without degrees, as well as the benefits of other inclusive talent strategies. In addition to its thought leadership, Grads of Life directly supports employers in three ways: insights and benchmarking, advisory services, and executive and manager learning.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Year Up and YUPRO (collectively, the Entity) prepare their consolidating financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Principles of Consolidation

Year Up owns all of the outstanding shares of YUPRO. Accordingly, the consolidating financial statements include the financial activity of both entities as of and for the years ended December 31, 2023 and 2022. All significant intercompany balances and transactions have been eliminated (see Note K).

Recently Adopted Accounting Pronouncements

ASU 2016-13, Financial Instruments – Credit Losses (Topic 326)

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13*, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Topic 326 introduced a new accounting model, the Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses and additional disclosures related to credit risk. The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The Entity adopted the standard effective January 1, 2023, using the modified retrospective method. Based on the composition of the Entity's internship receivables and expected future losses, the adoption of Topic 326 did not have a material impact on the Entity's 2023 consolidating financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Year Up classifies resources into net asset classes in accordance with donor-imposed restrictions. A description of these categories is as follows:

- **Without Donor Restrictions** - net assets are resources over which Year Up has discretionary control.
- **With Donor Restrictions** - represent contributions received or pledged that have not yet been expended for their designated purposes, by passage of time or are donor restricted to be held in perpetuity (see Note L).

Common Stock

Pursuant to YUPRO's Certificate of Incorporation as amended on January 8, 2021, YUPRO has authorized the issuance of 100,000 shares of common stock, $0.001 par value per share. Year Up subscribed to 48,000 shares of common stock at a premium $10/share. Year Up remains the sole owner of all outstanding common stock shares as of December 31, 2023 and 2022.

Cash and Cash Equivalents

Cash and cash equivalents are held in money market and checking accounts. Cash and cash equivalents have initial maturities at date of purchase of three months or less.

Cash and Cash Equivalents - Endowment

Cash and cash equivalents - endowment at December 31, 2022, was held in a savings account which was transferred into an endowment account in Year Up's investment portfolio in fiscal year 2023.

In-kind Goods and Services

Year Up recognizes in-kind goods and services revenue for certain goods and services that would be purchased if not donated, at the fair value of those items.

In-kind goods and services revenue include the following items for the years ended December 31:

	2023	**2022**
Software licenses	$ 2,091,615	$ 2,236,018
Supplies and other	409,612	171,792
Legal services	278,485	168,080
Training fees	187,650	136,000
	$ 2,967,362	$ 2,711,890

Contributed software licenses received by Year Up are recorded as in-kind goods and services with a corresponding increase to technology and telecommunications expense. Year Up utilized fair market value prices which were provided by the organization which supplied the software licenses.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Goods and Services (Continued)

Contributed supplies and other received by Year Up are recorded as in-kind goods and services revenue with a corresponding increase to other expense. Year Up utilized three inventory valuation methods. These methods include (1) current price located on a publicly available website if the inventory item is a match for the website item when donated; (2) percentage of the price located on a publicly available website if the item donated has been used but the item located online is new; (3) the current average price located on a publicly available website for similar items if a group of items are donated and the items range in price depending on model, size, etc.

Year Up also received in-kind legal services and in-kind training fees which it utilized fair market value prices that were provided by the organizations which provided the services. In-kind goods and service revenue alongside legal expense was recorded for the legal services provided while for the training fees a student related direct costs expense was recorded.

Year UP policy related to gifts - in-kind is to utilize the assets and services donated to carry out its mission. If an asset is donated that does not allow Year Up to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

All in-kind goods and services that were received by Year Up for the years ended December 31, 2023 and 2022, were considered without donor restrictions and able to be used by Year Up as determined by the Board of Directors and management. These in-kind goods and services were used by Year Up across all of its program offerings.

Investments

Investments consist of mutual funds, bonds, hedge funds, commodities and equities. Changes in fair values are included in investment gain (loss) net of fees in the accompanying consolidating statements of activities (see Note D).

