



CITY YEAR, INC.

Independent Auditors' Reports as Required by Title 2 U.S. Code of
Federal Regulations Part 200, *Uniform Administrative Requirements, Cost
Principles and Audit Requirements for Federal Awards and
Government Auditing Standards* and Related Information

Year Ended June 30, 2025

(With Independent Auditors' Reports Thereon)

CITY YEAR, INC.

Independent Auditors' Reports as Required by Title 2 U.S. Code of
Federal Regulations Part 200, *Uniform Administrative Requirements, Cost
Principles and Audit Requirements for Federal Awards and
Government Auditing Standards* and Related Information

Year ended June 30, 2025

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Exhibit I

**Independent Auditors' Report on Compliance for the Major Program
and Report on Internal Control over Compliance Required by Uniform Guidance**

Board of Trustees
City Year, Inc.:

Report on Compliance for the Major Federal Program

Major Federal Program

We have audited City Year, Inc.'s (City Year) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on City Year's major federal program for the year ended June 30, 2025. City Year's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City Year complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City Year and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of City Year's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City Year's federal programs.



Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City Year's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City Year's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City Year's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City Year's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City Year's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



Exhibit I

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of City Year as of and for the year ended June 30, 2025, and have issued our report thereon dated December 19, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Boston, Massachusetts
March 30, 2026



KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Exhibit II

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
City Year, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of City Year, Inc. (the Organization) which comprise the Organization's statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Exhibit II

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Boston, Massachusetts
December 19, 2025

CITY YEAR, INC.
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2025

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to the financial statements noted?

_____ Yes X No

Federal Award

Internal control over major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of The Uniform Guidance?

_____ Yes X No

Identification of major program:

**Assistance
listing
number**

AmeriCorps Program

94.006

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 1,551,172

Auditee qualified as low-risk auditee:

 X Yes _____ No

CITY YEAR, INC.

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

(3) Findings and Questioned Costs Relating to Federal Awards

None.



Exhibit IV

CITY YEAR, INC.

Financial Statements

June 30, 2025 and 2024

(With Independent Auditors' Report Thereon)



KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

Board of Trustees
City Year, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of City Year, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and *Government 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
December 19, 2025

CITY YEAR, INC.

Statements of Financial Position

June 30, 2025 and 2024

Assets	2025	2024
Cash and equivalents	\$ 5,102,769	10,302,063
Government grants receivable, net	25,196,360	30,815,640
Contributions receivable, net (note 9)	4,446,981	3,089,200
Other assets	1,690,916	4,142,288
Restricted cash (note 13)	257,770	169,801
Investments, at fair value (note 7)	19,698,744	19,448,877
Interest rate swaps (note 14)	32,582	109,568
Right-of-use asset	12,421,986	16,562,142
Property and equipment, net (note 10)	15,831,722	14,497,193
Total assets	<u>\$ 84,679,830</u>	<u>99,136,772</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,373,866	5,451,342
Accrued payroll and related expenses	5,034,831	5,133,761
Lease liability (note 12)	13,676,446	17,673,942
Security deposit liability	86,839	—
Interest rate swaps (note 14)	35,420	22,817
Line of credit (note 13)	4,000,000	10,000,000
Bonds payable (note 14)	5,010,000	5,320,000
Total liabilities	<u>31,217,402</u>	<u>43,601,862</u>
Commitments and contingencies (notes 11, 12, 13, and 14)		
Net assets:		
Without donor restrictions	45,089,163	39,388,211
With donor restrictions (note 4)	8,373,265	16,146,699
Total net assets	<u>53,462,428</u>	<u>55,534,910</u>
Total liabilities and net assets	<u>\$ 84,679,830</u>	<u>99,136,772</u>

See accompanying notes to financial statements.

CITY YEAR, INC.

Statements of Activities

Years ended June 30, 2025 and 2024

	2025	2024
Changes in net assets without donor restrictions		
Operations		
Revenues and other support:		
Contributions of cash and other financial assets	\$ 68,105,721	59,988,706
Contributions of nonfinancial assets (note 6)	710,047	401,141
Federal grants – Corporation for National and Community Service (note 11)	50,887,465	41,093,852
School district and other government grants	47,773,293	46,571,875
Investment return utilized for operations (note 8)	721,092	1,030,195
Other income	1,090,997	603,792
Board designated surplus funds authorized for operations	5,000,000	11,400,000
Net assets released from restrictions (note 5)	8,347,450	8,143,858
Total operating revenues and other support	182,636,065	169,233,419
Expenses (note 6):		
Program services	145,056,223	147,139,612
Supporting services:		
Organizational support	14,826,455	18,964,576
Fundraising	17,234,823	17,939,986
Total expenses	177,117,501	184,044,174
Change in net assets without donor restrictions from operations	5,518,564	(14,810,755)
Nonoperating transactions:		
Board designated surplus funds authorized for operations	(5,000,000)	(11,400,000)
Investment return on endowments (note 7)	461,547	840,086
Investment return utilized for operations (note 8)	—	(574,320)
Transfer for Release of Funds	4,810,431	—
Unrealized net loss on changes in fair value of interest-rate swaps (note 14)	(89,590)	(14,838)
Change in net assets without donor restrictions from nonoperating transactions	182,388	(11,149,072)
Change in net assets without donor restrictions	5,700,952	(25,959,827)
Changes in net assets with donor restrictions:		
Contributions of cash and other financial assets	5,595,676	9,045,826
Investment return on endowments (note 7)	509,863	1,368,978
Investment return utilized for operations (note 8)	(721,092)	(455,875)
Net assets released from restrictions (note 5)	(13,157,881)	(8,143,858)
Change in net assets with donor restrictions	(7,773,434)	1,815,071
Change in net assets	(2,072,482)	(24,144,756)
Net assets, beginning of year	55,534,910	79,679,666
Net assets, end of year	\$ 53,462,428	55,534,910

See accompanying notes to financial statements.

