

NEW AVENUES FOR YOUTH, INC.
AND SUBSIDIARIES

Audited Consolidated Financial Statements

For the Years Ended June 30, 2019 and 2018



MCDONALD JACOBS

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, 2019 and 2018, 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, 2019 and 2018, and changes in their net assets and their cash flows for the years then ended in accordance 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 Jacobz, P.C.

Portland, Oregon
January 23, 2020

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,078,751	\$ 959,084
Government grants receivable	1,544,188	1,007,177
Contributions receivable	489,958	636,603
Accounts receivable	19,272	26,553
Inventory	28,231	41,819
Prepaid expenses and deposits	80,351	76,223
Total current assets	3,240,751	2,747,459
Contributions receivable, less current portion	668,200	725,000
Property and equipment, net	8,559,440	8,781,250
Investments - reserves	1,173,031	1,349,720
Investments - endowment	2,723,617	2,565,042
Investment in New Meadows Property, LLC	34,629	34,629
TOTAL ASSETS	\$ 16,399,668	\$ 16,203,100
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 417,718	\$ 257,896
Accrued payroll and related liabilities	476,803	368,521
Deferred revenue	175,878	36,812
Notes payable	30,736	464,789
Total current liabilities	1,101,135	1,128,018
Deferred rent liability	8,790	12,852
Notes payable, less current portion	81,088	38,571
Conditional notes payable	2,135,918	2,123,918
Total liabilities	3,326,931	3,303,359
Net assets:		
Net assets without donor restrictions	9,056,590	8,878,943
Net assets with donor restrictions	4,016,147	4,020,798
Total net assets	13,072,737	12,899,741
TOTAL LIABILITIES AND NET ASSETS	\$ 16,399,668	\$ 16,203,100

See notes to consolidated financial statements.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the years ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Contributions	\$ 1,144,498	\$ 665,708	\$ 1,810,206	\$ 635,376	\$ 1,927,619	\$ 2,562,995
Government grants	7,845,264	-	7,845,264	6,917,100	-	6,917,100
Special events, net of direct costs of of \$386,876 in 2019 and \$375,345 in 2018	717,394	-	717,394	681,232	-	681,232
In-kind contributions	184,244	-	184,244	2,865,035	-	2,865,035
Other revenue	64,836	-	64,836	20,380	-	20,380
Net loss on building transfer	-	-	-	(218,812)	-	(218,812)
Sales, net of cost of sales \$268,069 for 2019 and \$253,382 for 2018	540,398	-	540,398	622,035	-	622,035
Satisfaction of purpose and time restrictions	<u>804,660</u>	<u>(804,660)</u>	<u>-</u>	<u>1,612,774</u>	<u>(1,612,774)</u>	<u>-</u>
Total operating revenue and support	<u>11,301,294</u>	<u>(138,952)</u>	<u>11,162,342</u>	<u>13,135,120</u>	<u>314,845</u>	<u>13,449,965</u>
Expenses before depreciation:						
Program services	9,317,199	-	9,317,199	8,112,779	-	8,112,779
Management and general	824,032	-	824,032	783,136	-	783,136
Fundraising	<u>645,829</u>	<u>-</u>	<u>645,829</u>	<u>629,528</u>	<u>-</u>	<u>629,528</u>
Total expenses before depreciation	<u>10,787,060</u>	<u>-</u>	<u>10,787,060</u>	<u>9,525,443</u>	<u>-</u>	<u>9,525,443</u>
Net operating income before depreciation	514,234	(138,952)	375,282	3,609,677	314,845	3,924,522
Depreciation expense	<u>384,172</u>	<u>-</u>	<u>384,172</u>	<u>337,346</u>	<u>-</u>	<u>337,346</u>
Change in net assets before non-operating activities	130,062	(138,952)	(8,890)	3,272,331	314,845	3,587,176
Investment returns	47,585	134,301	181,886	45,477	153,215	198,692
Satisfaction of purpose restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,911</u>	<u>(81,911)</u>	<u>-</u>
Change in net assets	177,647	(4,651)	172,996	3,399,719	386,149	3,785,868
Net assets:						
Beginning of year	8,878,943	4,020,798	12,899,741	5,437,600	3,634,649	9,072,249
Member contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,624</u>	<u>-</u>	<u>41,624</u>
End of year	<u>\$ 9,056,590</u>	<u>\$ 4,016,147</u>	<u>\$ 13,072,737</u>	<u>\$ 8,878,943</u>	<u>\$ 4,020,798</u>	<u>\$ 12,899,741</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, 2019