Year Up primarily invests in assets with short-term maturities. Although investments have short-term maturities, investments held for endowment are reflected in the accompanying consolidating statements of financial position as long-term based on the underlying intent. Investments are not insured and are subject to ongoing market fluctuation.

Revenue Recognition

Grants and Contributions

Grants and contributions may either be conditional or unconditional in accordance with ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* Year Up recognizes grants and contributions when unconditionally pledged or received. Year Up reports gifts of cash or other assets as net assets with donor restrictions, if they are received with donor stipulations that limit the use of the donated assets.

Other assets include securities, land, buildings, use of facilities or utilities, materials and supplies, services, and unconditional promises to give those items in the future. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating statements of activities as net assets released from restrictions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Grants and Contributions (Continued)

In accordance with Topic 958, Year Up must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that Year Up should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met (see Note F).

In-kind goods and services are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Program Service Fees

Program service income is recognized in accordance with FASB's ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgement and changes in judgements.

The Entity evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

As part of its program, Year Up places students in internships at various corporations during the second phase of the program. The internship phase provides students with the opportunity to practice and develop the skills learned during the learning and development phase. In addition to providing a hands-on learning opportunity to a Year Up intern, the corporations make a payment to Year Up for its participation in the internship program, recognizing the value of underwriting the training and education of this future talent pipeline. This is an exchange transaction. The revenue generated from the internship program pays for stipends, college credits, and support services for program participants, and other operating costs of the program.

Program service fees are recognized over the period the internship occurs. The performance obligations of delivering internship services are simultaneously received and consumed by partner corporations; therefore, the revenue is recognized ratably over the course of the internship period. Advance payments are recorded as deferred revenue. YUPRO’s program service fees are recognized over the staffing contract or consulting period. Permanent placement fees are recognized at the time of the employee’s start date. Advance payments are recorded as deferred revenue.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Program Service Fees (Continued)

A smaller part of program service fees is revenue associated with advisory services to employers on creating inclusive talent strategies and new innovative program models for expanding the number of Opportunity Youth that are served. Year Up charges a fee for the advisory services and recognizes revenue related to these services over time as the customer consumes the benefits of the services performed. Timing of recognizing this stream of revenue is based on output measurements as certain milestones as defined under the terms of the contracts are met.

Other Revenue

Other revenue consists of rental income from several subleases. All other revenue is recognized as earned.

Allowance for Doubtful Accounts

Grants and pledges receivable are recorded at their net realizable value. Pledges that are expected to be collected after one year from the end of the fiscal year ended are discounted (see Note E).

Allowance for doubtful accounts is recorded based on management's analysis of specific accounts and the estimate of additional amounts that may become uncollectible. Accounts are written-off against the allowance when they are determined to be uncollectible.

Allowance for Credit Losses

The Entity operates in the staffing industry and its accounts receivable are primarily derived from a variety of large corporations operating in the professional services niche. At each consolidating statement of financial position date, the Entity recognizes an expected allowance for credit losses. On a quarterly basis, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded.

The allowance estimate is derived from a review of the Entity's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Entity including, but not limited to, existence of an executed contract renewal by a customer and changes in customer's credit-worthiness. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. The Entity believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Entity's customers have remained constant since the Entity's inception and are committed in helping the Entity achieve its mission of closing the opportunity divide.

The Entity writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as income in the year the recovery is realized.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (Continued)

Changes in the allowance for credit losses are as follows:

Years Ended December 31,	2023	2022
Beginning balance	$ 1,796,994	$ 896,462
Provision for credit losses	2,198,354	900,532
Charge-offs	(1,257,171)	-
Ending balance	$ 2,738,177	$ 1,796,994

The Entity's internship receivable and allowance for credit losses were as follows as of December 31:

	2023	2022	2021
Internship receivable	$ 25,476,949	$ 25,124,912	$ 12,560,471
Allowance for credit losses	(2,738,177)	(1,796,994)	(896,462)
Internship receivable, net	$ 22,738,772	$ 23,327,918	$ 11,664,009

Advertising Expense

Advertising costs are expensed at the time they are incurred. Advertising expense for the years ended December 31, 2023 and 2022, was $3,981,283 and $3,131,221, respectively.

