

**ANDREW GLOVER YOUTH PROGRAM, INC.**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT**

**DECEMBER 31, 2015**

**ANDREW GLOVER YOUTH PROGRAM, INC.**

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## **Independent Auditor's Report**

**Board of Directors  
Andrew Glover Youth Program, Inc.**

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

We have audited the accompanying financial statements of Andrew Glover Youth Program, Inc., which comprise the statement of financial position as of December 31, 2015 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 Andrew Glover Youth Program, Inc., as of December 31, 2015 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 have previously audited Andrew Glover Youth Program, Inc.'s December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Loeb & Troper LLP*

September 1, 2016

## ANDREW GLOVER YOUTH PROGRAM, INC.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015  
 (With Summarized Financial Information  
 for December 31, 2014)

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 271,719	\$ 360,956
Investments (Note 3)	1,492,951	1,460,752
Contributions receivable - due within one year	87,600	41,985
Prepaid expenses	<u>25,144</u>	<u>30,633</u>
Total current assets	1,877,414	1,894,326
Security deposit	12,750	17,248
Fixed assets (Note 4)	<u>483,503</u>	<u>483,845</u>
Total assets	<u>\$ 2,373,667</u>	<u>\$ 2,395,419</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts and accrued expenses payable	\$ 64,430	\$ 25,054
Accrued salaries and vacations payable	<u>17,181</u>	<u>18,003</u>
Total liabilities - current	<u>81,611</u>	<u>43,057</u>
Net assets (Exhibit B)		
Unrestricted		
Operating fund	1,778,553	1,828,517
Plant fund	<u>483,503</u>	<u>483,845</u>
Total unrestricted	2,262,056	2,312,362
Temporarily restricted (Note 7)	<u>30,000</u>	<u>40,000</u>
Total net assets	<u>2,292,056</u>	<u>2,352,362</u>
Total liabilities and net assets	<u>\$ 2,373,667</u>	<u>\$ 2,395,419</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**ANDREW GLOVER YOUTH PROGRAM, INC.**

**EXHIBIT B**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2015**  
**(With Summarized Financial Information**  
**for the Year Ended December 31, 2014)**

	<b>2015</b>			<b>2014</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	
Revenues, gains and other support				
Individuals	\$ 109,015		\$ 109,015	\$ 92,086
Foundations	801,569	\$ 30,000	831,569	771,000
Special events	\$ 590,623			
Less direct costs of special events	<u>(204,633)</u>			
Net revenues from special events	385,990		385,990	557,423
Government grants	8,500		8,500	8,000
Interest and dividends	25,895		25,895	18,442
Realized and unrealized gain (loss) on investments	(48,853)		(48,853)	3,261
In-kind contributions (Note 6)	34,000		34,000	34,000
Net assets released from restrictions (Note 7)	<u>40,000</u>	<u>(40,000)</u>		
Total revenues, gains and other support	<u>1,356,116</u>	<u>(10,000)</u>	<u>1,346,116</u>	<u>1,484,212</u>
Expenses (Exhibit C)				
Program services				
Court advocacy	743,007		743,007	692,885
Community services	<u>388,670</u>		<u>388,670</u>	<u>337,804</u>
Total program services	1,131,677		1,131,677	1,030,689
Management and general	207,366		207,366	198,528
Fund raising	<u>67,379</u>		<u>67,379</u>	<u>115,243</u>
Total expenses	<u>1,406,422</u>		<u>1,406,422</u>	<u>1,344,460</u>
Change in net assets (Exhibit D)	(50,306)	(10,000)	(60,306)	139,752
Net assets - beginning of year	<u>2,312,362</u>	<u>40,000</u>	<u>2,352,362</u>	<u>2,212,610</u>
Net assets - end of year (Exhibit A)	<u>\$ 2,262,056</u>	<u>\$ 30,000</u>	<u>\$ 2,292,056</u>	<u>\$ 2,352,362</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015  
(With Summarized Financial Information  
for the Year Ended December 31, 2014)

	Program Services			Supporting Services			Total		
	Court Advocacy	Community Services	Total	Management and General	Fund- Raising	Direct Costs of Special Events	Total	2015	2014
Salaries	\$ 357,954	\$ 153,248	\$ 511,202	\$ 73,174	\$ 7,214		\$ 80,388	\$ 591,590	\$ 572,900
Employee health and retirement benefits	103,913	47,554	151,467	22,896	1,762		24,658	176,125	166,964
Payroll taxes	26,426	12,093	38,519	5,823	447		6,270	44,789	43,399
Total salaries and related expenses	488,293	212,895	701,188	101,893	9,423		111,316	812,504	783,263
Professional fees and contract service payments	1,684		1,684	10,675	56,100		66,775	68,459	102,192
Supplies	7,254	3,003	10,257	2,328			2,328	12,585	28,892
Rent (Note 8)		108,133	108,133					108,133	36,000
Telephone	22,395		22,395	2,488			2,488	24,883	17,689
Utilities	16,320		16,320					16,320	14,160
Postage	5,708		5,708	714	714		1,428	7,136	6,008
Travel and conferences	17,886		17,886					17,886	19,452
Direct assistance to clients	50,894		50,894					50,894	58,934
Bookkeeping and payroll services				38,614			38,614	38,614	40,309
Printing and publications	5,135		5,135	5,135	1,142		6,277	11,412	11,506
Insurance	13,657		13,657	13,657			13,657	27,314	19,482
Repairs and maintenance	77,153	895	78,048					78,048	82,956
Catering and facility rental						\$ 204,633	204,633	204,633	161,085
In-kind rent (Note 6)	20,400	9,180	29,580	4,420			4,420	34,000	34,000
Depreciation and amortization	15,206	54,564	69,770	7,794			7,794	77,564	69,578
Office expenses				18,627			18,627	18,627	17,383
Miscellaneous	1,022		1,022	1,021			1,021	2,043	2,656
Total expenses	743,007	388,670	1,131,677	207,366	67,379	204,633	479,378	1,611,055	1,505,545
Less expenses deducted from revenues on the statement of activities									
Direct costs of special events						(204,633)	(204,633)	(204,633)	(161,085)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 743,007	\$ 388,670	\$ 1,131,677	\$ 207,366	\$ 67,379	\$ -	\$ 274,745	\$ 1,406,422	\$ 1,344,460

