



**YOUTH ENVIRONMENTAL SERVICES, INC.**

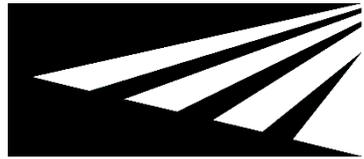
**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

**YOUTH ENVIRONMENTAL SERVICES, INC.  
INDEX TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

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**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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

***Report on Financial Statements***

We have audited the accompanying financial statements of Youth Environmental Services, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to 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 from 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.

# NawrockiSmith

## *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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hauppauge, New York  
October 1, 2021

*Nawrocki Smith LLP*

**YOUTH ENVIRONMENTAL SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2020**

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ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,595,571
Grants receivable	755,782
Patient receivables	73,885
Other receivables	4,576
Prepaid expenses	<u>21,085</u>

Total current assets 2,450,899

FIXED ASSETS, net of accumulated depreciation  
and amortization of \$1,139,007

1,594,819

Total assets

\$ 4,045,718

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 18,914
Accrued payroll and taxes	152,329
Compensated absences	<u>91,762</u>

Total current liabilities

263,005

NET ASSETS:

Without donor restrictions

3,782,713

Total liabilities and net assets

\$ 4,045,718

The accompanying notes to financial statements  
are an integral part of this statement.

**YOUTH ENVIRONMENTAL SERVICES, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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REVENUES:	
Government contracts	\$ 2,686,966
Program fees	550,187
Other grants	116,624
Contributions	83,288
Fundraising	18,181
In-kind	97,296
Interest	<u>6,397</u>
Total revenues	<u>3,558,939</u>
EXPENSES:	
Program services	2,674,104
Management and general	656,129
Fundraising	<u>3,054</u>
Total expenses	<u>3,333,287</u>
Change in net assets	225,652
NET ASSETS, BEGINNING OF YEAR	<u>3,557,061</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,782,713</u></u>

The accompanying notes to financial statements  
are an integral part of this statement.

**YOUTH ENVIRONMENTAL SERVICES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services		Management and General	Fundraising	Total
	Drug & Alcohol Services	Other Program Services			
Salaries and wages	\$ 910,107	\$ 958,658	\$ 416,719	\$ -	\$ 2,285,484
Payroll taxes and employee benefits	180,015	167,668	73,002	-	420,685
Total payroll and payroll related	1,090,122	1,126,326	489,721	-	2,706,169
Telephone and utilities	17,705	13,869	3,237	-	34,811
Equipment and furniture	15,590	18,198	800	-	34,588
Supplies	4,247	27,769	-	-	32,016
Fees, dues and sundry	9,420	5,002	2,728	-	17,150
Professional fees	9,400	-	26,250	-	35,650
Insurance	16,956	12,898	3,061	-	32,915
Miscellaneous	1,321	4,848	5,365	-	11,534
Transportation and travel	47	9,124	-	-	9,171
Fundraising	-	-	-	3,054	3,054
Grants	-	17,490	-	-	17,490
Staff training	220	3,582	30	-	3,832
Maintenance	4,708	1,662	653	-	7,023
Contractual services	38,638	127,666	-	-	166,304
In-kind	-	97,296	-	-	97,296
Total operating expenses	1,208,374	1,465,730	531,845	3,054	3,209,003
Depreciation and amortization	-	-	124,284	-	124,284
Total expenses	<u>\$ 1,208,374</u>	<u>\$ 1,465,730</u>	<u>\$ 656,129</u>	<u>\$ 3,054</u>	<u>\$ 3,333,287</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**YOUTH ENVIRONMENTAL SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 225,652
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	124,284
Increase in grants receivable	(10,894)
Increase in patient receivables	(34,978)
Decrease in other receivables	19,187
Increase in prepaid expenses	(4,821)
Decrease in accounts payable	(28,508)
Increase in accrued payroll and taxes	21,642
Increase in compensated absences	<u>11,967</u>
Net cash provided by operating activities	<u>323,531</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	<u>(203,954)</u>
Net cash used by investing activities	<u>(203,954)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	119,577
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,475,994</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,595,571</u></u>

The accompanying notes to financial statements  
are an integral part of this statement.

**YOUTH ENVIRONMENTAL SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**(1) Organization and operation:**

Youth Environmental Services, Inc. (the "Organization") is incorporated under the laws of the State of New York as a nonprofit organization 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's mission is to assist young people and adult community members in an effort to enable them to develop to their potential. The services are comprehensive and designed to respond to the complex needs of clients and their family members.

