

NEW AVENUES FOR YOUTH, INC.
AND SUBSIDIARIES

Audited Consolidated Financial Statements

For the Years Ended June 30, 2016 and 2015



MCDONALD JACOBS

Shareholders

MARK A. CLIFT, CPA

KARIN S. WANDTKE, CPA

SANG AHN, CPA

GERARD DEBLOIS JR., CPA

MARY STRASDIN, CPA

ANTHONY ALMER, CPA

TYEE CARR, CPA

Principals

JAKE JACOBS, CPA

SUSAN J. MARKS, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Avenues for Youth, Inc.

We have audited the accompanying consolidated financial statements of New Avenues for Youth, Inc. (a nonprofit corporation) and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated 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 organization'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 organization'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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of New Avenues for Youth, Inc. and Subsidiaries as of June 30, 2016 and 2015, and changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information in Schedules I through IV (supplementary information) is presented for purposes of additional analysis 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.

McDonald Jacobson, P.C.

Portland, Oregon
November 17, 2016

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 590,723	\$ 593,928
Government grants receivable	405,816	313,094
Contributions receivable	183,786	70,049
Accounts receivable	14,630	26,656
Inventory	21,159	19,138
Prepaid lease/Furman Building receivable	91,210	91,210
Other prepaid expenses and deposits	80,256	92,428
Total current assets	1,387,580	1,206,503
Noncurrent prepaid lease/Furman Building receivable	212,823	304,033
Property and equipment, net	4,848,972	5,111,657
Investments - reserves	1,607,036	1,600,847
Investments - endowment	2,317,127	2,468,337
TOTAL ASSETS	\$ 10,373,538	\$ 10,691,377
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 89,429	\$ 205,825
Accrued payroll and related liabilities	228,589	200,816
Deferred revenue	218,288	74,554
Total current liabilities	536,306	481,195
Deferred rent liability	19,742	22,319
Conditional note payable	1,278,000	1,266,000
Total liabilities	1,834,048	1,769,514
Net assets:		
Unrestricted net assets	5,371,053	5,589,125
Temporarily restricted net assets	1,661,484	1,825,785
Permanently restricted endowment	1,506,953	1,506,953
Total net assets	8,539,490	8,921,863
TOTAL LIABILITIES AND NET ASSETS	\$ 10,373,538	\$ 10,691,377

See notes to consolidated financial statements.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the years ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:								
Contributions	\$ 433,301	\$ 371,075	\$ -	\$ 804,376	\$ 243,519	\$ 355,741	\$ -	\$ 599,260
Government grants	3,150,359	-	-	3,150,359	2,647,739	-	-	2,647,739
Special events, net of direct costs of of \$257,714 in 2016 and \$210,888 in 2015	801,066	-	-	801,066	961,699	-	-	961,699
In-kind contributions	196,963	-	-	196,963	156,026	-	-	156,026
Other revenue	18,139	-	-	18,139	1,022	-	-	1,022
Sales, net of cost of sales \$207,046 for 2016 and \$198,415 for 2015	488,297	-	-	488,297	418,117	-	-	418,117
Satisfaction of purpose restrictions	<u>404,732</u>	<u>(404,732)</u>	<u>-</u>	<u>-</u>	<u>297,659</u>	<u>(297,659)</u>	<u>-</u>	<u>-</u>
Total operating revenue and support	<u>5,492,857</u>	<u>(33,657)</u>	<u>-</u>	<u>5,459,200</u>	<u>4,725,781</u>	<u>58,082</u>	<u>-</u>	<u>4,783,863</u>
Expenses before depreciation:								
Program services	4,556,212	-	-	4,556,212	3,789,651	-	-	3,789,651
Management and general	491,070	-	-	491,070	486,895	-	-	486,895
Fundraising	<u>437,252</u>	<u>-</u>	<u>-</u>	<u>437,252</u>	<u>461,285</u>	<u>-</u>	<u>-</u>	<u>461,285</u>
Total expenses before depreciation	<u>5,484,534</u>	<u>-</u>	<u>-</u>	<u>5,484,534</u>	<u>4,737,831</u>	<u>-</u>	<u>-</u>	<u>4,737,831</u>
Net operating income (loss) before depreciation	8,323	(33,657)	-	(25,334)	(12,050)	58,082	-	46,032
Depreciation expense	<u>313,915</u>	<u>-</u>	<u>-</u>	<u>313,915</u>	<u>306,054</u>	<u>-</u>	<u>-</u>	<u>306,054</u>
Change in net assets before non-operating activities	(305,592)	(33,657)	-	(339,249)	(318,104)	58,082	-	(260,022)
Investment returns	4,524	(47,648)	-	(43,124)	11,084	35,788	-	46,872
Satisfaction of purpose and time restrictions	<u>82,996</u>	<u>(82,996)</u>	<u>-</u>	<u>-</u>	<u>78,558</u>	<u>(78,558)</u>	<u>-</u>	<u>-</u>
Change in net assets	(218,072)	(164,301)	-	(382,373)	(228,462)	15,312	-	(213,150)
Net assets:								
Beginning of year	<u>5,589,125</u>	<u>1,825,785</u>	<u>1,506,953</u>	<u>8,921,863</u>	<u>5,817,587</u>	<u>1,810,473</u>	<u>1,506,953</u>	<u>9,135,013</u>
End of year	<u>\$ 5,371,053</u>	<u>\$ 1,661,484</u>	<u>\$ 1,506,953</u>	<u>\$ 8,539,490</u>	<u>\$ 5,589,125</u>	<u>\$ 1,825,785</u>	<u>\$ 1,506,953</u>	<u>\$ 8,921,863</u>