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## ANDREW GLOVER YOUTH PROGRAM, INC.

## STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (60,306)	\$ 139,752
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	77,564	69,578
Realized and unrealized loss (gain) on investments	48,853	(3,261)
Decrease (increase) in assets		
Contributions receivable	(45,615)	(2,371)
Security deposit	4,498	(12,750)
Prepaid expenses	5,489	(7,359)
Increase (decrease) in liabilities		
Accounts and accrued expenses payable	39,376	11,875
Accrued salaries and vacations payable	(822)	11,288
Net cash provided by operating activities	<u>69,037</u>	<u>206,752</u>
Cash flows from investing activities		
Purchase of fixed assets	(77,222)	(77,301)
Purchase of investments	(153,043)	(629,181)
Proceeds from sale of investments	71,991	553,916
Net cash used by investing activities	<u>(158,274)</u>	<u>(152,566)</u>
Net change in cash	(89,237)	54,186
Cash - beginning of year	<u>360,956</u>	<u>306,770</u>
Cash - end of year	<u>\$ 271,719</u>	<u>\$ 360,956</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.



**ANDREW GLOVER YOUTH PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**NOTE 1 - NATURE OF ORGANIZATION**

Andrew Glover Youth Program, Inc. (“AGYP”), 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. AGYP’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. AGYP helps them gain a sense of their ability to control and direct their own lives and become positive law-abiding members of their community. AGYP is funded primarily by foundation grants and net income from special events.

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

In March 2016, the organization changed its name to Avenues for Justice Inc.

**Court Advocacy Program**

AGYP 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.

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**ANDREW GLOVER YOUTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 AGYP's financial statements.

**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. Contributions, including unconditional promises to give, are recognized in the period received.

**Allowance for doubtful accounts** - AGYP 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 contributions and other sources, 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.

**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 include 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.

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**ANDREW GLOVER YOUTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**Government grants** - Grants from government agencies are subject to audit by the agencies. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments.

**In-kind contributions** - The value of in-kind contributions is reported at fair value as of the date that 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 AGYP'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 AGYP 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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**ANDREW GLOVER YOUTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****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, 2015 as compared to 2014.

***Preferred stock and exchange traded funds*** - 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 AGYP 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 AGYP 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 2014*** - 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 AGYP's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

***Uncertainty in income taxes*** - AGYP has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2012 and subsequent remain subject to review by applicable taxing authorities.

***Subsequent events*** - Subsequent events have been evaluated through September 1, 2016, which is the date the financial statements were available to be issued.

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**ANDREW GLOVER YOUTH PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**NOTE 3 - INVESTMENTS**

The components of investments are as follows for December 31, 2015:

	<u>Level 1</u>
Equities	
Preferred stock - large cap	\$ 60,414
Mutual funds	
Small cap	4,456
Large cap	99,058
Bond	189,773
Foreign	16,352
Equity	36,250
Real assets	42,778
Alternatives	24,485
REITS	<u>5,536</u>
Total investments reported on the fair value hierarchy	479,102
Cash and cash equivalents	<u>1,013,849</u>
Total investments	<u>\$ 1,492,951</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	118,352	3-6 years
Leasehold improvements	<u>251,151</u>	4 years
	1,155,358	
Accumulated depreciation and amortization	<u>(671,855)</u>	
	<u>\$ 483,503</u>	

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**ANDREW GLOVER YOUTH PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**NOTE 5 - PENSION**

AGYP has a 403(b) defined contribution retirement plan which covers all eligible full-time and part-time employees. Pension expense was \$36,265 for 2015.

**NOTE 6 - IN-KIND CONTRIBUTIONS**

AGYP 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 are available for the following purpose:

Court advocacy	\$ <u>30,000</u>
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Temporarily restricted net assets have been released from restrictions by satisfying the following purpose:

Court advocacy	\$ <u>40,000</u>
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**NOTE 8 - RENT**

Andrew Glover Youth Program, Inc., 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 2015 was \$108,133, which includes real estate tax assessment, due under the terms of the lease, of \$47,307 for years 2010 through 2015.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Payment</u>
2016	\$ 53,217
2017	55,345
2018	<u>52,587</u>
	\$ <u>161,149</u>

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**ANDREW GLOVER YOUTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 9 - EXPANSION AND RENOVATION**

AGYP is in the process of an expansion and renovation program. Although funds have been budgeted from operating reserves, fundraising campaigns are currently under way to cover budgeted shortfalls from allocated reserves.