CITY YEAR, INC.

Statement of Functional Expenses

Year ended June 30, 2025

	Program services	Organizational support	Fundraising	Total
Personnel expenses:				
Staff salaries	\$ 53,226,414	7,872,779	9,605,549	70,704,742
Corp member stipends	45,302,239	—	—	45,302,239
Payroll taxes and employee benefits	20,863,908	1,753,872	2,218,343	24,836,123
	119,392,561	9,626,651	11,823,892	140,843,104
Other expenses:				
Consulting and professional services	6,888,550	1,087,686	2,204,266	10,180,502
Transportation, travel, and lodging	1,859,127	198,653	188,236	2,246,016
Conferences and training seminars	316,149	29,555	13,244	358,948
Advertising and recruiting	2,054,073	7,538	137,512	2,199,123
Materials and supplies	3,450,619	110,810	953,563	4,514,992
Information technology	2,666,023	1,458,079	103,030	4,227,132
Telecommunications	585,954	68,668	55,735	710,357
Dues and fees	482,231	297,011	284,350	1,063,592
Occupancy and insurance	6,479,477	495,651	5,869	6,980,997
Event venue expense	324,341	(379)	1,460,786	1,784,748
Interest	—	707,455	—	707,455
Depreciation and amortization	557,118	739,077	4,340	1,300,535
	25,663,662	5,199,804	5,410,931	36,274,397
Total expenses	\$ 145,056,223	14,826,455	17,234,823	177,117,501

See accompanying notes to financial statements.

CITY YEAR, INC.

Statement of Functional Expenses

Year ended June 30, 2024

	Program services	Organizational support	Fundraising	Total
Personnel expenses:				
Staff salaries	\$ 59,084,604	10,420,783	10,273,110	79,778,497
Corp member stipends	38,180,430	—	5,656	38,186,086
Payroll taxes and employee benefits	19,535,475	1,914,777	2,127,900	23,578,152
	<u>116,800,509</u>	<u>12,335,560</u>	<u>12,406,666</u>	<u>141,542,735</u>
Other expenses:				
Consulting and professional services	9,430,237	2,408,952	1,947,568	13,786,757
Transportation, travel, and lodging	2,421,966	566,167	165,001	3,153,134
Conferences and training seminars	407,524	43,154	40,174	490,852
Advertising and recruiting	3,137,077	49,252	374,651	3,560,980
Materials and supplies	3,791,730	(141,413)	1,202,838	4,853,155
Information technology	2,840,771	1,959,077	91,504	4,891,352
Telecommunications	605,009	98,489	65,952	769,450
Dues and fees	748,022	323,567	265,952	1,337,541
Occupancy and insurance	5,239,968	698,142	12,436	5,950,546
Event venue expense	882,052	7,192	1,354,121	2,243,365
Interest	203,557	298,574	—	502,131
Depreciation and amortization	631,190	317,863	13,123	962,176
	<u>30,339,103</u>	<u>6,629,016</u>	<u>5,533,320</u>	<u>42,501,439</u>
Total expenses	<u>\$ 147,139,612</u>	<u>18,964,576</u>	<u>17,939,986</u>	<u>184,044,174</u>

See accompanying notes to financial statements.

CITY YEAR, INC.

Statements of Cash Flows

Years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (2,072,482)	(24,144,756)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,300,535	962,176
Realized and unrealized net gain on investments	(509,280)	(1,727,993)
Changes in fair value of interest-rate swaps	89,590	14,838
Changes in operating assets and liabilities:		
Government grants receivable, net	5,619,280	(235,137)
Contributions receivable, net	(1,357,781)	(1,964,658)
Other assets	2,451,372	1,940,371
Changes in operating leases	142,660	100,316
Accounts payable and accrued expenses	(2,077,476)	2,074,303
Security deposit liability	86,839	—
Accrued payroll and related expenses	(98,930)	283,374
Net cash provided by (used in) operating activities	3,574,327	(22,697,166)
Cash flows from investing activities:		
Purchases of investments	(15,462,130)	(6,657,605)
Sales of investments	15,721,543	12,538,062
Purchases of equipment	(2,635,065)	(701,926)
Net cash (used in) provided by investing activities	(2,375,652)	5,178,531
Cash flows from financing activities:		
Repayments of bond payable	(310,000)	(295,000)
Line of credit borrowings	3,000,000	11,000,000
Line of credit repayments	(9,000,000)	(1,000,000)
Net cash (used in) provided by financing activities	(6,310,000)	9,705,000
Change in cash and equivalents and restricted cash	(5,111,325)	(7,813,635)
Cash and equivalents and restricted cash, beginning of year	10,471,864	18,285,499
Cash and equivalents and restricted cash, end of year	\$ 5,360,539	10,471,864
Supplemental data:		
Cash paid for interest	\$ 707,455	502,131
Lease liabilities arising from obtaining ROU assets	3,923,640	9,192,633

See accompanying notes to financial statements.