	Program Services				Management and General	Fund- raising	Total Expenses
	Basic Needs and Safety Programs	Education and Career Programs	Self-Sufficiency and Prevention Programs	Total			
Salaries and related expenses	\$ 937,866	\$ 1,122,247	\$ 4,285,860	\$ 6,345,973	\$ 635,647	\$ 467,188	\$ 7,448,808
Occupancy	57,055	171,225	415,840	644,120	13,576	2,184	659,880
Telephone	15,248	16,678	82,840	114,766	17,865	7,003	139,634
Client expenses	99,137	122,552	733,731	955,420	535	1,415	957,370
Program food	58,837	2,822	114,746	176,405	-	-	176,405
Computer expense	9,842	10,491	31,376	51,709	16,744	1,841	70,294
Marketing and promotion	1,067	17,495	13,315	31,877	1,458	26,576	59,911
Cost of goods sold	-	268,069	-	268,069	-	-	268,069
Supplies	33,423	38,721	106,720	178,864	4,224	388,061	571,149
Photocopying and postage	1,086	-	6,839	7,925	1,237	11,637	20,799
Professional fees	98,597	50,997	151,326	300,920	24,794	34,917	360,631
Training, meetings, and dues	14,450	13,173	103,426	131,049	16,287	13,756	161,092
Recreation	9,512	3,592	23,556	36,660	-	-	36,660
Equipment rental	4,338	1,255	11,888	17,481	1,860	691	20,032
Insurance	22,073	13,010	88,100	123,183	23,715	6,147	153,045
Interest	-	-	2,263	2,263	21,358	-	23,621
Bank charges	-	15,803	-	15,803	4,055	26,714	46,572
Vehicle expense	1,136	2,753	12,546	16,435	2,487	25,757	44,679
Miscellaneous	1,285	32,598	28,731	62,614	275	2,760	65,649
In-kind contributions	14,175	20,124	69,433	103,732	37,915	16,058	157,705
Depreciation	48,849	60,891	224,995	334,735	30,943	18,494	384,172
Total expenses before depreciation and expenses netted with revenue	1,427,976	1,984,496	6,507,531	9,920,003	854,975	1,051,199	11,826,177
Less: depreciation	(48,849)	(60,891)	(224,995)	(334,735)	(30,943)	(18,494)	(384,172)
Less: cost of sales	-	(268,069)	-	(268,069)	-	-	(268,069)
Less: special event direct benefit costs	-	-	-	-	-	(386,876)	(386,876)
Total expenses	<u>\$ 1,379,127</u>	<u>\$ 1,655,536</u>	<u>\$ 6,282,536</u>	<u>\$ 9,317,199</u>	<u>\$ 824,032</u>	<u>\$ 645,829</u>	<u>\$ 10,787,060</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, 2018

	Program Services				Management and General	Fund- raising	Total Expenses
	Basic Needs and Safety Programs	Education and Career Programs	Self-Sufficiency and Prevention Programs	Total			
Salaries and related expenses	\$ 874,737	\$ 1,089,499	\$ 3,171,831	\$ 5,136,067	\$ 606,553	\$ 398,272	\$ 6,140,892
Occupancy	60,740	199,656	731,048	991,444	13,817	2,308	1,007,569
Telephone	33,406	11,255	74,212	118,873	15,145	4,041	138,059
Client expenses	102,874	167,813	548,979	819,666	570	-	820,236
Program food	60,159	3,244	98,031	161,434	-	-	161,434
Computer expense	7,064	2,767	28,205	38,036	36,590	1,225	75,851
Marketing and promotion	43	18,449	9,248	27,740	1,161	85,495	114,396
Cost of goods sold	-	253,382	-	253,382	-	-	253,382
Supplies	28,633	33,857	88,480	150,970	3,229	376,512	530,711
Photocopying and postage	774	-	2,219	2,993	1,749	11,615	16,357
Professional fees	68,382	10,618	119,914	198,914	22,637	11,997	233,548
Training, meetings, and dues	18,417	13,641	86,809	118,867	11,281	14,304	144,452
Recreation	5,285	3,647	14,522	23,454	-	-	23,454
Equipment rental	5,118	1,227	7,815	14,160	1,958	499	16,617
Insurance	20,157	11,864	69,911	101,932	10,464	4,518	116,914
Interest	420	-	4,241	4,661	19,621	-	24,282
Bank charges	-	17,479	-	17,479	4,652	22,927	45,058
Vehicle expense	1,646	2,726	10,680	15,052	1,296	6,178	22,526
Miscellaneous	771	8,644	13,855	23,270	105	2,015	25,390
In-kind contributions	32,760	14,196	100,811	147,767	32,308	62,967	243,042
Depreciation	57,096	61,947	166,302	285,345	38,318	13,683	337,346
Total expenses before depreciation and expenses netted with revenue	1,378,482	1,925,911	5,347,113	8,651,506	821,454	1,018,556	10,491,516
Less: depreciation	(57,096)	(61,947)	(166,302)	(285,345)	(38,318)	(13,683)	(337,346)
Less: cost of sales	-	(253,382)	-	(253,382)	-	-	(253,382)
Less: special event direct benefit costs	-	-	-	-	-	(375,345)	(375,345)
Total expenses	<u>\$ 1,321,386</u>	<u>\$ 1,610,582</u>	<u>\$ 5,180,811</u>	<u>\$ 8,112,779</u>	<u>\$ 783,136</u>	<u>\$ 629,528</u>	<u>\$ 9,525,443</u>

