

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2021**



**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2021**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
New Avenues for Youth, Inc.  
and Subsidiaries  
Portland, Oregon

We have audited the accompanying consolidated financial statements of New Avenues for Youth, Inc. and Subsidiaries (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Avenues for Youth, Inc. and Subsidiaries as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Kern + Thompson, LLC*

Portland, Oregon  
February 10, 2023

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

June 30, 2021

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 4,150,470
Grants and accounts receivable	2,074,173
Contributions receivable	385,000
Inventory	11,660
Prepaid expenses and deposits	264,937
<b>Total current assets</b>	<b><u>6,886,240</u></b>

**Non-current assets**

Contributions receivable, noncurrent	230,000
Property and equipment, net	8,117,782
Investments-reserves	1,191,815
Investments-endowment	3,795,716
Investment in New Meadows Property, LLC	76,324
<b>Total non-current assets</b>	<b><u>13,411,637</u></b>

<b>Total assets</b>	<b><u>\$ 20,297,877</u></b>
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**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts payable	\$ 448,216
Accrued payroll and related liabilities	684,213
Deferred revenue	149,113
Refundable advance - Conditional grants	1,177,393
Refundable advance - Paycheck Protection Program	1,327,408
Notes payable	28,768
<b>Total current liabilities</b>	<b><u>3,815,111</u></b>

**Non-current liabilities**

Notes payable, less current portion	27,363
Portland Housing Bureau notes payable	2,159,918
<b>Total non-current liabilities</b>	<b><u>2,187,281</u></b>

**Net assets**

Without donor restrictions	
Available for operations	8,109,390
Board-designated	1,864,774
<b>Total without donor restrictions</b>	<b><u>9,974,164</u></b>

With donor restrictions	4,321,321
<b>Total with donor restrictions</b>	<b><u>4,321,321</u></b>

<b>Total net assets</b>	<b><u>14,295,485</u></b>
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<b>Total liabilities and net assets</b>	<b><u>\$ 20,297,877</u></b>
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See notes to financial statements.

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating revenues, gains and other support:</b>			
Contributions	\$ 1,488,381	\$ 119,534	\$ 1,607,915
Grants	9,551,857	-	9,551,857
Special events, net of direct costs of of \$212,658	269,977	-	269,977
In-kind contributions	92,952	-	92,952
Other revenue	206,216	-	206,216
Sales, net of cost of sales \$137,035	156,657	-	156,657
Satisfaction of purpose and time restrictions	511,670	(511,670)	-
<b>Total operating revenues, gains, and other support</b>	<b><u>12,277,710</u></b>	<b><u>(392,136)</u></b>	<b><u>11,885,574</u></b>
<b>Expenses:</b>			
Program services	10,111,846	-	10,111,846
Management and general	1,313,862	-	1,313,862
Fundraising	485,562	-	485,562
<b>Total expenses</b>	<b><u>11,911,270</u></b>	<b><u>-</u></b>	<b><u>11,911,270</u></b>
<b>Increase (decrease) in net assets before non-operating activities</b>	<b><u>366,440</u></b>	<b><u>(392,136)</u></b>	<b><u>(25,696)</u></b>
Investment returns	1,750	790,936	792,686
<b>Change in net assets</b>	<b>368,190</b>	<b>398,800</b>	<b>766,990</b>
Net assets, beginning of year	9,605,974	3,922,521	13,528,495
<b>Net assets, ending of year</b>	<b><u>\$ 9,974,164</u></b>	<b><u>\$ 4,321,321</u></b>	<b><u>\$ 14,295,485</u></b>

See notes to financial statements.