CITY YEAR, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(1) Organization Background and History

City Year Inc. (the Organization or City Year) was founded in Boston, Massachusetts in 1988 and now operates in 29 – locations across the United States, including Columbia, SC, Providence, RI, Chicago, IL, Columbus, OH, San Jose, CA, San Antonio, TX, Cleveland, OH, Philadelphia, PA, Seattle, WA, Detroit, MI, Washington, DC, Manchester, NH, New York City, NY, Little Rock, AR, Baton Rouge, LA, New Orleans, LA, Los Angeles, CA, Miami, FL, Milwaukee, WI, Denver, CO, Orlando, FL, Sacramento, CA, Jacksonville, FL, Tulsa, OK, Dallas, TX, Kansas City, MO, Memphis, TN and Buffalo, NY. In 2005, City Year established its first international program, City Year South Africa Citizen Service Organization, in Johannesburg, South Africa and in 2009, City Year collaborated with an organization in the United Kingdom to establish a second international City Year program with operations in London, Manchester, and Birmingham.

City Year's vision is to help students and schools succeed, while preparing the next generation of civically engaged leaders who can work across lines of difference. Partnering with teachers, diverse teams of City Year AmeriCorps members cultivate learning environments where all students can build on their strengths, fully engage in their learning, and thrive. City Year supports this vision in three primary ways:

- (a) The City Year youth service corps annually unites young people age 17–25 for a year of full-time community service and leadership development at locations across the country. As tutors, mentors and role models, they help students and schools succeed, and embody the power of national service to address pressing domestic issues.
- (b) City Year seeks to inspire citizen service with high impact-community events that engage people and institutions through major physical service projects – such as renovating schools, refurbishing playgrounds and painting over graffiti with murals.
- (c) City Year promotes citizen service and builds awareness of and support for increasing service opportunities by engaging policy makers and convening service organizations.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Net assets and revenues are classified based on the existence or absence of donor imposed-restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed stipulations but which may be designated for specific purposes by the Organization's Trustees.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that expire with the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

CITY YEAR, INC.

Notes to Financial Statements

June 30, 2025 and 2024

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations, including time restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulations or law. Expirations of donor restrictions on net assets are reported as reclassifications between the classes of net assets.

Expirations of donor restrictions occur when donor-imposed stipulations have been accomplished and/or the stipulated time period has elapsed. If an expense is incurred for a purpose for which both net assets without donor restriction and net assets with donor restrictions are available, a donor-imposed stipulations is fulfilled to the extent of the expense incurred unless the expense is incurred for a purpose that is directly attributable to another specific external source of revenue.

The endowment component classified as net assets without donor restrictions is comprised of amounts designated by the Board of Trustees (the Board) to function as endowments which amounts to \$13,959,244 and \$8,687,576 as of June 30, 2025 and 2024, respectively.

(b) Statement of Activities

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating and nonoperating transactions. Operating revenues consist of those items attributable to City Year's ongoing service efforts. Contributions without donor restrictions are reported as operating revenues. City Year's spending rule allows for the expenditure of up to 4.5% of the average investment balance of certain qualifying investments for the trailing eight quarters, starting with March 31st of the prior fiscal year, to fund operations. Board designated surplus funds appropriated for spending by the Board of Trustees are also presented as operating revenue. The amount of board designated surplus available for appropriations is defined as total net assets without donor restrictions in excess of 10% budgeted expenses for the upcoming fiscal year, less property and equipment net of related debt. For the years ended June 30, 2025 and 2024, City Year authorized \$5,000,000 and \$11,400,000, respectively, for operations. The balance of board designated surplus available for appropriation as of June 30, 2025 and 2024 was \$10,022,166 and \$10,962,760, respectively for the 29 City Year locations with City Year Headquarters included.

The Organization follows the provisions of ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the Organization follows the provisions of ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), which provides guidance as to whether the entity should account

CITY YEAR, INC.

Notes to Financial Statements

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for a grant (or similar transaction) as a contribution or as an exchange transition. A summary of the Organization's specific revenue recognition practices follows:

- Grants awarded by federal and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred or other conditions under the agreements are met. The Organization has elected the simultaneous release policy available under ASU 2018-08, which allows a not-for-profit – organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. Payments received in advance of expenditures are recorded as deferred revenue until expended.
- Revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services (i.e. the transaction price). Services provided under school contracts are provided during the program year, which generally aligns with the Organization's fiscal year.
- Unconditional contributions, including unconditional promises to give, are recognized at fair value and increase net assets in the period received. Written promises to give that are scheduled to be received after the balance sheet date are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at rates commensurate with the estimated risk of receipt of the pledge. Amortization of the discount is recorded as additional contribution revenue in the appropriate net asset category. Contributions of assets other than cash are recorded at their estimated fair value.
- Dividends, interest, and net unrealized gains (losses) on long term-investments are reported as (1) increases in net assets with donor restrictions if the terms of the contributions required these to be added to principal of gifts to be held in perpetuity; (2) increases (decreases) in net assets with donor restrictions if the terms of the contributions impose restrictions on the use of the income and gains; or (3) increases (decreases) in net assets without donor restrictions in all other cases.