See notes to consolidated financial statements.

NEW AVENUES FOR YOUTH AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 172,996	\$ 3,785,868
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	384,172	337,346
Net realized and unrealized gain on investments	(119,373)	(116,307)
In-kind donation of property	-	(1,968,372)
(Increase) decrease in:		
Receivables	(326,285)	(1,266,761)
Prepaid expenses and deposits	(4,128)	225
Inventory	13,588	(7,112)
Increase (decrease) in:		
Accounts payable and accrued expenses	268,104	189,952
Accrued interest on conditional note payable	-	12,000
Deferred revenue	139,066	(67,467)
Deferred rent liability	(4,062)	(3,712)
Net cash flows from operating activities	524,078	895,660
Cash flows from investing activities:		
Change in value of investment in LLC	-	41,624
Distributions from endowment and reserves	1,176,304	446,716
Purchases of investments	(1,038,817)	(111,026)
Purchases of property and equipment	(66,812)	(1,054,875)
Net cash flows from investing activities	70,675	(677,561)
Cash flows from financing activities:		
Payments on notes payable	(486,651)	(39,064)
Proceeds from notes payable	11,565	99,305
Net cash flows from financing activities	(475,086)	60,241
Net change in cash and cash equivalents	119,667	278,340
Cash and cash equivalents - beginning of year	959,084	680,744
Cash and cash equivalents - end of year	\$ 1,078,751	\$ 959,084

See notes to consolidated financial statements.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019 and 2018

I. NATURE OF ACTIVITIES

Description of Organization

New Avenues for Youth, Inc. (New Avenues or the Organization) 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, New Avenues has 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 and prevention programs*, including case-managed support; PDX-Connect and Robinswood, 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 and dfrntpigeon), limited liability companies, collectively Social Enterprises. 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, dfrntpigeon a youth-led urban apparel brand.

During 2018, the Organization entered into an agreement to form property and operating limited liability companies (LLC) with an unrelated entity. New Avenues is a 2% owner in the New Meadows Property LLC and 98% owner in New Meadows Operating LLC.

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, New Meadows Operation, LLC (collectively, the Organization). All material inter-organization transactions and balances have been eliminated.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) 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. Contributions restricted by donors are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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.

Inventory

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

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 on net assets with perpetual donor restrictions is reported as an increase in net assets with donor restrictions and released from restriction when appropriated for expenditure.

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.

Depreciation and investment activities

Depreciation and investment activities are reported separately on the consolidated statement of activities to more accurately reflect ongoing operating activities and cash requirements of the Organization.

Donated Assets and Services (In-kind Contributions)

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 support without donor restriction 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.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Donated Assets and Services (In-kind Contributions), Continued

Donated assets and services are as follows for the years ended June 30:

	2019	2018
Furman building	\$ -	\$ 2,610,195
Materials and goods	113,111	223,152
Rent	57,288	27,288
Legal and professional services, included in management and general	13,845	4,400
Total donated assets and services	<u>\$ 184,244</u>	<u>\$ 2,865,035</u>

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 financial statements, as the organization has no 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. New Meadows Operations, LLC is a limited liability company whereby New Avenues for Youth, Inc. is the majority member. Any provision for income taxes associated with the entity is estimated to be immaterial.

The Organization follows the provisions of FASB ASC *Topic 740 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.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and related expenses, telephone, computer expense, supplies, insurance, and other, which are allocated on the basis of estimates of time and effort.