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2021**

	<b>PROGRAM SERVICES</b>			<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
	<b>Basic Needs and Safety Programs</b>	<b>Education and Career Programs</b>	<b>Self-Sufficiency and Prevention Services</b>				
Salaries and related expenses	\$ 1,050,857	\$ 789,573	\$ 4,687,104	\$ 6,527,534	\$ 1,079,398	\$ 385,632	\$ 7,992,564
Client expenses	212,646	160,436	1,001,981	1,375,063	-	-	1,375,063
Program Supplies	40,493	16,659	223,694	280,846	-	-	280,846
Bank charges	-	8,036	-	8,036	3,499	20,565	32,100
Computer expense	20,676	10,617	84,308	115,601	9,325	3,380	128,306
Depreciation	34,033	4,034	151,171	189,238	18,718	9,358	217,314
In-kind contributions	7,662	28,543	53,511	89,716	1,646	1,590	92,952
Insurance	25,693	10,133	103,003	138,829	10,498	4,678	154,005
Occupancy	56,103	46,220	268,749	371,072	8,147	1,266	380,485
Photocopying and postage	6,701	18,028	25,435	50,164	2,647	10,198	63,009
Other expenses	24,694	66,722	173,307	264,723	93,860	14,543	373,126
Professional fees	84,727	55,581	224,844	365,152	49,145	24,631	438,928
Repairs and maintenance	59,986	28,904	87,817	176,707	7,806	2,039	186,552
Telephone and internet	10,072	8,077	75,291	93,440	8,303	2,754	104,497
Training, meetings, and dues	12,110	5,232	48,383	65,725	20,870	4,928	91,523
<b>Total expenses</b>	<b>\$ 1,646,453</b>	<b>\$ 1,256,795</b>	<b>\$ 7,208,598</b>	<b>\$ 10,111,846</b>	<b>\$ 1,313,862</b>	<b>\$ 485,562</b>	<b>\$ 11,911,270</b>

See notes to financial statements.

NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 755,880
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	217,314
Net realized and unrealized (gain) loss on investments	(792,686)
Net realized and unrealized (gain) loss on disposal of equipment	17,250
(Increase) decrease in:	
Receivables	116,732
Inventory	21,898
Prepaid expenses and deposits	(206,730)
Increase (decrease) in:	
Accounts payable and accrued expenses	207,440
Deferred revenue	1,135,731
Deferred rent liability	(5,234)
Refundable advance	15,308
Accrued interest on Portland Housing Bureau payable	12,000
<b>Net cash provided by (used in) operating activities</b>	<b><u>1,494,903</u></b>
<b>Cash flows from investing activities:</b>	
Purchases of investments	(1,820,321)
Proceeds from the sale of investments	1,569,094
Purchases of property and equipment	(85,051)
<b>Net cash provided by (used in) investing activities</b>	<b><u>(336,278)</u></b>
<b>Cash flows from financing activities:</b>	
Payments on notes payable	(27,779)
<b>Net cash provided by (used in) financing activities</b>	<b><u>(27,779)</u></b>
<b>Net change in cash and cash equivalents</b>	<b>1,130,846</b>
Cash and cash equivalents, beginning of year	<u>3,019,624</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>4,150,470</u></b>

See notes to financial statements.

## NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

#### NOTE A – DESCRIPTION OF ORGANIZATION

New Avenues for Youth, Inc. (New Avenues) was formed in Portland Oregon, as an Oregon nonprofit corporation. New Avenues 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 9-24 to overcome their barriers and realize their potential. Since 1997, New Avenues has impacted the lives of over 30,000 youth through a range of services that:

- Address **basic needs & safety**, including a Drop-In Day Services Center, Youth Opportunity Center, mobile and community outreach, and mental health and drug/alcohol counseling;
- Provide opportunities for **education & career advancement**, including an alternative education program and a career training center, where youth can improve their job skills and find employment in the community and/or through one of our social purpose enterprises; and
- Help youth achieve **self-sufficiency and provide homeless prevention through services** including case management; PDX-Connect and Robinswood, transitional support for youth aging out of foster care; sexual & gender minority youth support services, which addresses the social, safety, and resource needs of LGBTQIA 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, collectively Social Enterprises. The Social Enterprises provides job training and employment for at-risk and homeless youth at one Ben & Jerry's PartnerShop and New Avenues INK, a screen-printing business. The Organization is also the sole member of Brews, LLC, a limited liability company.

During 2018, the New Avenues 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. The investment in New Meadows Property, LLC is accounted for on the cost basis.