Property and Equipment

Equipment purchased by the Entity is recorded at cost. Donated equipment is recorded at fair value at the date of the gift. The Entity capitalizes additions in excess of $5,000 at cost or fair value, if donated. Depreciation is computed using the straight-line method over the assets' estimated useful life.

Estimated useful lives are as follows:

Leasehold improvements	Life of lease
Furniture and fixtures	5 years
Computer equipment	3 years
Software	3 years

Internal Use Software

The Entity follows the guidance of ASC 350-40, *Internal Use Software*, in accounting for its software development costs. Software development costs relating to internal use are capitalized and amortized on a straight-line basis over its useful life. The Entity had capitalized internal use software costs of $16,422,388 and $13,377,476 at December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, $3,132,181 and $1,477,417, respectively, related to software that had not reached the post-implementation stage and therefore is not being amortized.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal Use Software (Continued)

Any costs incurred in the preliminary stages of development, as well as planning, training, support, and maintenance costs incurred either prior to or following the implementation phase of a project, are recognized as expense in the period in which they occur. The Entity evaluates the carrying value of capitalized internal use software to determine if the carrying value is impaired, and, if necessary, an impairment loss is recorded in the period in which the impairment is determined to have occurred. There was no impairment loss recorded for the years ended December 31, 2023 and 2022.

Operating Leases

Year Up determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. Year Up determines these assets are leased because Year Up has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

In evaluating its contracts, Year Up combines lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease obligations. Year Up combines lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities in the consolidating statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. Year Up determines lease classification as operating or finance at the later of January 1, 2022, or the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Year Up uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, Year Up uses the risk-free rate based on the information available at the later of January 1, 2022, or the commencement date to determine the present value of lease payments. The risk-free rates used to determine the present value of lease payments were derived by reference to the U.S. Department of the Treasury daily Treasury rates.

The lease term may include options to extend or to terminate the lease that Year Up is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Year Up has elected not to record leases with an initial term of twelve months or less on the consolidating statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Combining Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and operating expenses in the accompanying consolidating statements of activities. All other activity is reported as non-operating.

Income Taxes and Nonprofit Status

The Entity accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. The Entity has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2023 and 2022. The Entity's information and tax returns are subject to examination by the Federal and state jurisdictions.

Year Up is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Year Up is also exempt from state income taxes. Donors may deduct contributions made to Year Up within IRC requirements.

YUPRO is a for-profit public benefit corporation subject to income taxation. The tax benefit of the net operating loss carryforwards was immaterial to the consolidating financial statements and was not reflected.

Income taxes are provided for the tax effects of transactions reported in the consolidating financial statements and consist of taxes currently due and deferred taxes related primarily to differences between the consolidating financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Included in prepaid expense and other as of December 31, 2023, is approximately $110,000 in overpayment of tax to Federal and tax jurisdictions. Included in accounts payable and accrued expenses as of December 31, 2022, is approximately $315,000 in income tax payments due to various tax jurisdictions. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Future tax benefits are recognized only to the extent that such benefits are more-likely-than-not to be realized. A valuation allowance is recorded when it is more-likely-than-not that a net deferred tax asset will not be realized.

Cost Allocation - Functional Expenses

The costs of providing program and other activities of the Entity have been summarized on a functional basis in the accompanying consolidating statements of functional expenses, which includes all operating expenses incurred during the year. Accordingly, certain costs have been allocated among the program and supporting services benefited. Expenses directly related to a program are distributed to that program. Salaries, fringe benefits and taxes, occupancy, telecommunications, depreciation, and other costs of the technology department are allocated among program and supporting services benefited based on full-time equivalent ratios.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Fair Value Measurements

The Entity follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Entity would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Entity uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. The hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Entity. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting the Entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs are summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to fair value measurement.