Change in Accounting Principle

The Organization has implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU modified net asset classification and enhances disclosures regarding liquidity and availability of resources and functional expense reporting. The principle has been applied retrospectively to all periods presented, except for the disclosure on available resources and liquidity (Note 3).

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

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 January 23, 2020, the date the financial statements were available to be issued.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Organization consist of the following at June 30, 2019:

	Total			Available for
	Financial	Board	With Donor	General
	<u>Assets</u>	<u>Designated</u>	<u>Restrictions</u>	<u>Expenditure</u>
Cash and cash equivalents	\$ 1,078,751	\$ -	\$ 741,248	\$ 337,503
Government grants receivable	1,544,188	-	-	1,544,188
Contributions receivable	489,958	-	300,000	189,958
Accounts receivable	19,272	-	-	19,272
Investments - reserves	1,173,031	1,173,031	-	-
Investments - endowment	<u>2,723,617</u>	<u>416,918</u>	<u>2,306,699</u>	<u>-</u>
Total financial assets	<u>\$ 7,028,817</u>	<u>\$ 1,589,949</u>	<u>\$ 3,347,947</u>	2,090,921
Endowment distributions				<u>100,000</u>
Total available				<u>\$ 2,190,921</u>

The Board of Directors has designated funds to be used as an operating reserve. The Organization may draw up to \$350,000 from the reserve as an internal line of credit, which must be authorized by the Executive Director or certain Board Members. See Note 11 for additional information.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give, and are receivable as follows at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Within one year	\$ 489,958	\$ 636,603
Two to five years	668,200	725,000
	<u>\$ 1,158,158</u>	<u>\$ 1,361,603</u>

Management believes that all amounts will be realized and, as such, no allowance for doubtful accounts has been recorded. Management has determined the discount on long-term pledges is immaterial and, as such, no discount for long-term pledges has been recorded.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Furman Building and improvements	\$ 2,912,873	\$ 2,892,546
Killough Building and improvements	4,326,062	4,326,062
Land (Furman and Killough)	4,425,000	4,425,000
Youth Opportunity Center leasehold improvements	450,903	450,903
Equipment and furniture	691,009	654,873
Vehicles	278,355	168,370
Ben & Jerry's equipment	484,189	483,452
INK leasehold improvements and equipment	81,685	81,685
Other social enterprise equipment	14,943	14,943
	<u>13,665,019</u>	<u>13,497,834</u>
Less accumulated depreciation	<u>5,105,579</u>	<u>4,716,584</u>
Property and equipment, net	<u>\$ 8,559,440</u>	<u>\$ 8,781,250</u>

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

6. INVESTMENTS

Investments consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Reserves:		
Money market mutual funds	\$ 336,923	\$ 253,875
Government and agency bonds	644,864	944,352
Corporate bonds	191,244	151,493
Total reserves	<u>1,173,031</u>	<u>1,349,720</u>
Endowment:		
Cash and equivalents	70,233	158,200
Government and agency bonds	266,701	215,812
Corporate bonds	330,445	339,307
Domestic U.S. equities	1,588,131	1,429,928
International equities	344,481	299,696
Real estate funds	123,626	122,099
Total endowment	<u>2,723,617</u>	<u>2,565,042</u>
Total investments	<u>\$ 3,896,648</u>	<u>\$ 3,914,762</u>

7. CONDITIONAL NOTES 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, November 2022. 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 of \$114,000 and \$102,000 at June 30, 2019 and 2018, respectively, are reflected in the consolidated statements of financial position.

In November 2017, New Avenues received a \$821,918 grant from the Portland Development Commission restricted to use in the renovation and purchase of the Furman Building. Under the terms of the agreement, no interest will accrue on the outstanding principal balance until the maturity date, December 1, 2029. The unpaid balance will be forgiven on the maturity date if there has been no default and no unapproved changes in the use of the Furman Building according to the agreement.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

8. NOTES PAYABLE

Notes payable consist of the following at June 30:

	2019	2018
Note payable due in monthly installments of \$1,827 including interest at 5.94% through September 2024; secured by Brews Van.	\$ 81,065	\$ -
Unsecured note payable to an unrelated party, principal and interest due at maturity, interest accrues at 2.5% per annum through September 1, 2018.	-	414,000
Note payable to a bank, principal and interest due monthly, interest fixed at 6.25% and secured by specific property, expiring September 2022.	30,759	39,032
Note payable to a bank, principal and interest due monthly, interest fixed at 7.34% and secured by specific property, expiring October 2019.	-	50,328
Total notes payable	\$ 111,824	\$ 503,360
Current portion	\$ 30,736	
long-term portion	81,088	
	\$ 111,824	

