

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT
RESEARCH INSTITUTE, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2018

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT.....	1-2
FINANCIAL STATEMENTS	
Statement of Assets and Net Assets – Modified Cash Basis.....	3
Statement of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis.....	4
Statement of Functional Expenses – Modified Cash Basis.....	5
Statement of Cash Flows – Modified Cash Basis.....	6
Notes to Financial Statements.....	7-12
SUPPLEMENTARY INFORMATION	
Schedule of Governmental Grant Revenues – Modified Cash Basis.....	13



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of the
Huntington Youth Bureau
Youth Development Research Institute, Inc.
Huntington, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Huntington Youth Bureau Youth Development Research Institute, Inc. (a nonprofit organization), which comprise the statement of assets and net assets – modified cash basis as of December 31, 2018, and the related statements of revenues, expenses and changes in net assets – modified cash basis, functional expenses – modified cash basis, cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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.

BEYOND THE NUMBERS...

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of Huntington Youth Bureau Youth Development Research Institute, Inc., as of December 31, 2018, and its revenue and expenses, and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of governmental grant revenues – modified cash basis, 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.

Albert, Vizzio, Zick & Lenny P.C.

Hauppauge, New York
September 17, 2019

HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
STATEMENT OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2018

ASSETS

Cash and cash equivalents	\$ 290,290
Equipment, furniture and fixtures	<u>34,870</u>
Total Assets	<u>\$ 325,160</u>

NET ASSETS

Without donor restrictions	\$ 100,480
With donor restrictions	<u>224,680</u>
Total Net Assets	<u>\$ 325,160</u>

See notes to financial statements.

HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - MODIFIED CASH BASIS
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Governmental grants	\$ 1,583,329		\$ 1,583,329
Other grants, contributions, and fees	42,726	\$ 30,000	72,726
Client service revenue	281,185		281,185
Interest income	150	27	177
Miscellaneous	80		80
	<u>1,907,470</u>	<u>30,027</u>	<u>1,937,497</u>
Net assets released from restrictions			
Restrictions satisfied by the issuance of scholarships to residents	<u>10,000</u>	<u>(10,000)</u>	<u>-0-</u>
Total Revenue	<u>1,917,470</u>	<u>20,027</u>	<u>1,937,497</u>
EXPENSES			
Program expenses	1,681,475		1,681,475
Administrative expense	262,536		262,536
Total Expenses	<u>1,944,011</u>	<u>-0-</u>	<u>1,944,011</u>
Change in Net Assets	(26,541)	20,027	(6,514)
NET ASSETS AT BEGINNING OF YEAR	<u>127,021</u>	<u>204,653</u>	<u>331,674</u>
NET ASSETS AT END OF YEAR	<u>\$ 100,480</u>	<u>\$ 224,680</u>	<u>\$ 325,160</u>

See notes to financial statements.

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.**
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
Year Ended December 31, 2018

	Program Services											Supporting Services		Total
	Drug and Alcohol	Project EXCEL	Sanctuary	Sanctuary Transitional and Independent Living Services	Huntington Youth Court	Family Social Worker	Contract Management	Scholarship	Summer Youth Connection	Opioid Grant	Other	Total Program Services	Management and General	
Salaries and Wages	\$ 736,702	\$ 253,463	\$ 10,185	\$ 35,417	\$ 61,936	\$ 33,396	\$ 37,649	\$ -0-	\$ -0-	\$ 10,371	\$ -0-	\$ 1,179,119	\$ 176,508	\$ 1,355,627
Employee Benefits	135,035	74,500	953	12,975	14,171	9,897	9,755		24	334		257,644	47,621	305,265
Payroll Taxes	57,153	19,567	790	2,745	4,806	2,592	2,921			805		91,379	13,628	105,007
Supplies	12,210	4,565	601		2,354	28			1,094	12,548		33,400	4,293	37,693
Professional/Consultants	4,200						170		8,028			12,398	1,755	14,153
Travel and Conference	1,990	2,794	1,394		691					22		6,891	248	7,139
Depreciation				480								-0-	15,336	15,336
Other	39,124	7,748	1,611		1,117	779		10,000		10	39,775	100,644	3,147	103,791
Total Expenses	\$ 986,414	\$ 362,637	\$ 15,534	\$ 51,617	\$ 85,075	\$ 46,692	\$ 50,495	\$ 10,000	\$ 9,146	\$ 24,090	\$ 39,775	\$ 1,681,475	\$ 262,536	\$ 1,944,011

HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
Year Ended December 31, 2018

Cash Flows from Operating Activities

Change in net assets	\$ (6,514)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	<u>15,336</u>
Net Cash Provided by Operating Activities	<u>8,822</u>