See notes to consolidated financial statements.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2016

	Program Services											Management and General	Fund- raising	Total Expenses
	Day Services Center	East County Services	A.M.P.	SMYRC & Bridge 13	Education Services	Case Management	Transitional Housing & Leasing	PAVE	Fostering Independence	Social Enterprises	Total Program Services			
Salaries and related expenses	\$ 205,719	\$ 11,353	\$ 26,789	\$ 267,019	\$ 130,855	\$ 451,331	\$ 504,059	\$ 352,299	\$ 734,510	\$ 261,549	\$ 2,945,483	\$ 378,658	\$ 355,179	\$ 3,679,320
Occupancy	30,721	1,008	7,050	8,800	12,193	14,520	44,538	16,266	14,164	139,987	289,247	103,588	2,238	395,073
Telephone	1,656	1,274	235	3,195	974	6,243	4,549	3,138	12,466	4,639	38,369	13,008	2,592	53,969
Client expenses	28,074	411	782	6,466	8,850	47,666	221,625	55,611	48,299	159,219	577,003	-	-	577,003
Program food	29,650	191	-	5,801	6,000	-	23,402	4,550	2,596	-	72,190	-	-	72,190
Books and publications	-	-	-	18	3,430	-	-	-	333	-	3,781	189	-	3,970
Computer expense	723	-	107	1,914	327	2,612	1,840	5,011	4,204	-	16,738	1,392	1,739	19,869
Marketing and promotion	19	-	-	1,004	-	-	-	-	6,865	24,073	31,961	595	12,534	45,090
Volunteer expenses	-	-	-	-	-	-	-	-	-	-	-	-	867	867
Supplies	10,482	-	581	6,002	1,982	1,150	8,436	5,812	2,606	16,307	53,358	2,020	2,771	58,149
Professional fees	2,559	95	23,717	2,864	1,823	10,589	5,230	3,546	58,567	5,702	114,692	16,700	6,615	138,007
Training, meetings, and dues	1,841	84	63	6,523	2,609	10,694	4,304	3,984	40,153	5,059	75,314	23,341	13,053	111,708
Recreation	1,561	-	-	356	4,083	3,940	1,296	-	7,429	-	18,665	-	-	18,665
Equipment rental	645	-	102	904	400	1,577	1,505	1,215	2,538	-	8,886	1,272	871	11,029
Insurance	4,128	-	690	6,252	2,494	10,379	10,196	8,113	17,188	-	59,440	4,823	5,515	69,778
Interest	-	-	-	-	-	-	-	-	-	-	-	12,000	-	12,000
Bank charges	-	-	-	-	-	-	-	-	-	11,696	11,696	3,532	12,961	28,189
Photocopying and postage	-	430	-	1,807	-	-	-	-	201	-	2,438	1,012	9,717	13,167
Vehicle expense	297	29	53	540	260	719	765	564	2,891	762	6,880	404	1,005	8,289
Miscellaneous	-	-	189	22	58	25	558	600	1,476	1,349	4,277	(1,397)	-	2,880
In-kind contributions	12,966	-	2,192	12,505	4,255	18,128	22,229	17,078	30,355	2,500	122,208	33,519	9,595	165,322
Allocated administrative	8,977	403	1,696	9,003	4,897	15,717	23,174	12,957	26,762	-	103,586	(103,586)	-	-
Expenses before depreciation	340,018	15,278	64,246	340,995	185,490	595,290	877,706	490,744	1,013,603	632,842	4,556,212	491,070	437,252	5,484,534
Depreciation	21,134	-	2,385	21,326	7,133	34,810	41,866	31,919	58,232	47,500	266,305	29,186	18,424	313,915
Total expenses	<u>\$ 361,152</u>	<u>\$ 15,278</u>	<u>\$ 66,631</u>	<u>\$ 362,321</u>	<u>\$ 192,623</u>	<u>\$ 630,100</u>	<u>\$ 919,572</u>	<u>\$ 522,663</u>	<u>\$ 1,071,835</u>	<u>\$ 680,342</u>	<u>\$ 4,822,517</u>	<u>\$ 520,256</u>	<u>\$ 455,676</u>	<u>\$ 5,798,449</u>

See notes to consolidated financial statements.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2015