Certain amounts included in operations as defined for purposes of the statements of activities differ from amounts reported as cash flows from operating activities. Investment return in excess of amounts authorized for operations, unrealized net gains or losses from changes in fair value of interest rate swaps, board designated surplus funds appropriated for spending, and any contributions received for nonoperating purposes are reported as nonoperating items in the statements of activities.

(c) Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less when purchased, excluding amounts whose use is limited by arrangements under trust agreements or by donors. Cash equivalents held for investment purposes that are classified as investments are not reflected as cash equivalents in the statement of cash flows.

CITY YEAR, INC.

Notes to Financial Statements

June 30, 2025 and 2024

The following table provides a reconciliation of cash, cash equivalents and restricted cash within the balance sheet that sums to the total of such amounts as shown on the statement of cash flows as of June 30:

	2025	2024
Cash and cash equivalents	\$ 5,102,769	10,302,063
Restricted cash	257,770	169,801
Total cash, cash equivalents and restricted cash	\$ 5,360,539	10,471,864

(d) Investments

Investments are reported at fair value. Shares in registered funds are based on published share values reported by the funds.

(e) Property and Equipment

Property and equipment are stated at cost, except for donated assets, which are recorded at fair value at the date of gift. Ordinary repairs and maintenance are expensed as incurred. Depreciation and amortization are calculated on a straight-line – basis over the following estimated useful lives:

Building	40 years
Furniture and fixtures	3–15 years
Equipment and software	3–10 years
Leasehold improvements	Shorter of life of lease or improvements

(f) Leasing

City Year determines if an arrangement is a lease at inception. Operating leases as a lessee are included in right-of-use assets and lease obligations in the statement of financial position.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term. Lease obligations represent City Year's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate at the commencement date. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

(g) Contributed Goods and Professional Services

As more fully described in note 6, contributed goods and professional services are reflected as contributions in the accompanying statements of activities at their estimated fair value at the date received or provided.

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Notes to Financial Statements

June 30, 2025 and 2024

(h) Program Services

Program services consist of expenses related to operations, education, training, corps member development, new site development, special events, external affairs, and organizational development.

(i) Derivative Instruments

City Year utilizes interest rate-swap agreements to effectively convert a portion of its long-term – variable rate – debt to fixed rates and not for speculative purposes. FASB ASC 815, *Derivatives and Hedging*, requires the swaps' fair value and changes therein to be recognized in the financial statements. Differences between the fixed and variable rates in effect at each interest due date are settled net under each swap, increasing or decreasing interest expense. The net termination value (cost) of each swap is measured at each reporting date and presented as an asset (liability) using techniques such as discounted cash flow analysis and option pricing models that incorporate assumptions about future market interest or exchange rates, as appropriate.

(j) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

(k) Allocations

The Organization reports expenses by their functional classification. Expenses related directly to a program are charged to that program while indirect expenses are allocated principally on time and effort related to that function.

(l) Tax Status

The Organization generally does not provide for income taxes since it is a tax-exempt – organization under Section 501(c)(3) of the Internal Revenue Code.

ASC 740, *Income Taxes*, permits an entity to recognize the benefit and requires accrual of an uncertain tax position only when the position is “more likely than not” to be sustained in the event of examination by tax authorities. In evaluating whether a tax position has met the recognition threshold, the Organization must presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. ASC 740 also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. Tax positions deemed to meet the “more – likely than – not” threshold are recorded as a tax expense in the current year. There were no uncertain tax positions as of June 30, 2025 and 2024.

CITY YEAR, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(3) Financial Assets and Liquidity Resources

As of June 30, 2025, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and scheduled principal payments on debt, were as follows:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 4,931,170	9,147,853
Contributions receivable	4,446,981	3,089,200
Government grants receivables due in a year, net	24,233,363	27,289,700
Board designations:		
Future fiscal budgeted endowment payout	<u>728,245</u>	<u>721,110</u>
Total financial assets available within one year	<u>\$ 34,339,759</u>	<u>40,247,863</u>

City Year is substantially supported by cost reimbursement grants that require funds to be spent in order to receive payments. City Year's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

(4) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Time restrictions	\$ 2,578,732	4,375,278
Purpose restrictions:		
School programs and education research	55,033	1,010,120
Endowments:		
School programs	3,310,366	8,222,657
Headquarters initiatives	2,414,005	2,522,833
Graduation awards	<u>15,129</u>	<u>15,811</u>
	<u>\$ 8,373,265</u>	<u>16,146,699</u>

CITY YEAR, INC.

Notes to Financial Statements

June 30, 2025 and 2024

(5) Net Assets Released from Restrictions

Net assets released from restrictions consisted of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Expiration of time restrictions	\$ 4,271,188	3,469,073
Release of permanent restricted endowments	4,810,431	—
Satisfaction of purpose restrictions	<u>4,076,262</u>	<u>4,674,785</u>
	<u>\$ 13,157,881</u>	<u>8,143,858</u>

(6) Contributed Nonfinancial Assets

For the years ended June 30, 2025, and 2024, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2025</u>	<u>2024</u>
Services	\$ 710,047	401,141

City Year recognized contributed nonfinancial assets within revenue, including contributed services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed-restrictions.