#### NOTE B – 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, New Meadows Operation, LLC, and Brews, LLC (collectively, the Organization). All material interorganizational transactions and balances have been eliminated.



**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Pronouncements**

During the year ended June 30, 2021, the Organization adopted a new accounting pronouncement: *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”)*.

ASU 2014-09 outlines a single, comprehensive model for accounting for revenue from contracts with customers. Revenue streams applicable to the Organization that qualify as exchange transactions include sales at the Social Enterprises, certain grants and ticket and festival sales on special events.

Management of the Organization has analyzed the provisions of ASU 2014-09, and has concluded that no changes are necessary to conform with the new standard, therefore the implementation of ASU 2014-09 had no impact on beginning net assets or revenues.

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor (or grantor) restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

**Cash and Cash Equivalents**

For purposes of these financial statements, all short-term, highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and are included in investments.

**Contributions Receivable**

Contributions 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. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk adjusted discount rates if the discount is material to the financial statements. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants and Accounts Receivable**

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.

**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.

**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 - 40 years. Leasehold improvements are depreciated over the remaining lease term.

**Investments**

Investments are carried at fair value. 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. Revenue is recognized when services are incurred or special events occur for exchange transactions.

**Refundable Advances**

- **Conditional Grants**

Refundable advances result primarily from conditional grant payments received prior to the incurrence of allowable grant expenditures and are refundable to the grantor if not used for grant purposes.

- **Paycheck Protection Program**

The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a refundable advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. The advance will be recognized as revenue upon satisfaction of the conditions. The balance of the PPP loan was \$1,327,408 at June 30, 2021. (See Note S).

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment Activities**

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

**Revenue Recognition**

Revenues from various sources are recognized as follows:

- **Contributions Revenue and Pledges Receivable**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

- **Grants**

Certain grants are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has been awarded cost reimbursable grants of approximately \$5,226,000 for the period through June 2021, that have not been recognized as revenue at June 30, 2021 because qualifying expenditures have not yet been incurred.

- **Special events**

The Organization records special events revenue when the event occurs.

- **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 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 enhances 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, 2021**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

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

Donated assets and services are as follows for the year ended June 30, 2021:

Materials and goods	\$	35,664
Rent		<u>57,288</u>
Total donated assets and services	\$	<u><u>92,952</u></u>

- **Sales**

Sales revenue from food and products are recognized upon sale when all risks and rewards transfer.

- **Exchange Transactions**

Revenue streams applicable to the Organization that qualify as exchange transactions with “customers” are recognized at a single point upon receipt when all risks and rewards transfer. Amounts received from customers in advance, such as deposits for reserved future services and events, are recorded as deferred revenue until the Organization’s performance obligations are satisfied.

**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 activities subject to unrelated business income tax. The Organization is not a private foundation. New Ventures for Youth, LLC, New Ventures for Youth Too, and Brews, LLC 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.

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE B – 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.

**NOTE C – 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:

Financial assets at year-end*	
Cash and cash equivalents	\$ 4,150,470
Grants and accounts receivable	2,074,173
Contributions receivable	615,000
Investments-reserves	1,191,815
Investments-endowment	<u>3,795,716</u>
Total financial assets	<u>11,827,174</u>
Less amounts unavailable for general expenditure within one year:	
Contributions receivable in more than one year	(230,000)
Contractual or donor-imposed restrictions:	
Restricted for purpose or time	(1,198,564)
Restricted for endowment in perpetuity	(1,506,953)
Unexpended endowment earnings	(1,615,804)
Board designations:	
Board-designated endowment fund	(672,959)
Board-designated reserves	<u>(1,191,815)</u>
Total unavailable financial assets	<u>(6,416,095)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,411,079</u>

\* Total assets, less nonfinancial assets (e.g., property and equipment, prepaid expenses)

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE C – AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)**

The Board of Directors has designated funds totaling \$954,147 to be used as an operating reserve, of which 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 K for additional information on board designations.

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from its board-designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated funds could be made available if necessary to manage unanticipated liquidity needs.