	Program Services										Total Program Services	Management and General	Fund- raising	Total Expenses
	Day Services Center	A.M.P.	SMYRC & Bridge 13	Education Services	Case Management	Transitional Housing	PAVE	Fostering Independence	Social Enterprises					
Salaries and related expenses	\$ 220,268	\$ 36,754	\$ 73,707	\$ 126,100	\$ 399,187	\$ 433,172	\$ 330,923	\$ 625,304	\$ 235,664	\$ 2,481,079	\$ 355,922	\$ 370,346	\$ 3,207,347	
Occupancy	35,003	11,312	1,329	12,742	15,267	44,553	16,755	14,730	82,940	234,631	104,797	2,348	341,776	
Telephone	3,388	418	774	1,367	8,225	5,937	4,643	12,972	5,210	42,934	4,647	3,166	50,747	
Client expenses	27,688	616	519	13,298	46,629	157,808	48,677	9,929	100,730	405,894	-	-	405,894	
Program food	31,546	-	1,916	6,000	-	24,092	5,458	8,688	-	77,700	-	-	77,700	
Books and publications	-	-	-	187	-	-	-	-	-	187	96	10	293	
Computer expense	1,016	151	1,075	1,399	1,635	1,400	1,226	5,205	-	13,107	2,217	2,988	18,312	
Marketing and promotion	-	-	-	-	-	-	-	-	19,581	19,581	-	23,561	43,142	
Volunteer expenses	-	-	-	-	-	-	-	-	-	-	-	1,136	1,136	
Supplies	15,213	1,157	2,659	8,189	1,763	11,600	5,771	2,872	17,868	67,092	2,013	1,677	70,782	
Professional fees	4,051	11,205	293	1,983	6,566	6,987	3,642	42,915	4,109	81,751	48,449	8,030	138,230	
Training, meetings, and dues	1,737	89	2,077	4,445	7,810	3,274	3,544	5,435	2,428	30,839	9,459	11,009	51,307	
Recreation	2,274	-	409	2,863	3,989	1,332	-	-	-	10,867	-	-	10,867	
Equipment rental	1,229	127	82	536	1,704	1,317	1,360	2,250	-	8,605	969	955	10,529	
Insurance	5,881	851	747	2,677	9,170	9,136	6,726	9,842	-	45,030	5,591	4,717	55,338	
Interest	-	-	-	-	-	-	-	-	-	-	12,000	-	12,000	
Bank charges	-	-	-	-	-	-	-	-	10,045	10,045	19,617	10,049	39,711	
Photocopying and postage	-	-	462	-	-	-	12	155	-	629	1,534	10,332	12,495	
Vehicle expense	1,020	104	761	914	3,071	3,361	1,367	29,911	615	41,124	894	691	42,709	
Miscellaneous	159	-	1,192	504	(714)	-	911	(1)	677	2,728	1,667	125	4,520	
In-kind contributions	9,411	1,627	9,346	5,702	14,943	12,917	14,030	28,193	14,862	111,031	21,820	10,145	142,996	
Allocated administrative	11,822	2,116	3,198	6,206	17,057	23,550	14,620	26,228	-	104,797	(104,797)	-	-	
Expenses before depreciation	371,706	66,527	100,546	195,112	536,302	740,436	459,665	824,628	494,729	3,789,651	486,895	461,285	4,737,831	
Depreciation	24,751	13,139	17,911	18,081	21,900	79,149	25,957	24,885	49,557	275,330	26,894	3,830	306,054	
Total expenses	\$ 396,457	\$ 79,666	\$ 118,457	\$ 213,193	\$ 558,202	\$ 819,585	\$ 485,622	\$ 849,513	\$ 544,286	\$ 4,064,981	\$ 513,789	\$ 465,115	\$ 5,043,885	

See notes to consolidated financial statements.

NEW AVENUES FOR YOUTH AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (382,373)	\$ (213,150)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	313,915	306,054
Amortization of prepaid lease and in-kind rent	91,210	91,210
Loss on sale of property and equipment	1,449	2,205
Net realized and unrealized (gain) loss on investments	124,685	25,369
(Increase) decrease in:		
Receivables	(194,433)	129,619
Other prepaid expenses and deposits	12,172	(15,370)
Inventory	(2,021)	(5,932)
Increase (decrease) in:		
Accounts payable and accrued expenses	(88,623)	96,891
Accrued interest on conditional note payable	12,000	12,000
Deferred revenue	143,734	(34,754)
Deferred rent liability	(2,577)	(2,256)
Net cash provided by operating activities	29,138	391,886
Cash flows from investing activities:		
Distributions from endowment	101,894	107,502
Purchases of investments	(81,558)	(72,238)
Purchases of property and equipment	(52,679)	(119,595)
Net cash used in investing activities	(32,343)	(84,331)
Net increase (decrease) in cash and cash equivalents	(3,205)	307,555
Cash and cash equivalents - beginning of year	593,928	286,373
Cash and cash equivalents - end of year	\$ 590,723	\$ 593,928

See notes to consolidated financial statements.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2016 and 2015