Investments

Investments are recorded in the consolidating financial statements at fair value. If an investment is directly held by Year Up and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of share in mutual funds are based on share prices reported by the funds at the last business day of the fiscal year. Bonds are valued using several factors, including its credit rating relative to a corporate bond or government security with similar maturity or duration (see Note D). Assets valuations of hedge funds are generally reported at the net assets value (NAV) reported by fund managers, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investments will be sold for an amount different from NAV.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Investments in YUPRO

Consistent with FASB's ASU 2016-01, *Financial Instruments - Overall (Topic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, Year Up elected to measure its investment in YUPRO using the measurement alternative in which these investments are measured at cost, less impairment, plus or minus changes resulting from YUPRO's earnings. The values presented herein are not necessarily indicative of the amount that Year Up could realize in a current transaction. The values may differ significantly from the values that would have been used had a ready market value for the underlying assets existed and the differences could be material. Future confirming events will also affect the estimates of the value, and the effect of such events on those estimates of the value could be material.

All Other Assets and Liabilities

The carrying value of all other qualifying assets and liabilities does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

NOTE C - AVAILABILITY AND LIQUIDITY

The Entity's financial assets available within one year from the consolidating statements of financial position date for general operating expenses are as follows as of December 31:

	2023	2022
Cash and cash equivalents	$ 54,853,114	$ 51,527,789
Internship receivable, net	22,738,772	23,327,918
Grants and pledges receivable, net	55,246,923	72,761,041
Investments	43,323,881	37,204,886
Total financial assets	176,162,690	184,821,634
Less:		
Grants and pledges receivable scheduled to be collected in more than one year	34,006,889	45,414,312
Restricted by donors for specific programs	14,631,184	16,533,968
Financial assets available to meet cash needs for general expenditures within one year	$ 127,524,617	$ 122,873,354

The available balance of approximately $127,500,000 and $122,900,000 at December 31, 2023 and 2022, respectively, represents approximately eight and nine months of operating expenses in 2023 and 2022, respectively. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and other marketable securities. At December 31, 2023 and 2022, the Entity had $20,000,000 available from its lines of credit to meet cash flow needs (see Note I).

NOTE D - INVESTMENTS

The following tables present Year Up's investments classified by major categories and presented by level within the valuation framework (see Note B) as of December 31:

2023	Level 1	Level 2	Level 3	Total
U.S. Treasury Fund	$ 627,241	$ -	$ -	$ 627,241
Equity funds:				
U.S. Large Cap	4,502,861	-	-	4,502,861
Other	6,883,615	-	-	6,883,615
Fixed income:				
Investment Grade Bonds	10,139,252	19,370,492	-	29,509,744
Global High Yield	3,988,461	-	-	3,988,461
Hedge funds *	-	-	-	3,560,742
Commodities	1,358,797	-	-	1,358,797
Total investments	$ 27,500,227	$ 19,370,492	$ -	$ 50,431,461

The following tables present Year Up's investments classified by major categories and presented by level within the valuation framework (see Note B) as of December 31:

2022	Level 1	Level 2	Level 3	Total
U.S. Treasury Fund	$ 177,982	$ -	$ -	$ 177,982
Equity funds:				
U.S. Large Cap	3,719,099	-	-	3,719,099
Other	5,193,143	-	-	5,193,143
Fixed income:				
Investment Grade Bonds	8,349,100	16,280,106	-	24,629,206
Global High Yield	4,267,084	-	-	4,267,084
Hedge funds *	-	-	-	2,111,342
Commodities	990,763	-	-	990,763
Total investments	$ 22,697,171	$ 16,280,106	$ -	$ 41,088,619

* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidating statements of financial position.

Investments other than the endowment portfolio are held by Year Up to support its liquidity needs. Accordingly, these investments have been classified as current assets in the accompanying consolidating statements of financial position. The related investment gain (loss) net of fees is presented as operating revenue. Certain investments include donor-restricted endowment. Accordingly, these investments have been classified as non-current assets in the accompanying consolidating statements of financial position regardless of maturity or liquidity. The related investment gain (loss) net of fees is presented as non-operating revenue (expenses).

