

FINANCIAL STATEMENTS AND
AUDITOR'S REPORT
YOUTH ENVIRONMENTAL SERVICES, INC.

December 31, 2015 and 2014

YOUTH ENVIRONMENTAL SERVICES, INC.

December 31, 2015 and 2014

Index

	<u>Page</u>
Independent Auditors Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6-7
Notes to the Financial Statements	8-10

Independent Auditor's Report

To the Board of Directors of
Youth Environmental Services, Inc.

We have audited the statements of financial position of Youth Environmental Services, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Environmental Services, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Port Washington, New York
May 26, 2016

Youth Environmental Services, Inc.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2015	2014
Current assets		
Cash	\$ 863,980	\$ 856,168
Grants receivable	642,442	624,101
Patient receivables	16,645	14,222
Other receivables	8,166	8,047
Prepaid expenses	25,630	25,642
Security Deposit	1,973	1,973
Total current assets	1,558,836	1,530,153
Property and equipment, less accumulated depreciation of \$595,324 in 2015 and \$504,972 in 2014	1,563,969	1,651,661
Total Assets	\$ 3,122,805	\$ 3,181,814

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 8,609	\$ 47,330
Accrued payroll and taxes	73,463	62,600
Due to Commerce Plaza	416	416
Total current liabilities	82,488	110,346
Net assets - unrestricted	3,040,317	3,071,468
Total Liabilities and Net Assets	\$ 3,122,805	\$ 3,181,814

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

Youth Environmental Services, Inc.
STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	2015	2014
Support and revenue		
Public support:		
Government grants	\$ 1,837,977	\$ 1,645,185
Other grants	89,996	110,568
Contributions	70,730	65,482
Fundraising	34,085	47,675
Total public support	2,032,788	1,868,910
Other revenue		
Program fees	396,529	336,939
Interest	2,415	1,119
Tax Refund	2,996	4,939
Total other revenue	401,940	342,997
Total public support & other revenue	2,434,728	2,211,907
Expenses:		
Salaries and wages	1,720,374	1,483,418
Payroll taxes and employee benefits	350,570	291,464
Telephone and utilities	36,898	32,008
Equipment maintenance and leasing	8,759	6,570
Rent	24,326	7,892
Supplies	24,027	20,264
Fees, dues and sundry	40,601	30,942
Professional fees	78,470	56,879
Insurance	28,093	26,089
Depreciation	90,352	90,567
Miscellaneous	3,710	5,583
Transportation and travel	6,834	4,926
Fundraising expenses	7,888	3,575
Grant expenses	10,900	9,812
Staff training	1,247	830
Maintenance	6,870	4,604
Contractual Services	22,507	16,478
Total expenses	2,462,426	2,091,901
Change in net assets	(27,698)	120,006
Other changes in unrestricted net assets	(3,453)	4,925
Net assets, beginning of year	3,071,468	2,946,537
Net assets, end of year	\$ 3,040,317	\$ 3,071,468

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

Youth Environmental Services, Inc.
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (27,698)	\$ 120,006
Adjustment to reconcile excess of net assets to to net cash provided by operating activities:		
Depreciation	90,352	90,567
(Increase) Decrease in:		
Grants receivable	(18,341)	(120,957)
Patient receivables	(2,423)	7,440
Other receivables	(119)	(7,213)
Prepaid expenses	12	(16,847)
Security deposit	-	(1,973)
(Decrease) Increase in:		
Accounts payable	(38,721)	(32,765)
Accrued payroll and taxes	10,863	(2,237)
Deferred support	-	(3,000)
Due to Commerce Plaza	-	(417)
Net cash provided by operating activities	13,925	32,604
Cash flow from investing activities:		
Purchase of property and equipment	(2,660)	(28,520)
Net cash used by investing activities	(2,660)	(28,520)
Net increase in cash	11,265	4,084
Other changes in unrestricted net assets	(3,453)	4,925
Cash at beginning of year	856,168	847,159
Cash at end of year	\$ 863,980	\$ 856,168

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

Youth Environmental Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	Drug & Alcohol Services	Youth Development	Other Program Services	Total	Management and General	Fundraising	Total
Expenses							
Salaries and wages	\$ 868,611	\$ 813,413	\$ -	1,682,024	\$ 38,350	\$ -	1,720,374
Payroll taxes and employee benefits	191,160	154,957	-	346,117	4,453	-	350,570
Total payroll and employee benefits	1,059,771	968,370	-	2,028,141	42,803	-	2,070,944
Telephone and utilities	21,641	15,257	-	36,898	-	-	36,898
Equipment purchases, maintenance and leasing	5,913	2,846	-	8,759	-	-	8,759
Rent	14,026	10,300	-	24,326	-	-	24,326
Supplies	5,282	18,085	-	23,367	660	-	24,027
Fees, dues and sundry	8,381	28,317	100	36,798	3,803	-	40,601
Professional fees	69,550	8,920	-	78,470	-	-	78,470
Insurance	17,390	10,703	-	28,093	-	-	28,093
Miscellaneous	1,257	1,002	200	2,459	1,251	-	3,710
Transportation and travel	372	6,462	-	6,834	-	-	6,834
Fundraising expenses	-	-	-	-	-	7,888	7,888
Grant expenses	777	470	10,900	10,900	-	-	10,900
Staff training	5,360	1,510	-	1,247	-	-	1,247
Maintenance	17,469	5,038	-	6,870	-	-	6,870
Contractual services	-	-	-	22,507	-	-	22,507
Total before depreciation	1,227,189	1,077,280	11,200	2,315,669	48,517	7,888	2,372,074
Depreciation	-	-	-	-	90,352	-	90,352
Total expenses	\$ 1,227,189	\$ 1,077,280	\$ 11,200	\$ 2,315,669	\$ 138,869	\$ 7,888	\$ 2,462,426