I. NATURE OF ACTIVITIES

Description of Organization

New Avenues for Youth, Inc. (New Avenues) was formed in Portland Oregon, as an Oregon nonprofit corporation. New Avenues for Youth takes a complete approach to addressing youth homelessness and its root causes, delivering support and resources that enable foster, at-risk, and homeless youth aged 14-24 to overcome their barriers and realize their potential. Since 1997, we have impacted the lives of over 20,000 youth through a range of services that:

- 1) address *basic needs & safety*, including a Drop-In Day Services Center, mental health and drug/alcohol counseling, and an Artist Mentorship Program;
- 2) provide opportunities for education & career, including a fully accredited Alternative High School and a career training center, where youth can improve their job skills and find employment in the community and through our social purpose enterprise; and
- 3) help youth achieve *self-sufficiency*, including case-managed support; PDX-Connect, homelessness prevention programming for youth transitioning from foster care; Sexual & Gender Minority Youth Resource Center [SMYRC], which addresses the social, safety, and resource needs of LGBTQ youth; and transitional housing programs.

Principal funding is from foundation, corporate and government grants, and private contributions.

New Avenues for Youth, Inc. is the sole member of New Ventures for Youth, LLC (dba Ben & Jerry's) and New Ventures for Youth Too, LLC (dba INK), limited liability companies. The social enterprises provide job training and employment for at-risk and homeless youth at two Ben & Jerry's PartnerShops, New Avenues INK a screen printing business, and New Avenues Thru Soup, a soup cart.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of New Avenues for Youth, Inc. and its wholly-owned subsidiaries, New Ventures for Youth, LLC and New Ventures for Youth Too, LLC (collectively, the Organization). All material inter-organization transactions and balances have been eliminated.

Basis of Presentation

The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor-imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Government Grants and Accounts Receivable

Government grants and accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Contributions Receivable

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Inventory

Inventory consists of ice cream, other food supply items, and clothing items, and is valued at the lower of cost or market value.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated fair market values on the date received.

Depreciation

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which ranges from 3 to 40 years. Leasehold improvements are depreciated over the remaining lease term.

Investments

Investments are carried at fair value. Donor-restricted investment income earned on permanently restricted net assets is reported as an increase in unrestricted net assets if the restriction expires and is appropriated for expenditure by the board, in the reporting period in which the investment income is recognized. All other donor-restricted investment income is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Deferred Revenue

Deferred revenue consists of advance payments received on exchange transactions and conditional contributions. Revenue is recognized when services are incurred for exchange transactions and when conditions have been met for conditional contributions.

Deferred Rent Liability

For lease agreements that contain rent holidays and/or rent escalation clauses, the Organization records a deferred rent liability and amortizes it on a straight-line basis over the term of the lease as an adjustment to rent expense.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Donated Assets and Services

Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$8,600 and \$3,700 for the years ended June 30, 2016 and 2015, respectively.

Income Tax Status

New Avenues for Youth, Inc. is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation. New Ventures for Youth, LLC and New Ventures for Youth Too are limited liability companies. New Avenues for Youth is the sole member of each entity making them disregarded entities for tax purposes.

The Organization follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

The Organization's information returns for years ended June 30, 2012 and prior are generally no longer subject to examination by taxing authorities in its major tax jurisdictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated all subsequent events through November 17, 2016, the date the financial statements were available to be issued.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be collected within one year. Management believes that all amounts will be realized and, as such, no allowance for doubtful accounts has been recorded. At June 30, 2016 and 2015, 72% and 67%, respectively, of contributions receivable were due from three organizations.

4. PREPAID LEASE/COLUMBIA STREET RECEIVABLE

In June 1999, Partners for New Avenues LLC, an entity made up of certain members of New Avenues' Board of Directors who have an ownership interest, acquired a structure at 1220 SW Columbia Street, Portland, Oregon (the Furman Building). At the same time, New Avenues entered into a lease agreement with Partners for New Avenues LLC for use of the Furman Building. The initial term of the lease is 20 years, commencing November 1, 1999, and continuing through October 31, 2019, with an option to extend the lease for an additional 10-year term. The lease provides for total rent during the fixed term of \$821,725, which is considered to be below the market rental rate for the facility. As required under the lease, the entire \$821,725 has been paid. To record the donated portion of the total value of the lease, New Avenues has recorded an in-kind contribution in the amount of fair value of the facility occupied at the inception of the lease.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

4. PREPAID LEASE/COLUMBIA STREET RECEIVABLE, Continued

Noncurrent prepaid lease/Columbia Street receivable, in-kind contributions of facilities and rent expense related to the above described transactions are as follows as of and for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Prepaid lease, less current portion of \$41,210	\$ 96,156	\$ 137,366
Contribution receivable for in-kind rent, less current portion of \$50,000	<u>116,667</u>	<u>166,667</u>
Noncurrent prepaid lease/Furman Building Receivable	<u>\$ 212,823</u>	<u>\$ 304,033</u>
Rent expense on Furman Building:		
Amortization of prepaid lease	\$ 41,210	\$ 41,210
Amortization of in-kind rent contribution	<u>50,000</u>	<u>50,000</u>
Total rent expense	<u>\$ 91,210</u>	<u>\$ 91,210</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Leasehold improvements on Furman Building	\$ 2,618,789	\$ 2,625,382
Land	925,000	925,000
Killough Building	2,918,538	2,890,547
Leasehold/building improvements on Killough Building	1,335,876	1,335,876
Equipment and furniture	553,225	548,027
Vehicles	32,064	27,661
Ben & Jerry's equipment	464,675	466,176
INK leasehold improvements and equipment	81,685	81,685
SOUP Equipment & Startup Costs	<u>12,027</u>	<u>-</u>
	8,941,879	8,900,354
Less accumulated depreciation	<u>4,092,907</u>	<u>3,788,697</u>
Property and equipment, net	<u>\$ 4,848,972</u>	<u>\$ 5,111,657</u>

