

FINANCIAL STATEMENTS AND
AUDITOR'S REPORT

YOUTH ENVIRONMENTAL SERVICES, INC.

December 31, 2019 and 2018

YOUTH ENVIRONMENTAL SERVICES, INC.

December 31, 2019 and 2018

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JOSEPH L. GIL, C.P.A., M.S.

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, 2019 and 2018, 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 audits. 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, 2019 and 2018, 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.

Joseph L. Gil, CPA, P.C.
Port Washington, New York
October 30, 2020

Youth Environmental Services, Inc.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2019	2018
Current assets		
Cash	\$ 1,475,994	\$ 1,338,517
Grants receivable	744,888	633,544
Patient receivables	38,907	40,999
Other receivables	23,762	6,049
Prepaid expenses	16,264	18,426
Total current assets	2,299,816	2,037,535
Property and equipment, less accumulated depreciation of \$1,014,723 in 2019 and \$900,860 in 2018 and	1,515,149	1,590,703
Total Assets	\$ 3,814,965	\$ 3,628,238

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 47,423	\$ 17,967
Accrued payroll and taxes	130,687	101,735
Grants received in advance	-	12,500
Compensated Absences	79,795	-
Total current liabilities	257,904	132,202
Net assets - without donor restrictions	3,557,061	3,496,036
Total Liabilities and Net Assets	\$ 3,814,965	\$ 3,628,238

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

Youth Environmental Services, Inc.
STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	2019	2018
	<u>Without donor restrictions</u>	
Support and revenue		
Public support:		
Government grants	\$ 2,352,769	\$ 1,959,616
Other grants	157,550	112,001
Contributions	72,087	103,898
Fundraising	38,760	39,183
Donated Goods & Services	83,904	-
	<u>2,705,070</u>	<u>2,214,698</u>
Total public support	2,705,070	2,214,698
Other revenue		
Program fees	615,370	639,504
Interest	6,011	4,718
	<u>621,381</u>	<u>644,222</u>
Total other revenue	621,381	644,222
Total public support & other revenue	3,326,451	2,858,920
Expenses:		
Salaries and wages	2,151,349	1,933,446
Payroll taxes and employee benefits	385,258	350,691
Telephone and utilities	35,841	33,866
Equipment and furniture expenses	7,732	5,589
Supplies	44,724	32,126
Fees, dues and sundry	31,982	31,555
Professional fees	68,030	82,437
Insurance	29,306	27,345
Depreciation	113,863	115,718
Miscellaneous	12,327	15,396
Transportation and travel	29,766	14,796
Fundraising expenses	884	2,306
Grant expenses	13,329	20,110
Staff training	3,685	510
Maintenance	19,482	13,671
Contractual Services	209,976	86,480
Donated Goods & Services	83,904	-
	<u>3,241,438</u>	<u>2,766,042</u>
Increase in net assets	85,013	92,878
Adjustments to net assets	(23,988)	(40)
Net assets, beginning of year	<u>3,496,036</u>	<u>3,403,198</u>
Net assets, end of year	<u>\$ 3,557,061</u>	<u>\$ 3,496,036</u>

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

Youth Environmental Services, Inc.
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$ 85,013	\$ 92,878
Adjustment to reconcile excess of net assets to to net cash provided by operating activities:		
Depreciation	113,863	115,718
(Increase) Decrease in:		
Grants receivable	(111,344)	181,296
Patient receivables	2,092	(10,120)
Other receivables	(17,713)	1,482
Prepaid expenses	2,162	(4,342)
(Decrease) Increase in:		
Accounts payable	29,456	(131,840)
Accrued payroll and taxes	28,952	14,068
Grants received in advance	(12,500)	12,500
Compensated Absences	79,794	-
Net cash provided by operating activities	199,775	271,640
Cash flow from investing activities:		
Purchase of property and equipment	(38,310)	(39,370)
Net cash used by investing activities	(38,310)	(39,370)
Net increase in cash	161,465	232,270
Adjustments to net assets	(23,988)	(40)
Cash at beginning of year	1,338,517	1,106,287
Cash at end of year	\$ 1,475,994	\$ 1,338,517

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, 2019

	Program Services		Supporting Services			
	Drug & Alcohol Services	Other Program Services	Total	Management and General	Fundraising	Total
Expenses						
Salaries and wages	\$ 1,125,840	\$ 968,640	\$ 2,094,480	\$ 56,869	\$ -	\$ 2,151,349
Payroll taxes and employee benefits	232,504	152,713	385,217	41	-	385,258
Total payroll and employee benefits	1,358,344	1,121,353	2,479,697	56,910	-	2,536,607
Telephone and utilities	17,235	18,606	35,841	-	-	35,841
Equipment and furniture expenses	4,836	2,896	7,732	-	-	7,732
Supplies	9,719	34,977	44,696	28	-	44,724
Fees, dues and sundry	10,234	20,986	31,280	702	-	31,982
Professional fees	60,580	7,450	68,030	-	-	68,030
Insurance	13,683	15,623	29,306	-	-	29,306
Miscellaneous	2,612	7,579	10,191	2,136	-	12,327
Transportation and travel	3,157	26,609	29,766	-	-	29,766
Fundraising expenses	-	-	-	-	884	884
Grant expenses	-	13,329	13,329	-	-	13,329
Staff training	673	3,012	3,685	-	-	3,685
Maintenance	16,595	2,887	19,482	-	-	19,482
Contractual services	43,344	166,632	209,976	-	-	209,976
Donated Goods & Services	-	83,904	83,904	-	-	83,904
Total before depreciation	1,541,072	1,525,843	3,066,915	59,776	884	3,127,575
Depreciation	-	-	-	113,863	-	113,863
Total expenses	\$ 1,541,072	\$ 1,525,843	\$ 3,066,915	\$ 173,639	\$ 884	\$ 3,241,438