Contributed services recognized comprise professional services from attorneys advising City Year on various administrative legal matters in fiscal 2025 and 2024. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Contributed Nonfinancial Assets consisted of the following at June 30, 2025:

	<u>Revenue recognized</u>	<u>Revenue programs/ activities</u>	<u>Donor restrictions</u>	<u>Valuation techniques and inputs</u>
Program Services	\$ 12,045	Transportation and travel	No associated donor restnctions	Contributed services are valued at the estimated fair value based on current rates for similar travel services.
Support Services	\$ 698,002	Various Administrative Legal Matters	No associated donor restnctions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.

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Notes to Financial Statements

June 30, 2025 and 2024

Contributed Nonfinancial Assets consisted of the following at June 30, 2024:

	<u>Revenue recognized</u>	<u>Revenue programs/ activities</u>	<u>Donor restrictions</u>	<u>Valuation techniques and inputs</u>
Program Services	\$ 13,870	Transportation and travel	No associated donor restrictions	Contributed services are valued at the estimated fair value based on current rates for similar travel services.
Support Services	\$ 387,271	Various Administrative Legal Matters	No associated donor restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.

(7) Investments

GAAP establishes a three-level-valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under US GAAP are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value

CITY YEAR, INC.

Notes to Financial Statements

June 30, 2025 and 2024

measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table summarizes the classification of the Organization's investments in accordance with the fair value hierarchy as of June 30, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
Exchange traded / mutual funds:		
Global equity funds	\$ —	2,207,079
Domestic equity fund	3,745,600	13,524,834
Domestic fixed income fund	—	3,379,354
Money market fund	953,144	337,610
Certificate of deposit	15,000,000	—
Total investments	<u>\$ 19,698,744</u>	<u>19,448,877</u>

All investments presented above are classified as Level 1 within the fair value hierarchy, except for the certificate of deposit, which is classified as Level 2.

The following are the components of the return on investments for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Dividends and interest	\$ 462,130	481,071
Realized and unrealized net gain on investments	509,280	1,727,993
Total return on investments	<u>\$ 971,410</u>	<u>2,209,064</u>

Following is a reconciliation of total investment return to amounts reported in the statements of activities for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Investment return on endowments – board designated	\$ 461,547	840,086
Investment return on endowments – donor restricted	509,863	1,368,978
Total return on investments	<u>\$ 971,410</u>	<u>2,209,064</u>

(8) Endowment

City Year's endowment consists of approximately 15 individual funds established for a variety of purposes, including both donor-imposed stipulations and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of

CITY YEAR, INC.

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Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed stipulations.

(a) Interpretation of Relevant Law

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted-endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Accumulations to the endowment that do not have to be maintained perpetuity remain classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted-endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor restricted-endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

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Endowment net assets consisted of the following at June 30, 2025:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Historical gift value	\$ —	4,009,083	4,009,083
Appreciation	—	1,730,417	1,730,417
Total donor-restricted endowment funds	—	5,739,500	5,739,500
Board-designated endowment funds	13,959,244	—	13,959,244
Total	\$ 13,959,244	5,739,500	19,698,744

Endowment net assets consisted of the following at June 30, 2024:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Historical gift value	\$ —	7,039,255	7,039,255
Appreciation	—	3,722,046	3,722,046
Total donor-restricted endowment funds	—	10,761,301	10,761,301
Board-designated endowment funds	8,687,576	—	8,687,576
Total	\$ 8,687,576	10,761,301	19,448,877

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Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2024	\$ 8,687,576	10,761,301	19,448,877
Investment return:			
Interest and dividends	232,371	229,759	462,130
Net appreciation	229,176	280,104	509,280
Total investment return	461,547	509,863	971,410
Transfer Fees	(310)	(141)	(451)
Transfer for Release of Funds	4,810,431	(4,810,431)	—
Endowment return appropriated	—	(721,092)	(721,092)
Endowment net assets, June 30, 2025	<u>\$ 13,959,244</u>	<u>5,739,500</u>	<u>19,698,744</u>

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2023	\$ 13,753,143	9,848,198	23,601,341
Investment return:			
Interest and dividends	230,719	250,352	481,071
Net appreciation	609,367	1,118,626	1,727,993
Total investment return	840,086	1,368,978	2,209,064
Endowment return appropriated	(5,905,653)	(455,875)	(6,361,528)
Endowment net assets, June 30, 2024	<u>\$ 8,687,576</u>	<u>10,761,301</u>	<u>19,448,877</u>

In 2025, multiple donors agreed to release their restrictions on their donations. The total amount released from restrictions is \$4,810,431.

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the Act requires the Organization to retain as a fund of perpetual duration. No deficiencies of this nature were reported in net assets with donor restrictions as of June 30, 2025 and 2024, respectively.

CITY YEAR, INC.

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June 30, 2025 and 2024

(c) Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted-funds that the organizations must hold in perpetuity or for a donor specified-period as well as board designated-funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of relative benchmarks while assuming a moderate level of investment risk. The Organization expects its endowment funds to provide, over the long term (rolling three – to five-year periods) an average annual total return (net of fees), equal to the spending rate plus inflation, defined as the Consumer Price Index. Actual returns in any given year may vary from this amount.

(d) Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on investments in equity-based investments to achieve its long-term-return objectives within prudent risk constraints.