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

6. INVESTMENTS

Investments consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Reserves:		
Money market mutual funds	\$ 565,724	\$ 382,101
Government and agency bonds	455,554	499,852
Corporate bonds	585,758	718,894
Total reserves	<u>1,607,036</u>	<u>1,600,847</u>
Endowment:		
Cash and equivalents	26,093	96,319
Government and agency bonds	179,520	203,319
Corporate bonds	434,583	386,247
Domestic U.S. equities	1,303,002	1,414,730
International equities	253,401	333,179
Real estate funds	120,528	34,543
Total endowment	<u>2,317,127</u>	<u>2,468,337</u>
Total investments	<u>\$ 3,924,163</u>	<u>\$ 4,069,184</u>

Investment returns are as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 97,859	\$ 89,638
Net realized and unrealized loss	(124,685)	(25,369)
Investment management fees	<u>(16,298)</u>	<u>(17,397)</u>
Total investment returns	<u>\$ (43,124)</u>	<u>\$ 46,872</u>

7. CONDITIONAL NOTE PAYABLE

In December 2009, New Avenues received a \$1.2 million loan from the Portland Development Commission restricted to use in the renovation and purchase of the Killough Building. Under the terms of the agreement, interest will accrue at one percent per year on the outstanding principal balance from the date of the first disbursement until the maturity date, December 1, 2024. The entire unpaid balance, including accrued interest, will be forgiven on the maturity date if there has been no default and no unapproved changes in the use of the Killough Building according to the agreement. The outstanding principal balance and accrued interest, in the amount of \$78,000 and \$66,000, respectively, is reflected in the consolidated statements of financial position at June 30, 2016 and 2015.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

8. COMMITMENTS AND CONTINGENCIES

In June 1999, New Avenues received an unconditional \$750,000 grant commitment from the Portland Development Commission restricted to use in acquiring and improving the Furman Building. During the year ended June 30, 2002, the grant commitment was increased to a total of \$821,725. Under the terms of the grant, from completion of construction in 1999 through December 1, 2029, New Avenues has agreed to make available a minimum of 20 beds at the Furman Building for the homeless youth who meet certain criteria. If New Avenues uses the property for a prohibited purpose or otherwise defaults under the terms of the grant within the first 20 years, New Avenues shall be obligated to repay the original grant award. If New Avenues defaults after 20 years and prior to December 31, 2029, New Avenues shall be obligated to repay a portion of the original grant award plus interest, in accordance with a schedule included in the grant agreement. Partners for New Avenues, LLC has guaranteed New Avenues' payments under the default provisions of the grant. New Avenues has received the entire proceeds of this grant and has used the proceeds for the required purpose. However, the restricted net assets will not be reclassified to unrestricted until New Avenues meets both the time and use restriction imposed by the grantor.

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

9. LEASE COMMITMENTS

The administrative office and the transitional housing program are operated in the Furman Building under an operating lease. See Note 4.

Ben & Jerry's (Yamhill) leases retail space under an operating lease through August 2021 with current monthly rent of \$2,415 subject to annual increases of approximately 3%. Ben & Jerry's (PSU) leases a retail location under an operating lease through May 2021 with current monthly rent of \$1,373 subject to annual increases of approximately 2%. The PSU lease included an 18-month rent holiday through November 2012. Rent expense for this lease has been amortized on a straight-line basis for the term of the lease with the difference between the amortization and cash paid recorded as deferred rent. Deferred rent liability at June 30, 2016 and 2015 totaled \$19,742 and \$22,319, respectively.

Beginning in May 2013, New Avenues INK began receiving use of space to operate the screen printing business for a rate of \$1 per month through April 2018.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

9. LEASE COMMITMENTS, Continued

Additional program space is leased at \$1,800 per month through August 2017.

The Organization leases office equipment under operating leases that expire September 2016 and January 2020 with current monthly rent of \$698.

Rent expense for the above leases totaled approximately \$173,500 and \$157,600 for the years ended June 30, 2016 and 2015, respectively.