NOTE D - INVESTMENTS (Continued)

Investment gain (loss), net of fees, is included in the accompanying consolidating statements of activities and consisted of the following at December 31:

	2023	2022
Investment interest and dividends	$ 1,826,153	$ 1,019,120
Net realized loss on sale of investments	(222,256)	(963,307)
Net unrealized gain (loss) on investments	2,759,285	(3,804,083)
Investment management fees	(143,836)	(147,403)
	$ 4,219,346	$ (3,895,673)

NOTE E - GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable at December 31, 2023 and 2022, are expected to be collected in the following periods:

	2023	2022
Grants and pledges receivable due in one year	$ 28,229,106	$ 28,986,087
Pledge receivable due between one and five years	29,979,200	49,435,000
Total grants and pledges receivable	58,208,306	78,421,087
Less - present value discount	2,672,311	5,270,688
Less - allowance for doubtful accounts	289,072	389,358
Grants and pledges receivable, net	$ 55,246,923	$ 72,761,041

At December 31, 2023 and 2022, included in the pledges due in less than one year are $2,350,000 and $1,250,000 of endowment pledges due in fiscal years 2024 and 2023, respectively. In the accompanying consolidating statements of financial position, this has been classified in long-term grants and pledges receivable based on the endowment restriction (see Note L). The present value discount was calculated using a discount factor, which ranged from 4.41% to 3.84%.

NOTE F - CONDITIONAL GRANTS

At December 31, 2023 and 2022, Year Up had received grants and contributions totaling $33,887,121 and $52,380,128, respectively, that contained donor-imposed conditions that represent a barrier that must be overcome, as well as a right of return of assets or release from obligations. Year Up recognizes these grants and contributions when donor-imposed conditions are substantially met (see Note B).

Conditional promises to give at December 31, 2023 and 2022, consists of:

	2023	2022
General operating support under donor advised funds	$ 23,320,000	$ 43,118,209
Subject to matching and measurable performance barriers	9,153,250	9,080,500
General operating support subject to availability of funds	1,232,806	-
Incurring qualifying expenses	181,065	181,419
Total conditional promises to give	$ 33,887,121	$ 52,380,128

NOTE F - CONDITIONAL GRANTS (Continued)

These conditions are expected to be satisfied at various times through fiscal year 2027, at which time they will be recognized as revenue.

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2023	2022
Leasehold improvements	$ 20,638,266	$ 20,655,752
Computer equipment	4,157,930	3,034,028
Furniture and fixtures	1,508,796	1,576,107
Software	13,290,207	11,900,059
Software development	3,132,181	1,477,417
	42,727,380	38,643,363
Less - accumulated depreciation	28,367,122	23,975,345
Property and equipment, net	$ 14,360,258	$ 14,668,018

For the years ended December 31, 2023 and 2022, the Entity expensed $4,541,450 and $4,878,483, respectively, of depreciation.

Year Up has ongoing software development projects as of December 31, 2023 and 2022. These projects are expected to be completed and placed in service during 2024, at which point Year Up will begin depreciating these assets.

NOTE H - OPERATING LEASES

Year Up has nine leases for office space that expire through 2030. These leases generally contain renewal options for periods ranging from two years to five years and require the Entity to pay all executory costs (property taxes, maintenance and insurance). One operating lease includes an escalating fee schedule, which range from a 25% to 33% increase for specific years. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Year Up rents or subleases certain real estate to third parties. Year Up's sublease portfolio consists mainly of operating leases with two tenants. For the years ended December 31, 2023, and 2022, Year Up earned approximately $674,000 and $653,000, respectively, in sublease income, which is included in other income in the accompanying consolidating statements of activities.

As part of certain lease agreements, Year Up is required to deliver security to the landlords in the form of an irrevocable letter of credit from a bank. Year Up maintains three letters of credit for a total of $3,401,015 with various banking institutions. Year Up named the landlords as the beneficiaries through the maturity of the leases.