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, 2018

	Program Services			Supporting Services		
	Drug & Alcohol Services	Other Program Services	Total	Management and General	Fundraising	Total
Expenses						
Salaries and wages	\$ 974,849	\$ 878,039	\$ 1,852,888	\$ 80,558	\$ -	\$ 1,933,446
Payroll taxes and employee benefits	214,581	129,947	344,528	6,163	-	350,691
Total payroll and employee benefits	1,189,430	1,007,986	2,197,416	86,721	-	2,284,137
Telephone and utilities	12,944	18,973	31,917	1,949	-	33,866
Equipment and furniture expenses	2,904	2,685	5,589	-	-	5,589
Supplies	7,493	24,633	32,126	-	-	32,126
Fees, dues and sundry	9,184	22,061	31,245	310	-	31,555
Professional fees	70,775	11,662	82,437	-	-	82,437
Insurance	15,702	11,643	27,345	-	-	27,345
Miscellaneous	866	8,255	9,121	6,275	-	15,396
Transportation and travel	629	14,167	14,796	-	-	14,796
Fundraising expenses	-	-	-	-	2,306	2,306
Grant expenses	7,745	12,365	20,110	-	-	20,110
Staff training	454	16	470	40	-	510
Maintenance	6,756	1,965	8,721	4,950	-	13,671
Contractual services	56,262	30,196	86,458	22	-	86,480
Total before depreciation	1,381,144	1,166,607	2,547,751	100,267	2,306	2,650,324
Depreciation	-	-	-	115,718	-	115,718
Total expenses	\$ 1,381,144	\$ 1,166,607	\$ 2,547,751	\$ 215,985	\$ 2,306	\$ 2,766,042

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

Youth Environmental Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

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 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 nine contracts administered by the Office of Alcoholism and Substance Abuse Services (OASAS), the County of Nassau Department of Human Services office of Youth Services, Town of Oyster Bay, Town of Hempstead, 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 in the period the income is earned. Other contributions are recognized as income when received. Interest income is recognized when earned.

2. 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.

Youth Environmental Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

3. Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

4. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures the financial statements. Accordingly, actual results could differ from those estimates.

5. Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of time and effort. Supplies, telephone and utilities which are allocated based on a ratio of staff in each program to total staff, as well as fees, dues and sundry, professional fees, miscellaneous and grant expenses, which are all allocated by function.

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end	\$ 2,283,552	\$ 2,019,109
Less those available for general expenditures within one year:	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,283,552</u>	<u>\$ 2,019,109</u>

Youth Environmental Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE C - PROPERTY AND EQUIPMENT

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

	December 31, <u>2019</u>	December 31, <u>2018</u>	<u>Estimated Useful Life</u>
Land	\$ 293,490	\$ 293,490	
Building - Levittown	1,027,120	1,027,120	20-39
Building - Massapequa	562,500	562,500	20-39
Building improvements	304,784	289,783	11
Building closing costs	11,712	11,712	5
Equipment	287,514	266,523	3
Fixtures and Furniture	<u>42,752</u>	<u>40,435</u>	5-7
	2,529,872	2,491,563	
Less accumulated Depreciation	<u>(1,014,723)</u>	<u>(900,860)</u>	
	<u>\$ 1,515,149</u>	<u>\$ 1,590,703</u>	

NOTE D - 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 \$64,972 in 2019 and \$54,387 in 2018.

NOTE E - FEDERAL FINANCIAL ASSISTANCE

The Organization has been awarded grants from the U.S. Department of Health and Human Services, Education and Housing and Urban Development to provide counseling services to residents. The grants are recognized as the required services are performed. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activities for the years ended December 31, 2019 and 2018 were as follows:

Youth Environmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Refundable advances, beginning of year	\$ -	\$ -
Grant receipts	909,208	1,132,625
Grant expenditures	<u>(909,208)</u>	<u>(1,132,625)</u>
Refundable advances, end of year	<u>\$ -</u>	<u>\$ -</u>

NOTE F - EVALUATION OF SUBSEQUENT EVENTS

In response to the economic impact from the COVID-19 coronavirus pandemic, management has evaluated the economic uncertainties caused by the coronavirus pandemic and has implemented several contingency measures to minimize any negative impact on the financial position of Youth Environmental Services, Inc.

The Organization has evaluated subsequent events through October 30, 2020, the date which the financial statements were available to be issued.