Cash Flows from Financing Activities

Purchase of fixed assets	<u>(10,753)</u>
Net Cash Used by Financing Activities	<u>(10,753)</u>
Net Decrease in Cash	(1,931)

Cash and Cash Equivalents - Beginning

Cash and Cash Equivalents - Beginning	<u>292,221</u>
Cash and Cash Equivalents - Ending	<u>\$ 290,290</u>

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Nature of Activities

The Huntington Youth Bureau Youth Development Research Institute, Inc. (the "Institute") was organized on behalf of the Town of Huntington to organize, operate and maintain youth development programs and facilities, to research and develop educational and referral services for youth and to encourage increased involvement in civic and social activities through cooperation and coordination of efforts with other public and private groups and institutes. The Institute is a component unit of the Town of Huntington.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Institute have been prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Modifications to the modified cash basis of accounting include recording property and equipment and its related depreciation. Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Consequently, the Institute has not recognized pledges receivable from donors, accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements.

Adopted Accounting Pronouncements

During the year ended December 31, 2018 the Institute implemented Accounting Standard Update 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities." The ASU requires additional disclosures in the areas of liquidity. These changes have been retrospectively applied and have no effect on net assets as previously reported except to change the categories of unrestricted net assets, temporarily restricted net assets and permanently restricted net assets to net assets without donor restrictions and net assets with donor restrictions based on donor imposed requirements, if any.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Institute considers all cash investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2018.

Equipment, Furniture and Fixtures

The Institute follows the practice of capitalizing all expenses for equipment, furniture and fixtures at cost. Depreciation is computed using the method and periods as follows:

<u>Description</u>	<u>Method</u>	<u>Period</u>
Equipment	Straight-line	5 years
Furniture and Fixtures	Straight-line	7 years

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Summary of Significant Accounting Policies (continued)

Net Assets

Net assets and revenues 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 are to be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Impairment of Long-Lived Assets

The Organization reviews the carrying values of long-lived and identifiable intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Any long-lived assets held for disposal are reported at the lower of their carrying amounts or fair value less cost to sell. Management has determined that there have been no impairments of long-lived or intangible assets through December 31, 2018.

Income Taxes

The Institute qualifies as a tax exempt organization under Internal Revenue Code Section 501(c) (3), and therefore has made no provision for federal, state and local income taxes.

The Institute accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense. The Institute has identified its tax status as a tax exempt entity as a tax position; however, the Institute has determined that such tax position does not result in an uncertainty requiring recognition. The Institute is not currently under examination by any tax jurisdictions. Federal and state income tax returns are generally open for examination for three years.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions (continued)

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

Advertising

The Institute follows the policy of charging the costs of advertising to expense as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Update 2014-09, *Revenue from Contracts with Customers*, which replaced the existing accounting standards for revenue recognition. This guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to receive in exchange for those goods or services. Subsequent to the release of this update, the FASB has issued additional Updates relating to revenue recognition to further clarify and define specific elements of this accounting standard and to defer the effective date by one year. These Updates are effective for all nonpublic entities for annual reporting periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019 (early adoption is permitted with certain restrictions) and may be adopted by restating all years presented in the Institute's financial statements or by recording the impact of the adoption as an adjustment to net assets at the beginning of the year the Update is adopted. Management is currently assessing the potential impact on the Institute's financial statements

In February 2016, the FASB issued ASU 2016-02, "Leases", which replaced the existing accounting standards for accounting for operating leases. This ASU requires an organization to recognize lease assets and lease liabilities in the statements of financial position and disclose key information about leasing arrangements. The ASU is effective for all nonpublic entities for annual reporting periods beginning after December 15, 2019 and interim periods within annual periods beginning after December 15, 2020, with early adoption permitted. Management is currently assessing the potential impact on the Institute's financial statements.

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 reported amounts of revenues and expenses during the reporting period.

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Summary of Significant Accounting Policies (continued)

Use of Estimates (continued)

Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued

Note 3 - Summary of Institute's Major Programs

Drug and Alcohol

This program is a state licensed, chemical dependency treatment prevention provider offering individual, group and family counseling to individuals who are abusing substances, those who are at risk of becoming drug involved and their families. This program's mission is to provide comprehensive, prevention, education and treatment services to youth and adults. This program provides services within the schools and regional youth agencies in the Town.

Project EXCEL

This program offers youth academic and employment skills training, life skills programs, creative arts programs (Youth Writes and Writers' Workshop) and educational performances through Backstage Productions. EXCEL develops competencies in young people that will empower them to make healthy, productive life choices.