NOTE H - OPERATING LEASES (Continued)

The following is a schedule of future minimum lease payments in accordance with the lease agreements as of December 31, 2023:

Year Ending December 31	
2024	$ 6,977,603
2025	6,047,577
2026	5,233,418
2027	2,908,034
2028	2,933,730
Thereafter	3,074,467
Total	27,174,829
Less - present value discount	(1,473,355)
Less - current portion	(6,977,603)
Lease liability, net of current portion	$ 18,723,871

The following summarizes the line items in the accompanying consolidating statements of financial position which include amounts for operating leases as of December 31:

	2023	**2022**
Operating Leases:		
Operating lease right-of-use assets	$ 18,519,410	$ 23,164,190
Operating lease liabilities, current portion	$ 6,977,603	$ 7,187,271
Operating lease liabilities	18,723,871	24,701,466
Total operating lease liabilities	$ 25,701,474	$ 31,888,737
Lease Costs:		
Operating lease cost	$ 5,823,923	$ 5,861,005
Add - variable lease cost	2,011,580	2,011,580
Short-term lease cost	25,404	24,893
Less - sublease income	(674,491)	(653,384)
Lease costs, net	$ 7,186,416	$ 7,244,094
Other Information:		
Cash paid for amounts included in measuring operating lease liabilities:		
Operating cash flows from operating leases	$ 7,448,678	$ 7,063,631
Lease assets obtained in exchange for lease obligations:		
Operating leases	$ 561,558	$ 299,855
Weighted-average remaining lease term (years)	5.1 years	5.9 years
Weighted-average discount rate	2.45%	2.51%

NOTE I - LINE OF CREDIT

Year Up has a revolving line of credit agreement with a bank in the amount of $20,000,000. Year Up is required to make monthly payments equal to the sum of accrued interest at the close of the billing cycle. Year Up will pay in full, any principal, interest or other charges outstanding on this facility no later than the facility expiration date (May 26, 2024). Year Up may request an extension in writing of up to one (1) year within a time period no greater than 120 days and no less than 60 days prior to the expiration date. The interest rate is a rate per year equal to the sum of (i) the greater of the BSBY (Bloomberg Short-Term Bank Yield) Daily Floating Rate or the Index Floor, plus (ii) 0.75 percentage point(s). For purposes of the agreement, “Index Floor” means 0.25 percent. Year Up agrees to pay an Unused Commitment Fee at 0.125% per year on the difference between $20,000,000 and the average daily outstanding credit balance.

The line of credit agreement has an out-of-debt (or zero balance) period of thirty consecutive days in each “line-year”. Year Up did not borrow from the line of credit during 2023 and 2022. There were no outstanding balances at December 31, 2023 and 2022. The line of credit agreement contains various covenants. Year Up was in compliance with these covenants at December 31, 2023 and 2022. This line of credit is subject to an annual renewal.

NOTE J - RETIREMENT PLAN

Year Up has a defined contribution pension plan covering eligible employees. Participants can make an elective deferral for any plan year of their eligible compensation, not to exceed the annual dollar limit as permitted by law. Year Up may elect to make a matching contribution. During 2023 and 2022, Year Up made matching contributions of 100% of the first 5% of a participant’s compensation contributed to the plan. For the years ended December 31, 2023 and 2022, Year Up contributed $3,694,503 and $3,172,991, respectively. These amounts are included in contractor wages, benefits, and taxes in the accompanying consolidating statements of functional expenses.

NOTE K - RELATED PARTY TRANSACTIONS

At December 31, 2023 and 2022, the balance outstanding of pledges receivable from National Board members of Year Up was approximately $8,300,000 and $12,800,000, respectively.

A member of the Board is a partner at a law firm which provided pro bono services to Year Up in the amounts of $278,485 and $168,080 for the years ended December 31, 2023 and 2022, respectively. This member abstains from discussions on matters surrounding his firm, as required by Year Up’s conflict of interest policy.

A member of the Board is the Chief Executive Officer (CEO) and President of a company that hires interns from Year Up. Year Up earned revenues in the amount of $805,135 on the contract with this company for the year ended December 31, 2023. There were no revenues earned on this contract for the year ended December 31, 2022. This member abstains from discussions on matters surrounding the company as required by Year Up’s conflict of interest policy.

Year Up’s subscription price of YUPRO’s common stock and the related equity adjustments have been eliminated in the accompanying consolidating financial statements.

