



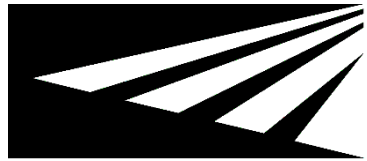
YOUTH ENVIRONMENTAL SERVICES, INC.

**FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

**YOUTH ENVIRONMENTAL SERVICES, INC.
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AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Youth Environmental Services, Inc. (the "Organization", a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of Youth Environmental Services, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Youth Environmental Services, Inc. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 within one year after the date that the financial statements are available to be issued.

NawrockiSmith

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted 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.

Hauppauge, New York
May 27, 2022



**YOUTH ENVIRONMENTAL SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,936,355	\$ 1,595,571
Grants receivable	668,978	755,782
Patient receivables	60,714	73,885
Other receivables	7,129	4,576
Prepaid expenses	<u>23,917</u>	<u>21,085</u>
Total current assets	2,697,093	2,450,899
FIXED ASSETS, net of accumulated depreciation and amortization of \$1,278,579 and \$1,139,007, respectively	<u>1,585,367</u>	<u>1,594,819</u>
Total assets	<u>\$ 4,282,460</u>	<u>\$ 4,045,718</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 66,135	\$ 18,914
Accrued payroll and taxes	180,139	152,329
Compensated absences	54,519	91,762
Deferred revenue	<u>19,958</u>	<u>-</u>
Total current liabilities	320,751	263,005
NET ASSETS:		
Without donor restrictions	<u>3,961,709</u>	<u>3,782,713</u>
Total liabilities and net assets	<u>\$ 4,282,460</u>	<u>\$ 4,045,718</u>

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

YOUTH ENVIRONMENTAL SERVICES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUES:		
Government contracts	\$ 2,638,029	\$ 2,686,966
Program fees	667,684	550,187
In-kind	120,176	97,296
Contributions	103,495	83,288
Other grants	102,347	116,624
Fundraising	57,264	18,181
Interest	2,561	6,397
	<u>3,691,556</u>	<u>3,558,939</u>
EXPENSES:		
Program services	2,802,006	2,674,104
Management and general	699,529	656,129
Fundraising	11,025	3,054
	<u>3,512,560</u>	<u>3,333,287</u>
Change in net assets	178,996	225,652
NET ASSETS, BEGINNING OF YEAR	<u>3,782,713</u>	<u>3,557,061</u>
NET ASSETS, END OF YEAR	<u>\$ 3,961,709</u>	<u>\$ 3,782,713</u>

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

YOUTH ENVIRONMENTAL SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021					2020				
	Program Services		Management and General	Fundraising	Total	Program Services		Management and General	Fundraising	Total
	Drug & Alcohol Services	Other Program Services				Drug & Alcohol Services	Other Program Services			
Salaries and wages	\$ 954,206	\$ 978,004	\$ 434,463	\$ -	\$ 2,366,673	\$ 910,107	\$ 958,658	\$ 416,719	\$ -	\$ 2,285,484
Payroll taxes and employee benefits	226,036	183,829	92,160	-	502,025	180,015	167,668	73,002	-	420,685
Total payroll and payroll related	1,180,242	1,161,833	526,623	-	2,868,698	1,090,122	1,126,326	489,721	-	2,706,169
Contractual services	50,062	122,240	-	-	172,302	38,638	127,666	-	-	166,304
In-kind	-	120,176	-	-	120,176	-	97,296	-	-	97,296
Telephone and utilities	19,687	11,637	4,058	-	35,382	17,705	13,869	3,237	-	34,811
Insurance	19,238	12,264	3,244	-	34,746	16,956	12,898	3,061	-	32,915
Supplies	7,939	23,442	-	-	31,381	4,247	27,769	-	-	32,016
Professional fees	12,570	-	18,050	-	30,620	9,400	-	26,250	-	35,650
Miscellaneous	1,724	15,720	5,219	-	22,663	1,321	4,848	5,365	-	11,534
Fees, dues and sundry	9,734	3,264	2,763	-	15,761	9,420	5,002	2,728	-	17,150
Maintenance	13,306	2,355	-	-	15,661	4,708	1,662	653	-	7,023
Fundraising	-	-	-	11,025	11,025	-	-	-	3,054	3,054
Equipment and furniture	6,480	4,196	-	-	10,676	15,590	18,198	800	-	34,588
Grants	-	2,906	-	-	2,906	-	17,490	-	-	17,490
Staff training	569	10	-	-	579	220	3,582	30	-	3,832
Transportation and travel	-	412	-	-	412	47	9,124	-	-	9,171
Total operating expenses	1,321,551	1,480,455	559,957	11,025	3,372,988	1,208,374	1,465,730	531,845	3,054	3,209,003
Depreciation and amortization	-	-	139,572	-	139,572	-	-	124,284	-	124,284
Total expenses	<u>\$ 1,321,551</u>	<u>\$ 1,480,455</u>	<u>\$ 699,529</u>	<u>\$ 11,025</u>	<u>\$ 3,512,560</u>	<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 these statements.

YOUTH ENVIRONMENTAL SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 178,996	\$ 225,652
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	139,572	124,284
(Increase) decrease in grants receivable	86,804	(10,894)
(Increase) decrease in patient receivables	13,171	(34,978)
(Increase) decrease in other receivables	(2,553)	19,187
Increase in prepaid expenses	(2,832)	(4,821)
Increase (decrease) in accounts payable	47,221	(28,508)
Increase in accrued payroll and taxes	27,810	21,642
Increase (decrease) in compensated absences	(37,243)	11,967
Increase in deferred revenue	19,958	-
	470,904	323,531
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(130,120)	(203,954)
	(130,120)	(203,954)
NET INCREASE IN CASH AND CASH EQUIVALENTS	340,784	119,577
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,595,571	1,475,994
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,936,355	\$ 1,595,571

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

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

(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, 2021 and 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, 2021 and 2020.

As required by U.S. generally accepted accounting principles, the Organization has also presented a Statement of Cash Flows for the years ended December 31, 2021 and 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)

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, 2021, the Organization has \$2,697,093 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, 2021, 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 \$300,000.

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, 2021 and 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, 2021 and 2020.

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

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 Statements 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)**

(3) Fixed assets

Fixed assets as of December 31, 2021 and 2020 are comprised of the following:

	2021	2020
Land	\$ 293,490	\$ 293,490
Buildings	1,589,620	1,589,620
Building improvements	596,038	500,849
Equipment	346,692	312,524
Furniture and fixtures	38,106	37,343
	2,863,946	2,733,826
Less: accumulated depreciation and amortization	(1,278,579)	(1,139,007)
	<u>\$ 1,585,367</u>	<u>\$ 1,594,819</u>

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 was \$139,572 and \$124,284, respectively.

(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:

Year Ending December 31,	
2022	\$ 1,190

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

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 2021 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 May 27, 2022, which is the date these financial statements were available to be issued, noting no additional matters requiring consideration.