Sanctuary

This program provides potential runaway and homeless youth and their families with counseling services. Sanctuary helps teach youth to negotiate and communicate better with the family and/or help the youth find a temporary place to live, until the crisis in the family is resolved. Services are available 24 hours a day.

Sanctuary Transitional and Independent Living Services

This program is an extension of the Sanctuary program. The Sanctuary program helps homeless runaway youths up to the age of 18, while Sanctuary Transitional and Independent Living Services help homeless runaway youths from ages 18 to 21.

Huntington Youth Court

Huntington Youth Court is run by youth for youthful offenders. Youthful offenders who have committed a misdemeanor crime have their cases heard by a jury of their peers. Volunteer youth perform the roles of attorneys, judges, clerks and juries. Youth court is for offenders under 16 years old.

The goal of youth court is to prevent delinquent behavior through positive peer influence and to promote self-esteem, motivation for self-improvement, and a healthy attitude toward authority.

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 3 - Summary of Institute's Major Programs (continued)

Family Social Worker

This program provides family therapy services for the clients enrolled in the Sanctuary program.

Contract Management

Programmatic contract management cost of \$50,495 for 2018 represent allocated contract management costs to manage and monitor all of the Institute's programs as well as any other Institute system funded programs. Monitoring includes, but is not limited to, site visits to observe programs, review of monthly report data, case tracing data in both hardcopy and electronic data processing formats, preparation of statistical reports for annual evaluations, and writing programs in various database codes to accomplish and facilitate all of the above. Total contract management cost for 2018 is \$297,695. The administrative portion for 2018 are \$247,200.

Summer Youth Connection

This program runs in collaboration with the South Huntington School District, the Town of Huntington Youth Bureau, Suffolk County P.A.L, Park Shore Science Camp Academy, Huntington Manor Fire Department, The Order of the Eastern Stars, The Masonic Lodge, The Ministers Alliance, Tri-CYA, Dreams and Lead Inc., Bridge of Hope, Reach-CYA, and the Huntington Branch NAACP. The program provides educational and recreational activities for youths ages 12 to 18. The activities are run five evenings a week and range from basketball and golf to creative writing and photography and robotics.

Note 4 - Equipment, Furniture and Fixtures

Equipment, furniture and fixtures are comprised of the following at December 31, 2018:

Equipment	\$ 146,565
Furniture and fixtures	76,157
	<u>222,722</u>
Less: Accumulated depreciation	<u>(187,852)</u>
Total equipment, furniture and fixtures	<u>\$ 34,870</u>

Depreciation expense for the years ended December 31, 2018 was \$15,336.

Note 5 - Governmental Grants

The Town of Huntington advances funds to the Institute before the funds are actually received from the applicable government agency. When the grant money is received from the applicable government agency, it is remitted to the Town in repayment of the funds advanced to the Institute.

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 6 - Net Assets with Donor Restrictions

The Institute had \$224,680 in donor restricted net assets as of December 31, 2018. The restricted assets represent a contribution from a private contributor to be used for the issuance of scholarships to Town of Huntington residents that meet specific requirements to obtain a college education.

Note 7 – Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are comprised of cash and cash equivalents. The Institute has approximately \$290,000 of financial assets available within one year of the balance sheet. Approximately \$225,000 of the financial assets are subject to donor restrictions that make them unavailable for general expenditures within one year of the balance sheet date. Refer to the statement of cash flows – modified cash basis which identifies the sources and uses of the Institution's cash and shows positive cash generated by operations for the year ended December 31, 2018.

Note 8 – Functional Allocation of Expense

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, supplies, professional/consultants, travel/conferences and other, which are allocated on the basis of estimates of time and effort.

Note 9 – Commitments and Contingencies

Concentration of Revenue

Approximately 70% of the Institution's revenue is provided by three programs, Drug and Alcohol, Project EXCEL and Contract Management for the year ended December 31, 2018.

Cash Concentration

The Institute maintains several accounts with two banks. At various times throughout the year, the Institute has account balances in excess of federally insured limits of \$250,000. The Institute has not experienced any loss to date as a result of this concentration. At December 31, 2018, the Institute's cash and cash equivalents did not exceed federally insured limits.

S U P P L E M E N T A R Y I N F O R M A T I O N

HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
SCHEDULE OF GOVERNMENTAL GRANT REVENUES - MODIFIED CASH BASIS
Year Ended December 31, 2018

Drug and Alcohol	\$ 692,053
Project EXCEL	361,468
Sanctuary	13,841
Sanctuary Transitional and Independent Living Services	51,824
Huntington Youth Court	83,114
Family Social Worker	47,918
Contract Management	298,878
Summer Youth Connections	12,086
Opioid Grant	<u>22,147</u>
Total Governmental Grants	<u><u>\$ 1,583,329</u></u>