

**AVENUES FOR JUSTICE, INC.  
(FORMERLY KNOWN AS ANDREW GLOVER  
YOUTH PROGRAM, INC.)**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT**

**DECEMBER 31, 2016**

**AVENUES FOR JUSTICE, INC.  
(FORMERLY KNOWN AS ANDREW GLOVER YOUTH PROGRAM, INC.)**

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## **Independent Auditor's Report**

**Board of Directors  
Avenues for Justice, Inc.  
(Formerly known as Andrew Glover Youth Program, Inc.)**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Avenues for Justice, Inc. (formerly known as Andrew Glover Youth Program, Inc.), which comprise the statement of financial position as of December 31, 2016 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avenues for Justice, Inc., as of December 31, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We previously audited Avenues for Justice, Inc.'s December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 1, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Loeb + Troper LLP*

September 8, 2017

## AVENUES FOR JUSTICE, INC.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016  
 (With Summarized Financial Information  
 for December 31, 2015)

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 439,054	\$ 271,719
Investments (Note 3)	1,392,279	1,492,951
Contributions receivable - due within one year	65,018	87,600
Prepaid expenses	<u>24,719</u>	<u>25,144</u>
Total current assets	1,921,070	1,877,414
Security deposit	12,750	12,750
Fixed assets (Note 4)	<u>415,525</u>	<u>483,503</u>
Total assets	<u>\$ 2,349,345</u>	<u>\$ 2,373,667</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts and accrued expenses payable	\$ 8,960	\$ 64,430
Accrued salaries and vacations payable	<u>21,135</u>	<u>17,181</u>
Total liabilities - current	<u>30,095</u>	<u>81,611</u>
Net assets (Exhibit B)		
Unrestricted		
Operating fund	1,903,725	1,778,553
Plant fund	<u>415,525</u>	<u>483,503</u>
Total unrestricted	2,319,250	2,262,056
Temporarily restricted (Note 7)	<u>-</u>	<u>30,000</u>
Total net assets	<u>2,319,250</u>	<u>2,292,056</u>
Total liabilities and net assets	<u>\$ 2,349,345</u>	<u>\$ 2,373,667</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

AVENUES FOR JUSTICE, INC.

EXHIBIT B

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016  
(With Summarized Financial Information  
for the Year Ended December 31, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	
Revenues, gains and other support				
Individuals	\$ 99,005		\$ 99,005	\$ 109,015
Foundations	779,500		779,500	831,569
Special events	\$ 774,090			
Less direct costs of special events	(166,985)			
Net revenues from special events	607,105		607,105	385,990
Government grants	20,000		20,000	8,500
Interest and dividends	27,803		27,803	25,895
Realized and unrealized gain (loss) on investments	11,393		11,393	(48,853)
In-kind contributions (Note 6)	34,000		34,000	34,000
Net assets released from restrictions (Note 7)	30,000	\$ (30,000)		
Total revenues, gains and other support	1,608,806	(30,000)	1,578,806	1,346,116
Expenses (Exhibit C)				
Program services				
Court advocacy	842,160		842,160	743,007
Community services	408,784		408,784	388,670
Total program services	1,250,944		1,250,944	1,131,677
Management and general	201,618		201,618	207,366
Fundraising	99,050		99,050	67,379
Total expenses	1,551,612		1,551,612	1,406,422
Change in net assets (Exhibit D)	57,194	(30,000)	27,194	(60,306)
Net assets - beginning of year	2,262,056	30,000	2,292,056	2,352,362
Net assets - end of year (Exhibit A)	\$ 2,319,250	\$ -	\$ 2,319,250	\$ 2,292,056

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016  
(With Summarized Financial Information  
for the Year Ended December 31, 2015)