Future minimum lease commitments under operating leases are as follows:

Year ending June 30, 2017	\$ 76,600
2018	60,100
2019	57,700
2020	55,300
2021	<u>50,400</u>
Total	<u>\$ 300,100</u>

10. UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following at June 30:

	2016	2015
Undesignated deficit	<u>\$ (161,650)</u>	<u>\$ (232,640)</u>
Board designated:		
Operating reserve	1,208,276	1,145,948
Maintenance reserve	398,760	454,899
Endowment (Note 12)	<u>354,695</u>	<u>375,261</u>
Total board designated	<u>1,961,731</u>	<u>1,976,108</u>
Property and equipment, net	<u>3,570,972</u>	<u>3,845,657</u>
Total unrestricted net assets	<u>\$ 5,371,053</u>	<u>\$ 5,589,125</u>

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	2016	2015
Use of Furman Building through December 2029 (Note 8)	\$ 821,725	\$ 821,725
In-kind rent of Furman Building through October 2019 (Note 4)	166,667	216,667
Unexpended endowment earnings (Note 12)	455,479	586,123
Various programs	217,613	201,270
Total temporarily restricted net assets	\$ 1,661,484	\$ 1,825,785

12. ENDOWMENT FUNDS

The endowment for New Avenues includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

12. ENDOWMENT FUNDS, Continued

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 permanently restricted net assets (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, if any, at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by UPMIFA.

Investment Strategy and Endowment Spending Policies

New Avenues anticipates, at the recommendation of its Finance Committee, appropriating for distribution each year up to 5% of its endowment fund's average total value over the preceding three years. For the years ended June 30, 2016 and 2015, distributions totaled 4%. The annual distribution will be paid within 60 days after June 30 of each year. The Board may authorize the Finance Committee to make an additional annual distribution from undistributed earnings on the Endowment Fund, not to exceed the amount of accumulated, undistributed earnings on the historic dollar value of the gifts. In establishing this policy, New Avenues considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to maintain its value. This is consistent with the Organization's objective to maintain the fair value of the endowment asset held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

12. ENDOWMENT FUNDS, Continued

Endowment net asset composition by type of fund is as follows as of June 30:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2016				
Donor-restricted	\$ -	\$ 455,479	\$ 1,506,953	\$ 1,962,432
Board-designated	354,695	-	-	354,695
	<u>\$ 354,695</u>	<u>\$ 455,479</u>	<u>\$ 1,506,953</u>	<u>\$ 2,317,127</u>
June 30, 2015				
Donor-restricted	\$ -	\$ 586,123	\$ 1,506,953	\$ 2,093,076
Board-designated	375,261	-	-	375,261
	<u>\$ 375,261</u>	<u>\$ 586,123</u>	<u>\$ 1,506,953</u>	<u>\$ 2,468,337</u>

Changes in endowment net assets are as follows for the years ended June 30:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets,				
June 30, 2014	\$ 381,993	\$ 628,893	\$ 1,506,953	\$ 2,517,839
Contributions	-	-	-	-
Investment income	7,085	45,008	-	52,093
Realized/unrealized gain on investments	915	5,811	-	6,726
Investment fees	(2,366)	(15,031)	-	(17,397)
Appropriated for expenditure	<u>(12,366)</u>	<u>(78,558)</u>	<u>-</u>	<u>(90,924)</u>
Endowment net assets, June 30, 2015	375,261	586,123	1,506,953	2,468,337
Contributions				
Investment income	8,290	52,661	-	60,951
Realized/unrealized loss on investments	(13,574)	(86,228)	-	(99,802)
Investment fees	(2,217)	(14,081)	-	(16,298)
Appropriated for expenditure	<u>(13,065)</u>	<u>(82,996)</u>	<u>-</u>	<u>(96,061)</u>
Endowment net assets, June 30, 2016	<u>\$ 354,695</u>	<u>\$ 455,479</u>	<u>\$ 1,506,953</u>	<u>\$ 2,317,127</u>

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

13. RETIREMENT PLAN

The Organization has a 403(b) plan on behalf of employees meeting specified eligibility requirements. New Avenues matches 50 percent on the first 5 percent contributed by eligible employees. Contributions to the plan for 2016 and 2015 totaled \$17,228 and \$9,871, respectively.

14. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in one financial institution. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit.

Revenue from government grants is concentrated in that one agency makes up 23% and 24% of total revenue for the years ended June 30, 2016 and June 30, 2015, respectively.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

15. RELATED PARTY DISCLOSURE

Certain board members are business owners in the community. At times, the Organization enters into transactions with companies where board members are key employees or owners. These transactions occur in the normal course of business, were insignificant to the financial statements as a whole and disclosed to management and the Board as part of the Organization's conflict of interest policy

16. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2016 and 2015

16. FAIR VALUE MEASUREMENTS, continued

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on recurring basis at June 30, 2016 and 2015 are as follows:

	Fair Value	Level 1	Level 2
June 30, 2016			
Government and agency securities	\$ 635,074	\$ -	\$ 635,074
Corporate bonds-publicly traded	1,020,341	-	1,020,341
Domestic U.S. equities	1,303,002	1,303,002	-
International equities	253,401	253,401	-
Real estate funds	120,528	120,528	-
	<u>\$ 3,332,346</u>	<u>\$ 1,676,931</u>	<u>\$ 1,655,415</u>
June 30, 2015			
Government and agency securities	\$ 703,171	\$ -	\$ 703,171
Corporate bonds-publicly traded	1,105,141	-	1,105,141
Domestic U.S. equities	1,414,730	1,414,730	-
International equities	333,179	333,179	-
Real estate funds	34,543	34,543	-
	<u>\$ 3,590,764</u>	<u>\$ 1,782,452</u>	<u>\$ 1,808,312</u>

Fair values for investments, including bonds, are determined by reference to quoted market prices and other relevant information generated by market transactions.