**(2) Summary of significant accounting policies:**

The accompanying financial statements include the assets, liabilities, revenues and expenses of the Organization's programs and administration for the year ended December 31, 2020. The following is a summary of significant accounting policies followed by the Organization:

Financial statement presentation -

The Organization presents its financial statements in accordance with U.S. generally accepted accounting principles which require that the Organization's financial statements distinguish net assets and changes in net assets between those with and without donor restrictions. The Organization's net assets consist of the following:

Without donor restrictions - net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.

With donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization did not possess any net assets with donor restrictions as of December 31, 2020.

As required by U.S. generally accepted accounting principles, the Organization has also presented a Statement of Cash Flows for the year ended December 31, 2020.

Cash and cash equivalents -

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants and patient receivables -

Grants and patient receivables are comprised of Federal, State, and various other monies expected to be received within the upcoming year.

**YOUTH ENVIRONMENTAL SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Fixed assets -

Fixed assets are capitalized at cost or, if donated, at fair market value as of the date of receipt. The Organization capitalizes expenditures for purchases of furniture, fixtures, and equipment in excess of \$500. Depreciation and amortization are computed by using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20-39 years
Building improvements	11 years
Equipment	3 years
Furniture and fixtures	5-7 years

Liquidity considerations -

Quantitative

As of December 31, 2020, the Organization has \$2,450,899 of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Statement of Financial Position date, which consists of the current assets per the Statement of Financial Position.

Qualitative

As of December 31, 2020, the Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet one month of normal operating expenses, which are, on average, approximately \$275,000.

Conditional asset retirement obligations -

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on accounting for conditional asset retirement obligations requires entities to recognize a liability for the fair value of a legal obligation to perform an asset retirement activity, even though uncertainty exists about the timing and/or method of settlement, if and when the fair value of the liability can be reasonably estimated. As of December 31, 2020, management believes the Organization has met the provisions and is in compliance with these standards.

Impairment of long-lived assets and long-lived assets to be disposed of -

The Organization follows the provisions of the FASB ASC on accounting for the impairment or disposal of long-lived assets. It requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. These provisions did not have an impact on the Organization's financial position, results of activities or liquidity during the year ended December 31, 2020.

**YOUTH ENVIRONMENTAL SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Revenue recognition -

The following are the significant revenue recognition accounting policies of the Organization:

Government contracts and program services - Revenue under government contracts and program service revenue are reported at amounts that reflect the consideration to which the Organization expects to be entitled in exchange for providing services. Revenue is recognized as performance obligations are satisfied.

Grants and contributions - Grants and contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from restriction. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Fundraising revenue - The portion of fundraising revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

Functional allocation of expenses -

The Statement of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The significant expenses that are allocated include: salaries, payroll taxes and employee benefits which are allocated on the basis of estimates of time and effort. All other expenses are allocated on a systematic and rational basis.

Income taxes -

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Estimates include accounts receivable valuation allowances, depreciation, amortization and certain accrued expenses. Actual results may differ from those estimates.

**YOUTH ENVIRONMENTAL SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**(3) Fixed assets**

Fixed assets as of December 31, 2020 are comprised of the following:

Land	\$	293,490
Buildings		1,589,620
Building improvements		500,849
Equipment		312,524
Furniture and fixtures		<u>37,343</u>
		2,733,826
Less: accumulated depreciation and amortization		<u>(1,139,007)</u>
		<u><u>\$ 1,594,819</u></u>

Depreciation and amortization expense for the year ended December 31, 2020 was \$124,284.

**(4) Concentrations of credit risk**

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

**(5) Commitments and contingencies:**

Government grants and contracts -

The Organization receives a portion of its funding from contracts and grants which are subject to audit by government agencies. Such audits may result in disallowances and a request for a return of funds. In addition, numerous contracts are funded on a cost reimbursement basis. Delays in receiving related funding may result in increased borrowings and related interest costs on the part of the Organization. It is the opinion of management that the effect of disallowances, if any, would be immaterial to the Organization's financial position.

Operating leases -

The Organization is obligated under an operating lease for office equipment which expires in October 2022. Future minimum lease payments under this lease are as follows:

<u>Year Ending December 31,</u>		
2021	\$	1,428
2022		<u>1,190</u>
		<u><u>\$ 2,618</u></u>

**YOUTH ENVIRONMENTAL SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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COVID-19 -

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 has impacted various parts of its 2020 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurring are still developing.

**(6) Subsequent events**

The Organization has evaluated subsequent events through October 1, 2021, which is the date these financial statements were available to be issued, noting no additional matters requiring consideration.