**NOTE D – CONTRIBUTIONS RECEIVABLE**

Contributions receivable represent unconditional promises to give, and is receivable as follows at June 30, 2021:

Within one year	\$	385,000
Two to five years		<u>230,000</u>
	\$	<u><u>615,000</u></u>

Management believes that all amounts will be realized and, as such, no allowance for doubtful account 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.

**NOTE E – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2021:

Furman Building and improvements	\$	2,979,080
Killough Building and improvements		4,238,286
Land (Furman and Killough)		4,425,000
Youth Opportunity Center leasehold improvements		448,339
Equipment and furniture		368,474
Vehicles		329,642
Ben & Jerry's leasehold improvements and equipment		286,778
INK leasehold improvements and equipment		75,380
Other social enterprise equipment		<u>14,943</u>
		13,165,922
Less accumulated depreciation		<u>(5,048,140)</u>
Property and equipment, net	\$	<u><u>8,117,782</u></u>

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE F – INVESTMENTS**

Investments consist of the following at June 30, 2021:

Reserves	
Cash & Cash Equivalents	\$ 153,153
US Treasury Bills	320,937
Non-US Bonds	61,183
US Corporate Bonds	<u>656,542</u>
	<u>1,191,815</u>
Endowment	
Cash & Cash Equivalents	34,251
US Corporate Bonds	1,112,388
International Equities	433,962
Emerging Markets Equities	227,104
US Large Cap Equities	1,911,357
US Small Cap Equities	<u>76,654</u>
	<u>3,795,716</u>
Total investments	<u>\$ 4,987,531</u>

**NOTE G – PORTLAND HOUSING BUREAU NOTES PAYABLE**

In December 2009, New Avenues received a \$1.2 million loan from the Portland Housing Bureau (PHB) (formerly Portland Development Commission) limited 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 2023. 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 \$1,200,000 and \$138,000, respectively, at June 30, 2021, is reflected in the consolidated statements of financial position.

In November 2017, New Avenues received a \$821,918 grant from the PHB limited 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.

Current portion	\$ -
Long term portion	<u>2,159,918</u>
	<u>\$ 2,159,918</u>

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE H – NOTES PAYABLE**

Notes payable consist of the following at June 30, 2021:

Note payable; due in monthly installments of \$1,827 including interest at 5.94%; through September 2023; secured by Brews Van.	\$ 44,360
Note payable to a bank; principal and interest due monthly; interest fixed at 6.25% and secured by specific property; expiring September 2022.	<u>11,771</u>
Total notes payable	<u>\$ 56,131</u>
Current portion	\$ 28,768
Long term portion	<u>27,363</u>
	<u>\$ 56,131</u>

Future maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 28,768
2023	23,736
2024	<u>3,627</u>
	<u>\$ 56,131</u>

**NOTE I – CONTINGENCIES AND UNCERTAINTIES**

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 it is 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 has a federal audit requirement for the year ended June 30, 2021. The Organization has started the process of complying with this requirement.

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measures. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of donors and program recipients to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.



**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE J – LEASE COMMITMENTS**

Lease commitments under operating leases for June 30, 2021 are as follows:

- In August, 2017, The Organization entered into an agreement for client housing for the Robinswood program. The lease agreement was terminated in June 2021, when the Robinswood program closed. Monthly rent was approximately \$18,500 through November 2020, then reduced to approximately \$15,300.
- Additional client housing space is leased under operating leases expiring August 2021 with total monthly payments of approximately \$4,200.
- In June 2017, the Organization entered into a lease for program space through September 2036. Annual rent of \$30,000 is abated for the initial ten year term in exchange for leasehold improvements made by the Organization. Accordingly, these payments are not included below in the future minimum lease commitments. For years eleven to twenty of the lease agreement, annual rent of approximately \$15,000 to \$18,700 for the period from September 2027 to August 2037 is included below in future minimum lease commitments.
- The Organization has a lease with a related party, New Meadows Property, expiring May 2028 with monthly rent of approximately \$500, subject to annual increases.
- Additional program space is leased under operating leases expiring June 2021, with total monthly payments of approximately \$1,800.
- Ben & Jerry's leases retail space under an operating lease through August 2022 with monthly rent of approximately \$2,800 subject to annual increases of approximately 3%.
- 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 July 2022. The estimated value of annual rent of approximately \$27,200 is not included below in the future minimum lease commitments.
- New Avenues INK entered into an operating lease agreement beginning August 2022 and expiring January 2025 with monthly rent of approximately \$2,800 subject to annual increases of approximately 3%.
- Rent expense for the above leases totaled approximately \$310,500 for the year ended June 30, 2021.