Future maturities of notes payable are as follows:

Year ending October 31, 2020	\$ 30,736
2021	28,054
2022	25,474
2023	23,632
2024	3,928
	\$ 111,824

9. CONTINGENCIES

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.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

10. LEASE COMMITMENTS

Ben & Jerry's (Yamhill) leases retail space under an operating lease through August 2021 with current monthly rent of \$2,639 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 \$1,498 subject to annual increases of approximately 2%. The PSU lease includes an 18-month rent holiday at the beginning of the lease term. Rent expense for this lease is recognized on a straight-line basis over the term of the lease with the difference between straight-line rent and cash paid recorded as deferred rent liability at \$8,790 at June 30, 2019 and \$12,852 at June 30, 2018.

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 June 2019. This lease was renewed during 2019 and expires July 2022.

The Organization has a related party lease with a related party, New Meadows Property, expiring May 2028 with monthly rent of \$515, subject to annual increases.

Additional program space is leased under operating leases expiring January 2020 through June 2021, with total monthly payments of approximately \$21,300.

In June 2017, the Organization entered into an additional lease for expanded program space through June 2029. Annual rent of \$30,000 is abated for the initial eleven-and-a-half-year term in exchange for leasehold improvements made by the Organization. Accordingly, these payments are not included below in the future minimum lease commitments. The lease includes an option to renew for a three-and-a-half-year term, and a five-year term.

Rent expense for the above leases totaled approximately \$347,100 and \$302,000 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease commitments under operating leases are as follows:

Year ending June 30, 2020	\$ 142,800
2021	79,800
2022	12,200
2023	6,800
2024	7,000
Thereafter	<u>29,400</u>
Total	<u><u>\$ 278,000</u></u>

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

II. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Undesignated net assets	\$ 1,154,943	\$ 568,607
Board designated:		
Operating reserve	895,931	1,032,208
Maintenance reserve	277,100	317,512
Endowment (Note 13)	<u>416,918</u>	<u>392,644</u>
Total board designated	<u>1,589,949</u>	<u>1,742,364</u>
Property and equipment, net	<u>6,311,698</u>	<u>6,567,972</u>
Total net assets without donor restrictions	<u>\$ 9,056,590</u>	<u>\$ 8,878,943</u>

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Net assets with expiring donor restrictions:		
Unexpended endowment earnings (Note 13)	\$ 799,746	\$ 665,445
Various program and time restrictions	<u>1,709,448</u>	<u>1,848,400</u>
Total net assets with expiring donor restrictions	2,509,194	2,513,845
Net assets with perpetual donor restrictions (Note 13)	<u>1,506,953</u>	<u>1,506,953</u>
Total net assets with donor restrictions	<u>\$ 4,016,147</u>	<u>\$ 4,020,798</u>

13. ENDOWMENT

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.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

13. ENDOWMENT, 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 net assets with perpetual restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 as net assets with perpetual restrictions is classified as net assets with expiring restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by UPMIFA.

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

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. There was no distribution for the year ended June 30, 2019. For the year ended June 30, 2018 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, 2019 and 2018

13. ENDOWMENT, Continued

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

	Without Donor Restrictions	With Expiring Donor Restrictions	With Perpetual Donor Restrictions	Total
June 30, 2019				
Donor-restricted	\$ -	\$ 799,746	\$ 1,506,953	\$2,306,699
Board-designated	416,918	-	-	416,918
	<u>\$ 416,918</u>	<u>\$ 799,746</u>	<u>\$ 1,506,953</u>	<u>\$ 2,723,617</u>
June 30, 2018				
Donor-restricted	\$ -	\$ 665,445	\$ 1,506,953	\$ 2,172,398
Board-designated	392,644	-	-	392,644
	<u>\$ 392,644</u>	<u>\$ 665,445</u>	<u>\$ 1,506,953</u>	<u>\$2,565,042</u>