The accompanying notes are integral part of these Financial Statements.
(6)

Youth Environmental Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014

	Drug & Alcohol Services	Youth Development	Project Hope	Other Program Services	Total	Management and General	Fundraising	Total
Expenses								
Salaries and wages	\$ 643,395	\$ 735,057	\$ 68,350	\$ -	1,446,802	\$ 36,616	\$ -	1,483,418
Payroll taxes and employee benefits	138,728	138,765	8,746	-	286,239	5,225	-	291,464
Total payroll and employee benefits	782,123	873,822	77,096	-	1,733,041	41,841	-	1,774,882
Telephone and utilities	16,551	15,384	-	73	32,008	-	-	32,008
Equipment purchases, maintenance and leasing	2,694	3,876	-	-	6,570	-	-	6,570
Rent	7,892	-	-	-	7,892	-	-	7,892
Supplies	8,206	11,088	917	14	20,225	39	-	20,264
Fees, dues and sundry	8,485	20,710	243	320	29,758	1,184	-	30,942
Professional fees	48,379	-	4,500	4,000	56,879	-	-	56,879
Insurance	9,637	16,452	-	-	26,089	-	-	26,089
Miscellaneous	1,356	907	-	239	2,502	3,081	-	5,583
Transportation and travel	35	4,387	504	-	4,926	-	-	4,926
Fundraising expenses	-	-	-	-	-	-	3,575	3,575
Grant expenses	-	-	-	9,812	9,812	-	-	9,812
Staff training	535	120	-	175	830	-	-	830
Maintenance	2,848	1,756	-	-	4,604	-	-	4,604
Contractual Services	15,737	741	-	-	16,478	-	-	16,478
Total before depreciation	904,478	949,243	83,260	14,633	1,951,614	46,145	3,575	2,001,334
Depreciation	-	-	-	-	-	90,567	-	90,567
Total expenses	\$ 904,478	\$ 949,243	\$ 83,260	\$ 14,633	\$ 1,951,614	\$ 136,712	\$ 3,575	\$ 2,091,901

The accompanying notes are integral part of these Financial Statements.
(7)

Youth Environmental Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Youth Environmental Services, Inc. (the Organization) is incorporated under the laws of the State of New York as a nonprofit corporation to actively intervene in the lives of young people and their families by offering services that are preventive in nature and supportive in time of crisis.

The Board of Directors of the Organization manages all funds held by the Organization in accordance with its act of incorporation.

The Organization is a tax-exempt organization and is not subject to Federal and State income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code.

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below.

1. Revenue recognition

Government grants from funding sources are received as cost reimbursements from New York State under ten contracts administered by the County of Nassau Department of Human Services office for Youth Services, Town of Oyster Bay, Massapequa School District and the County of Nassau Department of Human Services Office of Mental Health, Chemical Dependency and Developmental Disabilities Services. These advances are recognized as revenue when the funding source has approved the costs submitted for reimbursement under the respective contract.

Counseling fees are recognized as income once the services are performed and billed to the patient.

Other contributions are recognized as income when received. Interest income is recognized when earned.

2. Concentration of Credit Risk

The Organization at times may maintain cash balances in excess of \$250,000 in banks, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015 and December 31, 2014 there were no uninsured balances.

Youth Environmental Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

3. Property and Equipment

The Organization generally follows the practice of capitalizing all expenditures for furniture, equipment and significant improvements in excess of \$500. Property and equipment including significant improvements thereto, is recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of property and equipment is depreciated over the estimated useful lives using the straight-line method.

4. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

5. Uncertain Tax Positions

The Organization adapted the income standard related to the recognition and measurement of uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions as of December 31, 2015. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Youth Environmental Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

The Organization is no longer subject to income tax examinations for years prior to the year ended December 31, 2011. If incurred the Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

6. Subsequent Events

The Organization evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are issued, which was May 26, 2016 for these financial statements. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financials.

NOTE B - PROPERTY AND EQUIPMENT

The major classes of property and equipment recorded at cost, are as follows:

	December 31, 2015	December 31, 2014	Estimated Useful Life
Land	\$ 293,490	\$ 293,490	
Building - Levittown	1,027,120	1,027,120	20-39
Building - Massapequa	562,500	562,500	
Building improvements	114,316	114,316	11
Building closing costs	11,712	11,712	5
Equipment	113,980	111,320	3
Furniture and fixtures	36,175	36,175	5-7
	<u>2,159,293</u>	<u>2,156,633</u>	
Less accumulated depreciation	<u>(595,324)</u>	<u>(504,972)</u>	
	<u>\$1,563,969</u>	<u>\$1,651,661</u>	

NOTE C - SIMPLIFIED EMPLOYEE PENSION (SEP) PLAN

The Organization sponsors a Simplified Employee Pension (SEP) Plan. Employer contributions under this Plan shall be at the Employer's discretion and based upon the total compensation of each participant. Eligibility requires the employee to have attained the age of twenty-one (21) and to have performed services for the employer in three of the five plan years immediately preceding the plan year for which the contribution is to be made. Elective contributions are not permitted. Contributions were \$35,373 in 2015 and \$36,153 in 2014.