	Program Services			Supporting Services			Total		
	Court Advocacy	Community Services	Total	Management and General	Fund- Raising	Direct Costs of Special Events	Total	2016	2015
Salaries	\$ 443,994	\$ 191,623	\$ 635,617	\$ 54,335	\$ 8,927		\$ 63,262	\$ 698,879	\$ 591,590
Employee health and retirement benefits	120,884	55,320	176,204	26,636	2,048		28,684	204,888	176,125
Payroll taxes	30,627	14,016	44,643	6,748	520		7,268	51,911	44,789
Total salaries and related expenses	595,505	260,959	856,464	87,719	11,495		99,214	955,678	812,504
Professional fees and contract service payments	144		144	19,396	58,148		77,544	77,688	68,459
Supplies	8,442	3,549	11,991	3,425	15,184		18,609	30,600	12,585
Rent (Note 8)		53,040	53,040					53,040	108,133
Telephone	22,409		22,409	2,490			2,490	24,899	24,883
Utilities	18,996		18,996					18,996	16,320
Postage	7,234		7,234	910	900		1,810	9,044	7,136
Travel and conferences	18,279		18,279					18,279	17,886
Direct assistance to clients	64,095		64,095					64,095	50,894
Bookkeeping and payroll services				46,541			46,541	46,541	38,614
Printing and publications	15,852	9,102	24,954	1,138	7,713		8,851	33,805	11,412
Insurance	8,519	18,457	26,976	1,420	5,610		7,030	34,006	27,314
Repairs and maintenance	45,468	1,107	46,575					46,575	78,048
Catering and facility rental						\$ 166,985	166,985	166,985	204,633
In-kind rent (Note 6)	20,400	9,180	29,580	4,420			4,420	34,000	34,000
Depreciation and amortization	15,254	53,390	68,644	7,628			7,628	76,272	77,564
Office expenses				24,967			24,967	24,967	18,627
Miscellaneous	1,563		1,563	1,564			1,564	3,127	2,043
Total expenses	842,160	408,784	1,250,944	201,618	99,050	166,985	467,653	1,718,597	1,611,055
Less expenses deducted from revenues on the statement of activities									
Direct costs of special events						(166,985)	(166,985)	(166,985)	(204,633)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 842,160	\$ 408,784	\$ 1,250,944	\$ 201,618	\$ 99,050	\$ -	\$ 300,668	\$ 1,551,612	\$ 1,406,422

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## AVENUES FOR JUSTICE, INC.

## STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 27,194	\$ (60,306)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	76,272	77,564
Realized and unrealized loss (gain) on investments	(11,393)	48,853
Decrease (increase) in assets		
Contributions receivable	22,582	(45,615)
Security deposit		4,498
Prepaid expenses	425	5,489
Increase (decrease) in liabilities		
Accounts and accrued expenses payable	(55,470)	39,376
Accrued salaries and vacations payable	3,954	(822)
	<u>63,564</u>	<u>69,037</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of fixed assets	(8,294)	(77,222)
Purchase of investments	(277,714)	(153,043)
Proceeds from sale of investments	389,779	71,991
	<u>103,771</u>	<u>(158,274)</u>
Net cash provided (used) by investing activities		
Net change in cash	167,335	(89,237)
Cash - beginning of year	<u>271,719</u>	<u>360,956</u>
Cash - end of year	<u>\$ 439,054</u>	<u>\$ 271,719</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.



**AVENUES FOR JUSTICE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**NOTE 1 - NATURE OF ORGANIZATION**

Avenues for Justice, Inc. ("AFJ"), (formerly known as Andrew Glover Youth Program, Inc.) incorporated in 1978 by Lower East Side resident Robert L. Siegal, is a progressive criminal diversion program for youths from the Lower East Side and East Harlem, New York. AFJ's purpose is to divert at-risk youths from a life of crime and incarceration by instilling in them an understanding and acceptance of their moral responsibility for the consequences of their actions. AFJ helps them gain a sense of their ability to control and direct their own lives and become positive law-abiding members of their community. AFJ is funded primarily by foundation grants and net income from special events.

AFJ is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Court Advocacy Program**

AFJ serves over 400 youths a year with individualized advocacy, speaking on behalf of youths charged with crimes in court, street supervision, crisis intervention, and referrals to other agencies.

**Community Services - The Robert Siegal Center and East Harlem Community Center**

The Centers serve as community-based headquarters. Programs include client supervision, tutoring, job training, drug rehabilitation program referrals, recreation, art, street law and health classes, and education on topics of interest to the clients and community.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting*** - The financial statements are prepared on the accrual basis of accounting.