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE J – LEASE COMMITMENTS (CONTINUED)**

Future minimum lease commitments under operating leases are as follows:

Year Ending June 30,	
2022	\$ 105,000
2023	70,800
2024	56,900
2025	27,300
2026	7,100
Thereafter	186,600
	\$ 453,700

**NOTE K – NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions consist of the following at June 30, 2021:

Undesignated net assets	\$ 8,109,390
Board designated	
Operating reserve	954,147
Maintenance reserve	237,668
Endowment (Note M)	672,959
Total board designated	1,864,774
Total net assets without donor restrictions	\$ 9,974,164

**NOTE L – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30, 2021:

Net assets with expiring donor restrictions	
consists of:	
Unexpended endowment earnings (Note M)	\$ 1,615,804
Various program restrictions	1,198,564
Total net assets with expiring donor restrictions	2,814,368
Net assets with perpetual donor restrictions (Note M)	1,506,953
Total net assets with donor restrictions	\$ 4,321,321

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE M – 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.

**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, 2021. 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, 2021**

**NOTE M – ENDOWMENT (CONTINUED)**

Endowment net asset composition by type of fund is as follows as of June 30, 2021:

	Without Donor Restrictions - Board <u>Designated</u>	With Expiring Donor Restrictions	With Perpetual Donor Restrictions	<u>Total</u>
Endowment net assets, beginning of year	\$ 421,459	\$ 824,868	\$ 1,506,953	\$ 2,753,280
Interest and dividend income	-	91,119	-	91,119
Contributions	251,500	-	-	251,500
Investment gains/(losses)	-	749,635	-	749,635
Investment fees	-	(49,818)	-	(49,818)
Total investment return	<u>251,500</u>	<u>790,936</u>	<u>-</u>	<u>1,042,436</u>
Endowment net assets, end of year	<u>\$ 672,959</u>	<u>\$ 1,615,804</u>	<u>\$ 1,506,953</u>	<u>\$ 3,795,716</u>

**NOTE N – 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 2021 totaled approximately \$40,600.

**NOTE O – CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its cash balance in one financial institution. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The insured balance totaled approximately \$3,241,600 at June 30, 2021.

Approximately 82% of revenue from government grants came from two agencies for the year ended June 30, 2021.

At June 30, 2021, 92% of government grants receivable are due from two government agencies.

At June 30, 2021, 65% 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.

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE P – 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, 2021 as follows:

	Fair Value			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash & Cash Equivalents	\$ 187,404	\$ 187,404	\$ -	\$ -
US Treasury Bills	320,937	-	320,937	-
Non-US Bonds	61,183	-	61,183	-
US corporate bonds	1,768,930	-	1,768,930	-
International Equities	433,962	433,962	-	-
Emerging Markets Equities	227,104	227,104	-	-
US Large Cap Equities	1,911,357	1,911,357	-	-
US Small Cap Equities	<u>76,654</u>	<u>76,654</u>	-	-
	<u>\$ 4,987,531</u>	<u>\$ 2,836,481</u>	<u>\$ 2,151,050</u>	<u>\$ -</u>

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.

**NOTE Q – SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid for interest during the year ended June 30, 2021 totaled \$19,938. Non-cash investing and financing activities totaled \$12,000.

**NEW AVENUES FOR YOUTH, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2021**

**NOTE R – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through February 10, 2023 which is the date the financial statements were available to be issued.

In June 2022, the Robinswood program was closed. The lease related to the program was terminated.

In August 2021, the Paycheck Protection Program loan was forgiven and recognized as revenue.