

TEENS, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2019  
(with summarized financial information for the year ended June 30, 2018)

TEENS, INC.

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June 30, 2019

(with summarized financial information for the year ended June 30, 2018)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors:  
TEENS, Inc.  
Nederland, Colorado

We have audited the accompanying financial statements of TEENS, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019, 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 TEENS, Inc. as of June 30, 2019, 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 the June 30, 2018 financial statements of TEENS, Inc., and our report dated November 8, 2018, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

MIDDLEMIST CROUCH & CO., CPAs, P.C.

*Middlemist Crouch & Company, CPA's PC*

Boulder, Colorado  
December 23, 2019

FINANCIAL STATEMENTS

TEENS, INC.  
Statement of Financial Position  
June 30, 2019

(with summarized financial information for the year ended June 30, 2018)

ASSETS	2019	2018
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 472,606	\$ 357,571
Accounts receivable	931	1,836
Grants receivable	307,017	348,520
Prepaid expenses	21,617	18,206
Total Current Assets	802,171	726,133
<b>PROPERTY AND EQUIPMENT</b>		
Building, furniture and equipment	1,308,006	1,279,191
Less accumulated depreciation	(567,179)	(528,208)
Net Property and Equipment	740,827	750,983
<b>OTHER ASSETS</b>		
Leasehold improvements, net	-	1,860
Long term investments	129,808	111,219
Total Other Assets	129,808	113,079
<b>TOTAL ASSETS</b>	\$ 1,672,806	\$ 1,590,195
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 17,411	\$ 5,430
Payroll and payroll taxes payable	27,124	41,173
Accrued paid time off payable	10,212	9,682
Total Current Liabilities	54,747	56,285
<b>NET ASSETS</b>		
Without Donor Restrictions	1,609,975	1,371,402
With Donor Restrictions	8,084	162,508
Total Net Assets	1,618,059	1,533,910
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 1,672,806	\$ 1,590,195

See accompanying notes to financial statements

TEENS, INC.  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2019  
(with summarized financial information for the year ended June 30, 2018)

	2019			2018
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Grants	\$ 1,069,728	\$ -	\$ 1,069,728	\$ 1,326,822
Division of Youth Corrections contract	2,438,152	1,031	2,439,183	2,249,442
Boulder Valley School District	178,250	-	178,250	175,416
Donations	114,143	-	114,143	88,834
Program fees	132,877	-	132,877	60,020
Special events net of expenses of \$17,133	10,177	-	10,177	14,737
Investment income	9,612	-	9,612	5,977
Gain on sale of fixed assets	-	-	-	680
Rental income	3,818	-	3,818	4,870
Insurance claims net of expenses of \$130,697	(2,000)	-	(2,000)	-
Net assets released from restriction	155,455	(155,455)	-	-
<b>Total support and revenue</b>	<u>4,110,212</u>	<u>(154,424)</u>	<u>3,955,788</u>	<u>3,926,798</u>
<b>EXPENSES</b>				
Program services				
Education	2,650,880	-	2,650,880	2,497,202
Youth Leadership and Recreation	176,652	-	176,652	185,997
Community Initiatives	240,918	-	240,918	218,613
Youth Employment	622,017	-	622,017	623,784
0-11 Years and Family	8,342	-	8,342	7,862
<b>Total program expenses</b>	<u>3,698,809</u>	<u>-</u>	<u>3,698,809</u>	<u>3,533,458</u>
Supporting services				
General and administrative	77,802	-	77,802	73,663
Fundraising	95,028	-	95,028	67,008
<b>Total supporting services</b>	<u>172,830</u>	<u>-</u>	<u>172,830</u>	<u>140,671</u>
<b>Total expenses</b>	<u>3,871,639</u>	<u>-</u>	<u>3,871,639</u>	<u>3,674,129</u>
<b>CHANGE IN NET ASSETS</b>	238,573	(154,424)	84,149	252,669
<b>NET ASSETS--BEGINNING OF YEAR</b>	<u>1,371,402</u>	<u>162,508</u>	<u>1,533,910</u>	<u>1,281,241</u>
<b>NET ASSETS--END OF YEAR</b>	<u>\$ 1,609,975</u>	<u>\$ 8,084</u>	<u>\$ 1,618,059</u>	<u>\$ 1,533,910</u>

See accompanying notes to financial statements

TEENS, INC.  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

(with summarized financial information for the year ended June 30, 2018)