(e) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year up to 4.5% of its endowment funds' average fair value over the prior eight quarters through the quarter ending March 31st preceding the fiscal year in which the distribution is planned. The Board of Trustees elected to appropriate distributions for operations of \$721,092 in fiscal 2025 and \$6,361,528 in fiscal 2024. These amounts are classified as operating revenue without donor restrictions in the statement of activities. In establishing these policies, the Organization considered the long term-expected return on its endowment. Accordingly, the Organization expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts plus inflation, defined as the Consumer Price Index. Additional real growth will be provided through new gifts and any excess investment return.

(9) Contributions Receivables

Contributions receivables consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Restricted to future periods	\$ 4,446,981	3,089,200

Contributions receivables were scheduled to be received as followed as of June 30:

	<u>2025</u>	<u>2024</u>
Due within one year	\$ 4,446,981	3,089,200

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Notes to Financial Statements

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(10) Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 4,884,000	4,884,000
Building	14,676,778	14,187,114
Furniture, fixtures and equipment	5,753,885	5,726,898
IT hardware and IT software	10,350,264	8,240,333
Leasehold improvements	1,285,453	1,285,453
	<u>36,950,380</u>	<u>34,323,798</u>
Less accumulated depreciation and amortization	<u>(21,118,658)</u>	<u>(19,826,605)</u>
	<u>\$ 15,831,722</u>	<u>14,497,193</u>

(11) Federal Grants

City Year received grant awards from AmeriCorps (formerly the Corporation for National and Community Service) totaling \$61,126,707 and \$72,207,378 for fiscal years 2025 and 2024, respectively. The funds were awarded through the AmeriCorps program State and National administered by AmeriCorps. Funds expended and recognized as revenue for the AmeriCorps program in fiscal year 2025 and 2024 totaled \$50,887,465 and \$41,093,852, respectively. City Year expended and recognized revenue for other federal programs totaling \$1,216,807 and \$1,497,816 in fiscal year 2025 and 2024, respectively. The Organization's federal grant programs are subject to financial and compliance audits. In addition, various federal, state, and private funding agencies reserve the right to perform separate program audits. Management does not believe that any potential liability resulting from these audits would have a material effect on the financial position of City Year.

(12) Leases

Lease cost for office space was \$4,431,489 and \$3,746,873 for the years ended June 30, 2025 and 2024, respectively, inclusive of certain in-kind arrangements. Lease arrangements with an original term of more than one year expire on various dates through 2032.

CITY YEAR, INC.

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June 30, 2025 and 2024

Future minimum lease payments under operating leases as of June 30, 2025 are as follows:

	<u>Amount due</u>
Fiscal years ending June 30:	
2026	\$ 3,650,593
2027	3,443,553
2028	2,815,886
2029	1,709,901
2030	1,410,561
Thereafter	<u>1,705,679</u>
	14,736,173
Less: Amounts representing interest	<u>(1,059,727)</u>
	<u>\$ 13,676,446</u>

The weighted average remaining lease term on leases commencing on or before June 30 was 56 months and 62 months fiscal years 2025 and 2024, respectively. The weighted average discount rate on leases commencing on or before June 30 was 3.10% and 2.90% for fiscal years 2025 and 2024, respectively. The Organization is also responsible for reimbursing certain real estate taxes and operating costs under certain of the office lease terms. Operating outflows from operating leases was \$4,268,017 and \$3,322,140 for the years ended June 30, 2025 and 2024, respectively.

City Year has leased space within 287 Columbus Avenue, Boston, Headquarters location. The lease commenced June 4, 2025, and has an ending date on June 30, 2036. Per the lease agreement, lessee has an option for a lease extension of five years upon expiration of original term. Leased space includes the entire fourth (4th) floor, consisting of 12,117 rentable square feet. City Year holds a security deposit of \$86,839 received from the lessee which is presented as part of restricted cash in the accompanying financial statements.

(13) Credit Facility

The Organization has a \$4,000,000 credit facility (the Facility) with Bank of America, N.A. (BoA), maturing on August 28, 2025. The maturity date was extended to January 30, 2026. The Facility is secured by all assets of the Organization, except for the portion of assets equal to the amount of net assets with donor restriction to be held in perpetuity. This includes \$15,000,000 of certificates of deposits invested with BoA.

City Year's borrowing interest rate is a rate per year equal to the Term Secured Overnight Financing Rate (SOFR) Daily Floating Rate plus the Applicable Margin. The Facility Line contains certain financial covenants, including a liquidity ratio requirement. There were borrowings of \$4,000,000 and \$10,000,000 under the Facility Line during the year ended June 30, 2025 and 2024, respectively.

On February 8, 2017, the Organization secured from BoA an irrevocable standby letter of credit, for the benefit of the landlord as required security deposit on their New York office facility.

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June 30, 2025 and 2024

The letter of credit expires on February 13, 2026 but may be renewed through December 31, 2027. City Year purchased a certificate of deposit as collateral as required by the Security Agreement with BoA. The certificate of deposit totaling \$169,801 is presented as restricted cash in the accompanying financial statements for the year ended June 30, 2025 and 2024.