SUPPLEMENTARY INFORMATION

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2016

	New Avenues for Youth, Inc.	Social Enterprises	Eliminating Entries	Consolidated Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 350,183	\$ 240,540	\$ -	\$ 590,723
Government grants receivable	427,196	-	(21,380)	405,816
Contributions receivable	183,786	-	-	183,786
Accounts receivable	83,500	49,563	(118,433)	14,630
Inventory	-	21,159	-	21,159
Prepaid lease/Furman Building receivable	91,210	-	-	91,210
Other prepaid expenses and deposits	76,346	3,910	-	80,256
Total current assets	1,212,221	315,172	(139,813)	1,387,580
Noncurrent prepaid lease/Furman				
Building receivable	212,823	-	-	212,823
Property and equipment, net	4,693,576	155,396	-	4,848,972
Investments - reserve	1,607,036	-	-	1,607,036
Investments - endowment	2,317,127	-	-	2,317,127
Investment in subsidiaries	1,030,793	-	(1,030,793)	-
Total assets	\$ 11,073,576	\$ 470,568	\$ (1,170,606)	\$ 10,373,538
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 74,013	\$ 155,229	\$ (139,813)	\$ 89,429
Accrued payroll and related liabilities	228,589	-	-	228,589
Deferred revenue	208,103	30,464	(20,279)	218,288
Total current liabilities	510,705	185,693	(160,092)	536,306
Deferred rent liability	-	19,742	-	19,742
Conditional note payable	1,278,000	-	-	1,278,000
Total liabilities	1,788,705	205,435	(160,092)	1,834,048
Net assets:				
Unrestricted	6,116,434	265,133	(1,010,514)	5,371,053
Temporarily restricted	1,661,484	-	-	1,661,484
Permanently restricted	1,506,953	-	-	1,506,953
Total net assets	9,284,871	265,133	(1,010,514)	8,539,490
TOTAL LIABILITIES AND NET ASSETS	\$ 11,073,576	\$ 470,568	\$ (1,170,606)	\$ 10,373,538

See independent auditor's report.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
SCHEDULE II - CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

	New Avenues for Youth, Inc.			Social Enterprises		Eliminating Entries	Consolidated Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted		
Operating support and revenue:							
Contributions	\$ 358,689	\$ 371,075	\$ -	\$ 74,612	\$ -	\$ -	\$ 804,376
Government grants	3,127,308	-	-	23,051	-	-	3,150,359
Special events, net of direct costs	801,066	-	-	-	-	-	801,066
In-kind contributions	167,175	-	-	29,788	-	-	196,963
Other revenue	18,139	-	-	-	-	-	18,139
Sales, net of cost of sales	-	-	-	507,132	-	(18,835)	488,297
Satisfaction of purpose restrictions	<u>384,732</u>	<u>(384,732)</u>	<u>-</u>	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	<u>4,857,109</u>	<u>(13,657)</u>	<u>-</u>	<u>654,583</u>	<u>(20,000)</u>	<u>(18,835)</u>	<u>5,459,200</u>
Expenses before depreciation:							
Program services	3,942,208	-	-	632,839	-	(18,835)	4,556,212
Management and general	491,070	-	-	-	-	-	491,070
Fundraising	<u>437,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,252</u>
Total expenses before depreciation	<u>4,870,530</u>	<u>-</u>	<u>-</u>	<u>632,839</u>	<u>-</u>	<u>(18,835)</u>	<u>5,484,534</u>
Net operating income (loss) before depreciation	(13,421)	(13,657)	-	21,744	(20,000)	-	(25,334)
Depreciation expense	<u>266,415</u>	<u>-</u>	<u>-</u>	<u>47,500</u>	<u>-</u>	<u>-</u>	<u>313,915</u>
Change in net assets before non-operating activities	(279,836)	(13,657)	-	(25,756)	(20,000)	-	(339,249)
Investment returns	4,524	(47,648)	-	-	-	-	(43,124)
Member contributions	(20,279)	-	-	69,193	-	(48,914)	-
Satisfaction of purpose and time restrictions	<u>82,996</u>	<u>(82,996)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(212,595)	(144,301)	-	43,437	(20,000)	(48,914)	(382,373)
Net assets:							
Beginning of year	<u>6,329,029</u>	<u>1,805,785</u>	<u>1,506,953</u>	<u>221,696</u>	<u>20,000</u>	<u>(961,600)</u>	<u>8,921,863</u>
End of year	<u>\$ 6,116,434</u>	<u>\$ 1,661,484</u>	<u>\$ 1,506,953</u>	<u>\$ 265,133</u>	<u>\$ -</u>	<u>\$ (1,010,514)</u>	<u>\$ 8,539,490</u>