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

	Without Donor Restrictions	With Expiring Donor Restrictions	With Perpetual Donor Restrictions	Total
Endowment net assets,				
June 30, 2017	\$ 379,757	\$ 594,141	\$ 1,506,953	\$ 2,480,851
Investment income	10,641	58,876	-	69,517
Change in value of investments	19,849	109,817	-	129,666
Investment fees	(2,798)	(15,478)	-	(18,276)
Appropriated for expenditure	(14,805)	(81,911)	-	(96,716)
Endowment net assets,				
June 30, 2018	392,644	665,445	1,506,953	2,565,042
Investment income	11,491	63,577	-	75,068
Change in value of investments	16,092	89,033	-	105,125
Investment fees	(3,309)	(18,309)	-	(21,618)
Endowment net assets,				
June 30, 2019	<u>\$ 416,918</u>	<u>\$ 799,746</u>	<u>\$ 1,506,953</u>	<u>\$ 2,723,617</u>

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

14. 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 2019 and 2018 totaled approximately \$37,300 and \$36,100, respectively.

15. 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. Uninsured balances totaled approximately \$268,100 and \$336,400 at June 30, 2019 and 2018, respectively.

Revenue from government grants is concentrated in that two agencies comprise approximately 58% of total revenue for the year ended June 30, 2019. Revenue from government grants from two agencies comprise approximately 41% of total revenue for the year ended June 30, 2018.

At June 30, 2019, 78% of government grants receivable are due from two government agencies. At June 30, 2018, 71% of government grants receivable are due from two government agencies.

At June 30, 2019, 69% of contributions receivable is due from one donor. At June 30, 2018, 70% of contributions receivable is due from two donors.

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.

16. 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. Total payments during June 30, 2018 to related parties for construction of the Youth Opportunity Center approximated \$390,000 and were disclosed to management and the Board as part of the Organization's conflict of interest policy.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

17. 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.

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, 2019 and 2018 are as follows:

	Fair Value	Level 1	Level 2
June 30, 2019			
Government and agency securities	\$ 911,565	\$ -	\$ 911,565
Corporate bonds-publicly traded	521,689	-	521,689
Domestic U.S. equities	1,588,131	1,588,131	-
International equities	344,481	344,481	-
Real estate funds	123,626	123,626	-
	<u>\$ 3,489,492</u>	<u>\$ 2,056,238</u>	<u>\$ 1,433,254</u>
June 30, 2018			
Government and agency securities	\$ 1,160,164	\$ -	\$ 1,160,164
Corporate bonds-publicly traded	490,800	-	490,800
Domestic U.S. equities	1,429,928	1,429,928	-
International equities	299,696	299,696	-
Real estate funds	122,099	122,099	-
	<u>\$ 3,502,687</u>	<u>\$ 1,851,723</u>	<u>\$ 1,650,964</u>

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
June 30, 2019 and 2018

17. FAIR VALUE MEASUREMENTS, continued

Fair values for debt and equity securities, including government and corporate bonds, are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for investments in government and corporate bonds are provided by custodians and are based on pricing models that incorporate available trade, bid and other market information.

18. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest during the years ended June 30, 2019 and 2018 totaled \$11,621 and \$12,282, respectively.

Non-Cash Investing and Financing Activities

During the year ended June 30, 2019 the Organization purchased a vehicle for which \$91,555 was financed with the seller.

During the year ended June 30, 2018, the organization received an equity gap loan (Note 7) for which no cash was directly received. Additionally, a loan for \$414,000 related to the acquisition of property was financed with the seller

SUPPLEMENTARY INFORMATION

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION - SCHEDULE I
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2019