(14) Long-Term Debt

(a) *Bonds Payable*

City Year entered into a Loan and Security Agreement, dated May 1, 2013, with Massachusetts Development Finance Agency, Banc of America Public Capital Corp., and Bank of America, N.A. This agreement provided, among other things, for the issuance of Massachusetts Development Finance Agency Revenue Bonds, City Year Issue, Series 2013, in the aggregate principal amount of \$8,100,000. City Year used the proceeds from the issuance of those bonds to refund the outstanding amount of the Variable Rate Demand Revenue Bonds, City Year Issue, Series 2006, issued in the original principal amount of \$9,000,000.

City Year entered into the First Amendment to the Loan and Security Agreement, dated May 1, 2018, with Massachusetts Development Finance Agency, Banc of America Public Capital Corp., and Bank of America, N.A. This amendment provided, among other things, to amend and restate the Series 2013 Bonds. The restated bonds were purchased by Banc of America Public Capital Corp. as a Nonbank qualified tax-exempt private placement loan facility, with a put term of five years from the date of closing, May 1, 2018.

The bond matures through July 1, 2036, and bears interest at a tax-exempt rate equal to 80% of daily SOFR – plus the Applicable Margin. The interest rate at June 30, 2025, was 4.209% and 2024, was 5.026%, respectively.

Payment of the principal and interest on the bonds is secured by a mortgage on the real property located at 287 Columbus Avenue, Boston, Massachusetts.

In addition to and in conjunction with the Loan and Security Agreement, City Year entered into a Continuing Covenants Agreement with Banc of America Public Capital Corp., and other related agreements, dated May 7, 2013, and amended May 1, 2018, and March 25, 2021. The agreement contains certain financial covenants, including a minimum liquidity requirement and limitations on the amount of annual capital expenditures.

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Aggregate scheduled annual principal repayments for bonds payable as of June 30, 2025 were as follows:

2026	\$	325,000
2027		340,000
2028		350,000
2029		365,000
2030		385,000
Thereafter		3,245,000
Total	\$	5,010,000

(b) Interest Rate Swaps

City Year has two interest rate swap agreements with Bank of America (BoA) to mitigate its exposure to variability in interest payments on the bonds payable. The terms of the swap agreements were as follows at June 30, 2025 and 2024:

Counterparty	Effective date	Expiration date	Remaining notional amount	Swap fixed rate	Asset (Liability) fair value at June 30	
					2025	2024
Bank of America, N.A.	07/01/06	07/01/26	\$ 1,235,000	3.9500 %	\$ (35,420)	(22,817)
Bank of America, N.A.	05/01/18	07/01/26	3,775,000	2.7250 %	32,582	109,568
			\$ 5,010,000		\$ (2,838)	86,751

While the swaps' fair values were zero at inception of the agreements, interest rate volatility, remaining outstanding principal, and time to maturity will affect each swap's fair value at subsequent reporting dates. The fair value of the net liability as of June 30, 2025 and 2024 represents the amount City Year would have had to pay BoA to terminate the swaps as of that date. To the extent City Year holds a swap through its expiration date, the swap's fair value will reach zero. Interest payable or receivable under the swaps settles monthly. Because the swap fair values are based predominantly on observable inputs that are corroborated by market data, they are categorized in Level 2 of the fair value hierarchy. Changes in fair value of interest rate-swaps for the period ending June 30, 2025, and 2024 were (\$89,590) and (\$14,838), respectively.

(15) Retirement Plans

The Organization participates in the City Year 401(k) Savings Plan (the Plan), which is a defined contribution plan covering all employees of City Year who have at least six months of service with the Organization. Employer contributions are fully vested when made. Matching contributions are made in an amount equal to 100% of the first 4% of eligible compensation each pay period. Employer matching contributions for the years ended June 30, 2025, and 2024 were \$1,989,916 and \$2,327,810, respectively.

City Year has established an Internal Revenue Code Section 457(b) plan for a limited number of the Organization's top management employees. Under this plan, participating employees can elect to defer compensation within the Internal Revenue Code limits. The Organization will pay the deferred

CITY YEAR, INC.

Notes to Financial Statements

June 30, 2025 and 2024

compensation under this Plan upon the employee leaving the Organization or under certain conditions outlined in the Plan. The compensation deferred under this plan is credited with earnings or losses measured by the mirrored rate of return on the investments selected by the participant. The Plan is immaterial to the financial statements.

(16) Affiliations

City Year is affiliated with international programs in Johannesburg, South Africa and in London, Manchester, and Birmingham in the United Kingdom which are legally separate from City Year and separately governed. Accordingly, the financial records of the organizations are not consolidated herein.

(17) Subsequent Events

In connection with the preparation of these financial statements, the Organization evaluated subsequent events after the statement of financial position date of June 30, 2025, through December 19, 2025, which was the date the financial statements were available to be issued.