See independent auditor's report.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
SCHEDULE III - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2015

	New Avenues for Youth, Inc.	Social Enterprises	Eliminating Entries	Consolidated Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 372,486	\$ 221,442	\$ -	\$ 593,928
Government grants receivable	371,551	-	(58,457)	313,094
Contributions receivable	70,049	-	-	70,049
Accounts receivable	83,500	28,252	(85,096)	26,656
Inventory	-	19,138	-	19,138
Prepaid lease/Furman Building receivable	91,210	-	-	91,210
Other prepaid expenses and deposits	88,518	3,910	-	92,428
Total current assets	<u>1,077,314</u>	<u>272,742</u>	<u>(143,553)</u>	<u>1,206,503</u>
Noncurrent prepaid lease/Furman				
Building receivable	304,033	-	-	304,033
Property and equipment, net	4,919,693	191,964	-	5,111,657
Investments - reserve	1,600,847	-	-	1,600,847
Investments - endowment	2,468,337	-	-	2,468,337
Investment in subsidiaries	966,217	-	(966,217)	-
Total assets	<u>\$ 11,336,441</u>	<u>\$ 464,706</u>	<u>\$ (1,109,770)</u>	<u>\$ 10,691,377</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 157,228	\$ 196,767	\$ (148,170)	\$ 205,825
Accrued payroll and related liabilities	200,816	-	-	200,816
Deferred revenue	70,630	3,924	-	74,554
Total current liabilities	<u>428,674</u>	<u>200,691</u>	<u>(148,170)</u>	<u>481,195</u>
Deferred rent liability	-	22,319	-	22,319
Conditional note payable	1,266,000	-	-	1,266,000
Total liabilities	<u>1,694,674</u>	<u>223,010</u>	<u>(148,170)</u>	<u>1,769,514</u>
Net assets:				
Unrestricted	6,329,029	221,696	(961,600)	5,589,125
Temporarily restricted	1,805,785	20,000	-	1,825,785
Permanently restricted	1,506,953	-	-	1,506,953
Total net assets	<u>9,641,767</u>	<u>241,696</u>	<u>(961,600)</u>	<u>8,921,863</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,336,441</u>	<u>\$ 464,706</u>	<u>\$ (1,109,770)</u>	<u>\$ 10,691,377</u>

See independent auditor's report.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
SCHEDULED IV - CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

	New Avenues for Youth, Inc.			Social Enterprises		Eliminating Entries	Consolidated Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted		
Operating support and revenue:							
Contributions	\$ 148,519	\$ 355,741	\$ -	\$ 95,000	\$ -	\$ -	\$ 599,260
Government grants	2,619,652	-	-	28,087	-	-	2,647,739
Special events, net of direct costs	961,699	-	-	-	-	-	961,699
In-kind contributions	129,193	-	-	26,833	-	-	156,026
Other revenue	2,117	-	-	(1,095)	-	-	1,022
Sales, net of cost of sales	-	-	-	430,088	-	(11,971)	418,117
Satisfaction of purpose restrictions	252,659	(252,659)	-	45,000	(45,000)	-	-
Total operating support and revenue	<u>4,113,839</u>	<u>103,082</u>	<u>-</u>	<u>623,913</u>	<u>(45,000)</u>	<u>(11,971)</u>	<u>4,783,863</u>
Expenses before depreciation:							
Program services	3,294,921	-	-	506,701	-	(11,971)	3,789,651
Management and general	486,895	-	-	-	-	-	486,895
Fundraising	461,285	-	-	-	-	-	461,285
Total expenses before depreciation	<u>4,243,101</u>	<u>-</u>	<u>-</u>	<u>506,701</u>	<u>-</u>	<u>(11,971)</u>	<u>4,737,831</u>
Net operating income (loss) before							
depreciation	(129,262)	103,082	-	117,212	(45,000)	-	46,032
Depreciation expense	<u>256,497</u>	<u>-</u>	<u>-</u>	<u>49,557</u>	<u>-</u>	<u>-</u>	<u>306,054</u>
Change in net assets before							
non-operating activities	(385,759)	103,082	-	67,655	(45,000)	-	(260,022)
Investment returns	11,084	35,788	-	-	-	-	46,872
Satisfaction of purpose and time restrictions	<u>78,558</u>	<u>(78,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(296,117)	60,312	-	67,655	(45,000)	-	(213,150)
Net assets:							
Beginning of year	<u>6,625,146</u>	<u>1,745,473</u>	<u>1,506,953</u>	<u>154,041</u>	<u>65,000</u>	<u>(961,600)</u>	<u>9,135,013</u>
End of year	<u>\$ 6,329,029</u>	<u>\$ 1,805,785</u>	<u>\$ 1,506,953</u>	<u>\$ 221,696</u>	<u>\$ 20,000</u>	<u>\$ (961,600)</u>	<u>\$ 8,921,863</u>

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