Year Up contracts with YUPRO for student apprenticeship payments, consulting and temporary help. During the years ended December 31, 2023 and 2022, Year Up paid YUPRO $832,128 and $970,220, respectively, which are included in student related direct costs and consultants and professional services in the accompanying consolidating financial statements. These amounts have been eliminated in the accompanying consolidating financial statements.

NOTE K - RELATED PARTY TRANSACTIONS (Continued)

During 2016, Year Up entered into an agreement with YUPRO, whereby YUPRO will pay Year Up a fee for each Year Up internship program graduate referred by Year Up to YUPRO. The fee is dependent on the graduate successfully transitioning to a contractor position at the internship company for at least three months and where the placement of the graduate at the internship company is managed by YUPRO. The agreement was effective on January 1, 2016. The fee is only required when YUPRO generates operating profit after interest and taxes and is determined based on a calculation established in the agreement. For the years ended December 31, 2023 and 2022, Year Up earned a fee of $179,877 and $306,587, respectively, which is included in other revenue in the accompanying consolidating financial statements. These amounts have been eliminated in the accompanying consolidating financial statements.

NOTE L - NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31:

	2023	2022
Time restricted	$ 53,924,154	$ 56,338,354
Program restricted	14,930,652	19,269,467
Endowment	16,153,283	15,450,696
	$ 85,008,089	$ 91,058,517

Net assets with donor restrictions were released from the following restrictions for the years ended December 31:

	2023	2022
Time restricted	$ 36,823,170	$ 38,515,862
Program restricted	15,556,697	9,966,203
	$ 52,379,867	$ 48,482,065

Opportunity Campaigns

In 2016, Year Up launched a capital campaign, Opportunity Campaign III (OC III), a $225,000,000 campaign to support growth, innovation and impact 2016-2021. The campaign funded expansion of direct service work and a continued investment in generating impact. As of December 31, 2019, Year Up had raised approximately $241,000,000 for OC III and closed the campaign. Contribution payments from this campaign were paid through 2023.

In 2021, Year Up launched its newest capital campaign, Opportunity Campaign IV (OC IV). This five-year $400,000,000 comprehensive campaign is supporting growth, innovation, impact and operations through 2026 (2021-2025). Year Up raised approximately $281,000,000 in commitments as of December 31, 2022, and raised an additional approximately $68,000,000 in commitments in fiscal year 2023, bringing total commitments to approximately $349,000,000. Of the 2023 campaign funds, approximately $27,000,000 is conditional, and therefore, not reflected in the accompanying consolidating statements of activities.

NOTE L - NET ASSETS (Continued)

Endowment

Year Up follows guidance under U.S. GAAP related to the treatment of *Endowment of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds* (the Act). The Act provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations. Under the Act, subject to the intent a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the “historic-dollar-value”. Deficiencies of this nature are reported by a change to net assets with donor restrictions. As of December 2023, there were no underwater endowments. As of December 31, 2022, funds with original gift values of $4,300,000, fair values of $3,883,733, and deficiencies of $416,267 were reported in net assets with donor restrictions.

Endowment Investment Policy

Year Up’s Board has adopted investment and spending policies for endowment assets that attempt to provide predictable streams of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks the preservation of principal and optimization of total return within a framework of moderate risk. Endowment assets are invested in mutual fund accounts that include a well-diversified asset mix of equity and debt securities that is intended to result in consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment funds: investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. *The Spending Policy* of the Investment Policy Statement allows for 4.5% of the average of trailing one year market value. No appropriations were made from the endowments as of December 31, 2023 and 2022.

A reconciliation of endowment activity is as follows:

	2023	2022
Endowment net assets, beginning of year	$ 15,450,696	$ 4,300,000
Contribution	-	12,500,000
Changes in discount on pledges	178,740	(933,037)
Investment gain (loss), net	523,847	(416,267)
Endowment net assets, end of year	$ 16,153,283	$ 15,450,696

Year Up’s endowment consists of funds from five donors at December 31, 2023 and 2022. A portion of the endowment totaling to $14,800,000 is to be used to sponsor various alumni and cohort support. The remaining portion totaling to $2,000,000 is for the purpose of providing support to sponsor Year Up’s overall mission.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 8, 2024, which is the date the consolidating financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the consolidating financial statements.