	New Avenues for Youth, Inc.	Social Enterprise and Other	New Meadows	Eliminating Entries	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 409,263	\$ 469,488	\$ 200,000	\$ -	\$ 1,078,751
Government grants receivable	1,544,188	-	-	-	1,544,188
Contributions receivable	489,958	-	-	-	489,958
Accounts receivable	110,711	24,049	-	(115,488)	19,272
Inventory	-	28,231	-	-	28,231
Other prepaid expenses and deposits	76,441	3,910	-	-	80,351
Total current assets	<u>2,630,561</u>	<u>525,678</u>	<u>200,000</u>	<u>(115,488)</u>	<u>3,240,751</u>
Contributions receivable, less current portion	668,200	-	-	-	668,200
Property and equipment, net	8,495,606	63,834	-	-	8,559,440
Investments - reserve	1,173,031	-	-	-	1,173,031
Investments - endowment	2,723,617	-	-	-	2,723,617
Investment in New Meadows Property, LLC	34,629	-	-	-	34,629
Investment in subsidiaries	1,499,836	-	-	(1,499,836)	-
TOTAL ASSETS	<u>\$ 17,225,480</u>	<u>\$ 589,512</u>	<u>\$ 200,000</u>	<u>\$ (1,615,324)</u>	<u>\$ 16,399,668</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ 370,967	\$ 46,751	\$ -	\$ -	\$ 417,718
Accrued payroll and related liabilities	476,803	-	-	-	476,803
Intercompany payables	-	113,270	2,218	(115,488)	-
Deferred revenue	152,696	23,182	-	-	175,878
Notes payable	30,736	-	-	-	30,736
Total current liabilities	<u>1,031,202</u>	<u>183,203</u>	<u>2,218</u>	<u>(115,488)</u>	<u>1,101,135</u>
Deferred rent liability	-	8,790	-	-	8,790
Notes payable, less current portion	81,088	-	-	-	81,088
Conditional notes payable	2,135,918	-	-	-	2,135,918
Total liabilities	<u>3,248,208</u>	<u>191,993</u>	<u>2,218</u>	<u>(115,488)</u>	<u>3,326,931</u>
Net assets:					
Without donor restrictions	9,961,125	397,519	197,782	(1,499,836)	9,056,590
With donor restrictions	4,016,147	-	-	-	4,016,147
Total net assets	<u>13,977,272</u>	<u>397,519</u>	<u>197,782</u>	<u>(1,499,836)</u>	<u>13,072,737</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,225,480</u>	<u>\$ 589,512</u>	<u>\$ 200,000</u>	<u>\$ (1,615,324)</u>	<u>\$ 16,399,668</u>

See independent auditor's report.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION - SCHEDULE II
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

	<u>New Avenues for Youth, Inc.</u>		<u>Social Enterprises and Other</u>	<u>New Meadows</u>	<u>Eliminating Entries</u>	<u>Consolidated Totals</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>		
Operating support and revenue:						
Contributions	\$ 1,144,498	\$ 665,708	\$ -	\$ -	\$ -	\$ 1,810,206
Government grants	7,532,765	-	132,249	180,250	-	7,845,264
Special events, net of direct costs	717,394	-	-	-	-	717,394
In-kind contributions	156,956	-	27,288	-	-	184,244
Other revenue	44,121	-	20,715	-	-	64,836
Net loss on building transfer	-	-	-	-	-	-
Sales, net of cost of sales	-	-	514,291	49,511	(23,404)	540,398
Satisfaction of purpose and time restrictions	804,660	(804,660)	-	-	-	-
Total operating support and revenue	<u>10,400,394</u>	<u>(138,952)</u>	<u>694,543</u>	<u>229,761</u>	<u>(23,404)</u>	<u>11,162,342</u>
Expenses before depreciation:						
Program services	8,306,720	-	819,962	213,921	(23,404)	9,317,199
Management and general	824,032	-	-	-	-	824,032
Fundraising	645,829	-	-	-	-	645,829
Total expenses before depreciation	<u>9,776,581</u>	<u>-</u>	<u>819,962</u>	<u>213,921</u>	<u>(23,404)</u>	<u>10,787,060</u>
Net operating income (loss) before depreciation	623,813	(138,952)	(125,419)	15,840	-	375,282
Depreciation expense	<u>351,167</u>	<u>-</u>	<u>33,005</u>	<u>-</u>	<u>-</u>	<u>384,172</u>
Change in net assets before non-operating activities	272,646	(138,952)	(158,424)	15,840	-	(8,890)
Investment returns	<u>47,585</u>	<u>134,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,886</u>
Change in net assets	320,231	(4,651)	(158,424)	15,840	-	172,996
Net assets:						
Beginning of year	9,640,894	4,020,798	397,519	181,942	(1,341,412)	12,899,741
Member contributions	<u>-</u>	<u>-</u>	<u>158,424</u>	<u>-</u>	<u>(158,424)</u>	<u>-</u>
End of year	<u>\$ 9,961,125</u>	<u>\$ 4,016,147</u>	<u>\$ 397,519</u>	<u>\$ 197,782</u>	<u>\$ (1,499,836)</u>	<u>\$ 13,072,737</u>

See independent auditor's report.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION - SCHEDULE III
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2018