	PROGRAM SERVICES						SUPPORT SERVICES			2018 Total
	Youth		Youth Employment	0-11 Years & Family	Total Program Services	General and Administrative Expenses		Total Support	2019 Total	
	Education & Recreation	Leadership & Recreation				Community Initiatives	Expenses			
Salaries	\$ 1,952,714	\$ 103,648	\$ 189,583	\$ 438,882	\$ 840	\$ 2,685,667	\$ 44,941	\$ 58,935	\$ 103,876	\$ 2,789,543
Payroll taxes	180,874	8,331	15,409	39,168	76	243,858	4,045	5,299	9,344	253,202
Employee benefits	202,774	8,146	15,067	38,298	74	264,359	3,955	5,181	9,136	273,495
Accounting	-	-	-	-	-	-	11,723	-	11,723	11,723
Advertising	561	280	140	140	-	1,121	-	280	280	1,401
Computer/Internet service	2,902	809	688	758	30	5,187	1,685	709	2,394	7,581
Contract Services	41,013	2,876	2,021	8,982	586	55,478	640	1,010	1,650	57,128
Depreciation/Amortization	16,221	12,081	1,783	7,404	390	37,879	1,559	1,393	2,952	40,831
Development	758	1,010	1,263	1,263	-	4,294	-	13,368	13,368	17,662
Insurance	13,254	9,609	994	6,296	331	30,484	1,325	1,325	2,650	33,134
Interest	-	-	-	-	-	-	253	-	253	253
Legal fees	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	329	256	24	157	8	774	1,311	16	1,327	2,101
Office expense	2,690	917	184	612	184	4,587	1,223	305	1,528	6,115
Operating - Lookout Mtn	203,766	-	-	-	-	203,766	-	-	-	203,766
Postage and shipping	35	-	-	-	-	35	52	261	313	348
Printing and copy	2,248	1,476	283	965	43	5,015	559	240	799	5,814
Program supplies	17,428	16,223	7,868	38,780	5,619	85,918	-	-	-	85,918
Public relations	-	-	-	-	-	-	2,154	-	4,309	6,463
Rent	204	204	3,395	203	-	4,006	148	75	223	4,309
Repairs and maintenance	1,485	1,150	111	705	37	3,488	-	-	-	3,711
Scholarships	-	-	-	25,500	-	25,500	-	-	-	25,500
Telephone	3,143	2,436	236	1,493	78	7,386	314	157	471	7,857
Travel	6,631	5,766	1,730	11,532	-	25,659	1,730	1,442	3,172	28,831
Utilities	1,850	1,434	139	879	46	4,348	185	93	278	4,626
<b>TOTAL EXPENSES</b>	<b>\$ 2,650,880</b>	<b>\$ 176,652</b>	<b>\$ 240,918</b>	<b>\$ 622,017</b>	<b>\$ 8,342</b>	<b>\$ 3,698,809</b>	<b>\$ 77,802</b>	<b>\$ 95,028</b>	<b>\$ 172,830</b>	<b>\$ 3,871,639</b>
										<b>\$ 3,674,129</b>

See accompanying notes to financial statements

TEENS, INC.  
Statement of Cash Flows  
For the Year Ended June 30, 2019  
(with summarized financial information for the year ended June 30, 2018)

	2019	2018
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets:		
Without donor restrictions	\$ 238,573	\$ 92,161
With donor restrictions	(154,424)	160,508
Items not affecting cash:		
Depreciation/Amortization	40,831	41,859
Changes in investments	(18,589)	(22,629)
Contributed securities	(25,161)	(20,749)
(Increases) decreases in operating assets:		
Accounts Receivable	905	5,011
Grants Receivable	41,503	72,444
Prepaid expenses	(3,411)	3,413
Increases (decreases) in operating liabilities:		
Accounts payable	11,981	(2,443)
Payroll and payroll taxes payable	(14,049)	8,200
Accrued paid time off	530	3,065
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	118,689	340,840
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(20,568)	-
Payments for building improvements	(8,247)	-
Proceeds from sale of securities	25,161	20,641
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(3,654)	20,641
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit, net	-	(41,165)
NET CASH (USED) BY FINANCING ACTIVITIES	-	(41,165)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	115,035	320,316
CASH AND CASH EQUIVALENTS		
Beginning of Year	357,571	37,255
End of Year	\$ 472,606	\$ 357,571
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 253	\$ 1,195
Contributed securities acquired and sold	\$ 25,161	\$ 20,749

See accompanying notes to financial statements



**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

TEENS, Inc. supports, educates, and empowers youth and their families to make healthy choices and thrive.

Basis of Accounting

The financial statements are prepared in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, Audits of Not-for-Profit Organizations. Accordingly, the financial statements are prepared on an accrual basis of accounting. The significant accounting policies followed are described below.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving grants and contributions that have no donor restrictions, program service fees, and receiving income from investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from grants and contributions that are received with donor stipulations that limit their use until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

This presentation is a change from prior periods as required by the Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) No. 2016-14 effective for fiscal years beginning after December 15, 2017. The new standard changes the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 7).

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Grants Receivable

No allowance for doubtful accounts has been established as all amounts are current and deemed to be fully collectible by management.

Investments

Investments purchased by TEENS, Inc. are initially recorded at their cost. Subsequent to their acquisition, investments in marketable securities with readily determinable fair values are adjusted to their fair values as of the date of the statement of financial position. Unrealized gains and losses are included in the change in net assets.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

Contributions/Grants

TEENS, Inc. has adopted accounting standards that require that contributions and grants 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 or grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions or grants are recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value and applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis. Accordingly, the Organization classifies its investments according to the following fair value hierarchy:

- Level 1 - Securities traded in an active market for which quoted market prices are observable. This level includes mutual funds.
- Level 2 – Securities not traded in an active market, but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction.
- Level 3 – Securities not traded in an active market and for which no significant observable market inputs are available.