NOTE N - CONCENTRATIONS

FDIC Coverage

The Entity maintains its cash balances in various banks in Massachusetts and Georgia. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain limits. At times during the year, cash balances exceeded the insured amounts. The Entity has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Funding

The following tables reflect the Entity's largest donors and Corporate Partners:

	2023		2022	
Donor	Total Contributions and Grants	Total Grant and Pledges Receivable	Total Contributions and Grants	Total Grant and Pledges Receivable
A	- %	27%	30%	27%
B	- %	11%	12%	11%
C	- %	11%	- %	12%
D	- %	11%	- %	12%
E	29%	- %	- %	- %

	2023		2022	
Corporate Partner	Total Program Service Fees	Internship Receivable	Total Program Service Fees	Internship Receivable
F	20%	- %	13%	34%
G	11%	17%	10%	- %
H	3%	12%	- %	- %

NOTE O - CONTINGENCY

In the ordinary course of Year Up's business, Year Up is from time-to-time involved in disputes concerning individuals' employment with Year Up. While the employees may seek damages in connection with these disputes, Year Up denies any wrongdoing in these cases and has taken the appropriate legal steps in defense of any disputes. It is Year Up's opinion that any potential settlement would not be material to the accompanying consolidating financial statements.

NOTE P - REDEEMABLE PREFERRED STOCK

Issuance

In 2021, YUPRO entered into a Stock Purchase Agreement ("the Agreement") with an investor whereby YUPRO sold 2,000 shares of Series A Preferred Stock ("Series A Preferred Stock") at $1,000 per share, for an aggregate price of $2,000,000 to the investor. The investor holds no voting rights and is not entitled to covert the preferred stock into any other class of capital stock per the terms of the agreement.

Dividends

From and after the date of the issuance of any Preferred Stock, the investor shall be entitled to accrue dividends, at the rate per annum of ten percent (10.0%), whether or not declared and shall be cumulative. These dividends shall be payable in the event of YUPRO's liquidation. During 2023 and 2022, the undeclared dividends from this transaction aggregated to $600,000 and $400,000, respectively, which are not reflected in the accompanying consolidating financial statements since the aforementioned condition was not met.

Redemption

Preferred Stock shall be redeemed by YUPRO as follows:

(i) Liquidation Event (as defined in the agreement) - Paid ahead of any common stockholders at 1.0x the Series A price plus all accumulated dividends as defined in the agreement.
(ii) After the fifth anniversary of the closing of the agreement, YUPRO shall be entitled to redeem the stock at an amount equal to $2,000,000 plus an amount to support a 12% internal rate of return on $2,000,000.
(iii) After the seventh anniversary of the closing of the agreement, YUPRO shall be obliged to redeem the stock (subject to available liquidity and other restrictions as described in the agreement) at a redemption rate equal to, at the election of the investor, 6% of earnings before interest and taxes (EBIT) of YUPRO for fiscal year 2029 through 2033 payable in annual installments, as defined in the agreement, up to a maximum aggregate amount equal to $2,000,000 plus a 12% internal rate of return on $2,000,000.
(iv) At the seventh anniversary of the closing of the agreement, the investor shall be entitled to obligate YUPRO to redeem the Series A Preferred (subject to available liquidity and other restrictions as defined in the agreement) at a price equal to, at the election of the investor, twenty percent (20%) of YUPRO's EBIT starting with fiscal year 2028, payable in annual installments up to a maximum aggregate amount equal to the Series A price of $2,000,000. If the investor selects this option, then the obligations under the previous option shall be null and void.

Due to the uncertainty of how the preferred stock will be redeemed, no additional obligations have been reflected in the accompanying consolidating financial statements.

Since the preferred stock transaction has a mandatory redemptive feature as above, in accordance with ASC 480-10-25*: Distinguishing Liabilities from Equity,* this transaction is reflected as a liability in the accompanying consolidating statements of financial position.