CITY YEAR, INC.
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2025

Federal grantor/pass-through program/program title	Assistance listing number	Federal expenditures
Corporation for National and Community Service		
AmeriCorps State and National Program		
Direct Funding		
#24NDFMA001 (National)	94 006	\$ 17,358,863
Passed through the Massachusetts Service Alliance		
#24ACFMA0010002 (Competitive) Boston	94 006	3,025,912
Passed through the Pennsylvania Department of Labor & Industry (PennSERVE)		
#24ACBPA0010001 (Competitive) Philadelphia	94 006	3,598,738
Passed through the Ohio Commission on Service and Volunteerism – Serve Ohio		
#24ACCOH0010002 (Competitive) Columbus	94 006	848,613
#24ACCOH0010001 (Competitive) Cleveland	94 006	977,211
Passed through the Michigan Department of Labor and Economic Opportunity		
#22ESCM10010001 (Competitive) Detroit	94 006	1,124,439
#23FXCM10010001 (Formula) Detroit	94 006	457,948
Passed through California Volunteers		
#24ACICA0010001 (Competitive) Los Angeles	94 006	5,000,000
#20ESHCA0010002 (Competitive) Sacramento	94 006	1,008,171
#ACY31-X116 (Supplemental) Sacramento	94 006	199,472
Passed through Volunteer NH		
#21ESFNH0010003 (Competitive) New Hampshire	94 006	582,576
Passed through Serve DC		
#22ESBDC0010001 (Competitive) Washington DC	94 006	1,781,184
Passed through the OneStar National Service Commission – OneStar Foundation		
#24ACGTX0010002 (Competitive) San Antonio	94 006	1,673,323
#23ESGTX0010002 (Competitive) Dallas	94 006	1,222,706
Passed through the United Way Association of South Carolina, South Carolina Commission on National and Community Service		
#24ESHSC0010001 (Competitive) Columbia	94 006	381,889
#21AFHSC0010031 (Formula) Columbia	94 006	237,715
Passed through the Volunteer Louisiana Commission		
#23ESGLA0010001 (Competitive) New Orleans	94 006	628,900
#23ESGLA0010002 (Competitive) Baton Rouge	94 006	1,038,568
Passed through Missouri Community Service Commission		
#21ESEMCO010002 (Competitive) Kansas City	94 006	635,933
Passed through the Serve Colorado Governor's Commission on Community Service		
#22ESDCO0010002 (Competitive) Denver	94 006	1,141,601
Passed through the Serve Washington, State of Washington		
#22ESIWA0010001 (Competitive) Seattle	94 006	732,603
Passed through Florida Commission on Community Service		
#21ESHFL0010002 (Competitive) Miami	94 006	1,210,297
#24ACHFL0010001 (Competitive) Orlando	94 006	983,801
#24ESHFL0010002 (Competitive) Jacksonville	94 006	1,465,553
Passed through Volunteer Tennessee		
#22ESHTN0010002 (Competitive) Memphis	94 006	787,926
Passed through New York State Office of Children and Family Services		
#23ESFNY0010003 (Competitive) New York	94 006	2,711,291
Total AmeriCorps Program		<u>50,820,233</u>
U.S. Department of the Treasury:		
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds:		
Passed through Washington DC	21 027	80,065
Passed through State of Colorado and Colorado Behavioral Health Administration (BHA)	21 027	445,310
Passed through the State of Colorado	21 027	13,650
Total U.S. Department of the Treasury		<u>539,025</u>
U.S. Department of Education		
DC Opportunity Scholarship Program	64.370C	236,669
Passed through Washington DC		
COVID-19 – Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund (ESSER)		
Passed through the State of Colorado	84.425H	20,463
Total U.S. Department of Education		<u>257,132</u>
U.S. Department of Health and Human Services		
Temporary Assistance for Needy Families (TANF)		
Passed through Franklin County Department of Job and Family Services	93.558	89,330
Total U.S. Department of Health and Human Services		<u>89,330</u>
Total expenditures of federal awards		<u>\$ 51,705,720</u>

See accompanying independent auditors' report

CITY YEAR, INC.

Notes to Schedule of Expenditure of Federal Awards

Year ended June 30, 2025

(1) Definition of Reporting Entity

The accompanying schedule of expenditures of federal awards presents expenditures of all federal awards programs of City Year, Inc. (City Year), whether received directly from Federal agencies or passed through other entities.

(2) Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented using on the accrual basis of accounting and in accordance with the requirements of Uniform Guidance. City Year elected not to use the de minimus indirect cost rate allowed under the Uniform Guidance.

(3) Subrecipient Payments

City Year did not pass through awards to subrecipients during fiscal year 2025.



KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report on Supplementary Information

Board of Trustees
City Year, Inc.:

We have audited the financial statements of City Year, Inc. as of and for the years ended June 30, 2025 and 2024, and have issued our report thereon dated December 19, 2025 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The information included in the accompanying Supplemental Schedule of Compensation, Benefits, and Other Payments to Agency Head (supplementary information) for the year ended June 30, 2025, is presented for the purposes of additional analysis, as required by the State of Louisiana regulation R.S.513(A)(3), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Boston, Massachusetts
December 19, 2025

CITY YEAR, INC.

Supplemental Schedule of Compensation, Benefits, and Other Payments to Agency Head

Year ended June 30, 2025

Agency Head Name: Jim Balfanz, Chief Executive Officer

Purpose	Amount
Salary	\$ —
Benefits – insurance	—
Benefits – retirement	—
Benefits – other	—
Car allowance	—
Vehicle provided by government	—
Per diem	—
Reimbursements	—
Travel	—
Registration fees	—
Conference travel	—
Continuing professional education fees	—
Housing	—
Unvouchered expenses	—
Special meals	—
Other	—
Total	\$ <u>—</u>

In accordance with the State of Louisiana regulation R.S. 24:513(A)(3), this schedule represents public funds utilized for the compensation, benefits, and other payments to the Agency Head.

See accompanying independent auditors' report.