	New Avenues for Youth, Inc.	Social Enterprise and Other	Eliminating Entries	Consolidated Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 525,500	\$ 437,028	\$ (3,444)	\$ 959,084
Government grants receivable	1,007,177	-	-	1,007,177
Contributions receivable	636,603	-	-	636,603
Accounts receivable	-	48,211	(21,658)	26,553
Inventory	-	41,819	-	41,819
Other prepaid expenses and deposits	72,313	3,910	-	76,223
Total current assets	<u>2,241,593</u>	<u>530,968</u>	<u>(25,102)</u>	<u>2,747,459</u>
Contributions receivable, less current portion	725,000	-	-	725,000
Property and equipment, net	8,685,143	96,107	-	8,781,250
Investments - reserve	1,349,720	-	-	1,349,720
Investments - endowment	2,565,042	-	-	2,565,042
Investment in New Meadows Property, LLC	34,629	-	-	34,629
Investment in subsidiaries	1,341,412	-	(1,341,412)	-
TOTAL ASSETS	<u>\$ 16,942,539</u>	<u>\$ 627,075</u>	<u>\$ (1,366,514)</u>	<u>\$ 16,203,100</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 218,204	\$ 34,485	\$ 5,207	\$ 257,896
Accrued payroll and related liabilities	368,521	-	-	368,521
Intercompany payables	30,309	-	(30,309)	-
Deferred revenue	36,535	277	-	36,812
Note payable	464,789	-	-	464,789
Total current liabilities	<u>1,118,358</u>	<u>34,762</u>	<u>(25,102)</u>	<u>1,128,018</u>
Deferred rent liability	-	12,852	-	12,852
Notes payable, less current portion	38,571	-	-	38,571
Conditional note payable	2,123,918	-	-	2,123,918
Total liabilities	<u>3,280,847</u>	<u>47,614</u>	<u>(25,102)</u>	<u>3,303,359</u>
Net assets:				
Without donor restrictions	9,640,894	579,461	(1,341,412)	8,878,943
With donor restrictions	4,020,798	-	-	4,020,798
Total net assets	<u>13,661,692</u>	<u>579,461</u>	<u>(1,341,412)</u>	<u>12,899,741</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,942,539</u>	<u>\$ 627,075</u>	<u>\$ (1,366,514)</u>	<u>\$ 16,203,100</u>

See independent auditor's report.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION - SCHEDULE IV
SCHEDULED IV - CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended June 30, 2018

	New Avenues for Youth, Inc.		Social Enterprises and Other		Eliminating Entries	Consolidated Totals
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	-		
Operating support and revenue:						
Contributions	\$ 634,876	\$ 1,927,619	\$ 500	\$ -	\$ -	\$ 2,562,995
Government grants	6,730,413	-	186,687	-	-	6,917,100
Special events, net of direct costs	681,020	-	-	212	-	681,232
In-kind contributions	2,837,747	-	27,288	-	-	2,865,035
Other revenue	34,793	-	3,644	(18,057)	-	20,380
Net loss on building transfer	(218,812)	-	-	-	-	(218,812)
Sales, net of cost of sales	-	-	654,323	(32,288)	-	622,035
Satisfaction of purpose and time restrictions	1,612,774	(1,612,774)	-	-	-	-
Total operating support and revenue	<u>12,312,811</u>	<u>314,845</u>	<u>872,442</u>	<u>(50,133)</u>	<u>-</u>	<u>13,449,965</u>
Expenses before depreciation:						
Program services	7,250,956	-	911,956	(50,133)	-	8,112,779
Management and general	783,136	-	-	-	-	783,136
Fundraising	629,528	-	-	-	-	629,528
Total expenses before depreciation	<u>8,663,620</u>	<u>-</u>	<u>911,956</u>	<u>(50,133)</u>	<u>-</u>	<u>9,525,443</u>
Net operating income (loss) before depreciation	3,649,191	314,845	(39,514)	-	-	3,924,522
Depreciation expense	<u>297,202</u>	<u>-</u>	<u>40,144</u>	<u>-</u>	<u>-</u>	<u>337,346</u>
Change in net assets before non-operating activities	3,351,989	314,845	(79,658)	-	-	3,587,176
Investment returns	45,477	153,215	-	-	-	198,692
Satisfaction of purpose restrictions	<u>81,911</u>	<u>(81,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	3,479,377	386,149	(79,658)	-	-	3,785,868
Net assets:						
Beginning of year	6,161,517	3,634,649	348,498	(1,072,415)	-	9,072,249
Member contributions	<u>-</u>	<u>-</u>	<u>310,621</u>	<u>(268,997)</u>	<u>-</u>	<u>41,624</u>
End of year	<u>\$ 9,640,894</u>	<u>\$ 4,020,798</u>	<u>\$ 579,461</u>	<u>\$ (1,341,412)</u>	<u>\$ -</u>	<u>\$ 12,899,741</u>

See independent auditor's report.