***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.

***Investments*** - Investments are recorded at fair value. Investment securities are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based upon the markets' fluctuations, and that such changes could materially affect the amounts represented in AFJ's financial statements.

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**AVENUES FOR JUSTICE, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Contributions receivable*** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

***Allowance for doubtful accounts*** - AFJ determines whether an allowance for uncollectibles should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged or recorded on overdue receivables. Management has determined that an allowance for doubtful accounts is not necessary as of December 31, 2016.

***Fixed assets*** - Fixed assets costing in excess of \$1,000 with estimated useful lives of greater than one year are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the lesser of the term of the leases or their estimated useful lives.

***Unrestricted net assets*** - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Operating fund net assets also includes funds budgeted for capital expansion and renovation projects in the Lower East Side and Harlem.

***Temporarily restricted net assets*** - Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

***Contributions*** - Unconditional contributions, including promises to give cash and other assets, are reported at fair value on the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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**AVENUES FOR JUSTICE, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Special events* - AFJ conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statement of activities.

*Government grants* - Government grants are unrestricted support from government agencies.

*In-kind contributions* - The value of in-kind contributions is reported at fair value at the date the contributions are received.

*Rent expense* - Rent expense is recorded on the straight-line basis. Deferred rent is recorded when material.

*Functional expenses* - The costs of providing AFJ's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Fair Value Measurements***

*Fair Value Measurements* establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that AFJ has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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**AVENUES FOR JUSTICE, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Fair Value Measurements (continued)***

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 as compared to 2015.

***Preferred stock*** - Valued at the closing price reported on the active market on which the individual securities are traded.

***Mutual funds*** - Valued at the net asset value (NAV) of shares held by AFJ at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while AFJ believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

***Summarized financial information for 2015*** - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with AFJ's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

***Uncertainty in income taxes*** - AFJ has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2013 and subsequent remain subject to review by applicable taxing authorities.

***Subsequent events*** - Subsequent events have been evaluated through September 8, 2017, which is the date the financial statements were available to be issued.

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**AVENUES FOR JUSTICE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**NOTE 3 - INVESTMENTS**

The components of investments are as follows at December 31, 2016:

	<u>Level 1</u>
Equities	
Preferred stock - large cap	\$ <u>28,642</u>
Mutual funds	
Small cap	5,228
Large cap	107,327
Bond	202,987
Foreign	16,788
Equity	32,850
Real assets	49,483
Alternatives	25,659
REITS	<u>5,807</u>
 Total investments reported on the fair value hierarchy	 446,129
 Cash and cash equivalents	 <u>917,508</u>
 Total investments	 \$ <u>1,392,279</u>

**NOTE 4 - FIXED ASSETS**

		<u>Estimated Useful Lives</u>
Land	\$ 20,000	
Building	301,211	40 years
Building improvements	464,644	20 years
Equipment	119,635	3-6 years
Leasehold improvements	<u>258,162</u>	4 years
	1,163,652	
Accumulated depreciation and amortization	<u>(748,127)</u>	
	\$ <u>415,525</u>	

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**AVENUES FOR JUSTICE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**NOTE 5 - PENSION**

AFJ has a 403(b) defined contribution retirement plan which covers all eligible full-time and part-time employees. Pension expense was \$41,547 for 2016.

**NOTE 6 - IN-KIND CONTRIBUTIONS**

AFJ occupies office space in a New York City-owned building. The value of this contributed space is reflected in the financial statements as \$34,000.

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets have been released from restrictions by satisfying the following purpose:

Court advocacy	\$ <u>30,000</u>
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There were no temporarily restricted net assets as of December 31, 2016.

**NOTE 8 - RENT**

AFJ entered into a lease agreement for the East Harlem Community Center. The term of the lease is for a period of four years commencing on December 1, 2014 and ending on November 30, 2018 with an option to renew. Rent expense for 2016 was \$53,040.

Future minimum lease payments are as follows:

<b>Year</b>	<b>Payment</b>
2017	\$ 55,345
2018	<u>52,587</u>
	<u>\$ 107,932</u>

**NOTE 9 - CONCENTRATIONS**

Financial instruments which potentially subject AFJ to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.