Income Taxes

No provision for taxes on earnings has been made in the financial statements as the Organization has qualified as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2015.

Donated Services

No amounts have been reflected in the financial statements for donated services. TEENS, Inc. pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist TEENS, Inc.'s various committee assignments, building maintenance and coaching. The value of these services has not been recognized in these financial statements because the criteria for recognition under professional standards have not been satisfied.

Expense Allocation

TEENS, Inc. allocates its expenses on a functional basis among its various programs including general and administrative supporting services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Building Furniture and Equipment

TEENS, Inc. capitalizes all expenditures for building, equipment and furniture in excess of \$500. Fixed assets are recorded at cost or in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight line methods over the estimated useful lives of the assets, which range from five to thirty-nine years. Costs of repairs and maintenance are charged to operating expense as they are incurred.

TEENS, Inc. owns a building that is on land owned by the Town of Nederland. TEENS, Inc. leases the land for \$1.00 per year until 2087.

TEENS, INC.  
Notes to Financial Statements  
June 30, 2019 and 2018

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Financial Information

The financial information shown for the fiscal year ended June 30, 2018, in the accompanying statements is included to provide a basis for comparison with 2019 and presents summarized totals only. Such information should be read in conjunction with TEENS, Inc.'s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**NOTE 2 - INVESTMENTS**

Investments consist of two funds held with The Community Foundation of Boulder County. The Community Foundation holds, manages, invests and reinvests the assets of these funds. Under the terms of the agreements with The Community Foundation if TEENS, Inc. withdraws more than 5% of the principal value it will need the approval of The Community Foundation's Board.

The Nederland Youth & Family Organization Fund consists of donations made by TEENS Inc. from net assets without donor restrictions. The We of Me Fund was established in February 2018 as a scholarship fund with \$5,000 of net assets with donor restrictions and \$13,000 of net assets without donor restrictions designated by the TEENS, Inc. Board for scholarship use.

Investments consist of the following at June 30:

	2019	2018
Nederland Youth & Family Fund	\$ 110,931	\$ 93,191
We of Me Scholarship Fund	18,877	18,028
Total	<u>\$ 129,808</u>	<u>\$ 111,219</u>

Investment income recorded in the statement of activities is as follows:

	2019	2018
Interest and dividends	\$ 4,125	\$ 1,934
Unrealized gain (loss)	4,090	2,191
Realized gain	1,397	1,852
Total	<u>\$ 9,612</u>	<u>\$ 5,977</u>

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	2019	2018
Building & improvements	\$ 1,152,108	\$ 1,143,861
Office equipment & furniture	51,255	50,687
Vehicles	104,643	84,643
Less accumulated depreciation	(567,179)	(528,208)
Net property and equipment	<u>\$ 740,827</u>	<u>\$ 750,983</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$38,971 and \$38,670.

TEENS, INC.  
Notes to Financial Statements  
June 30, 2019 and 2018

**NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	2019	2018
Grants received for future periods	\$ 3,084	\$ 157,508
Scholarship donations	5,000	5,000
Total net assets with donor restrictions	\$ 8,084	\$ 162,508

**NOTE 5 - COMPENSATED ABSENCES**

Employees are entitled to paid time off including vacation and sick leave depending on length of service and other factors. At June 30, 2019 and 2018, the values of accrued compensated absences are estimated at \$10,212 and \$9,682 respectively.

**NOTE 6 - LINE OF CREDIT**

Teens, Inc. has a line of credit with Centennial Bank, allowing for borrowings up to \$350,000 at an interest rate of 6.50% with a maturity date of July 29, 2020. The outstanding balance as of June 30, 2019 and 2018 was \$0. Interest paid for the fiscal years ended June 30, 2019 and 2018 was \$253 and \$1,195 respectively.

**NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization monitors its liquidity so that it is able to meet its operating cash needs and other commitments as they come due. The Organization has a \$350,000 line of credit which it could draw upon if needed (note 6).

The following reflects TEENS Inc.'s financial assets as of the statement of financial position date reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

	June 30,	
	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 472,606	\$ 357,571
Accounts receivable	931	1,836
Grants receivable	307,017	348,520
Investments	129,808	111,219
Total financial assets	910,362	819,146
Less those unavailable for general expenditures within one year due to:		
Withdrawal restriction on investments held by Community Foundation (note 2)	(105,384)	(88,531)
Investments designated for scholarships	(18,877)	(18,028)
Financial assets available for general Expenditures within one year	\$ 786,101	\$ 712,587

**NOTE 8 - OPERATING LEASE**

The Organization leases additional office space at the Nederland Community Center under an operating lease with a current term of January 1, 2018 to December 31, 2018 and an automatic renewal for an additional year. Rent expense for the fiscal years ended June 30, 2019 and 2018 was \$6,790 and \$5,508 respectively.

Future minimum lease payments for the year ending June 30 are as follows:

2020	\$3,306
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**NOTE 9 – INSURANCE CLAIMS**

In September 2018, TEENS, Inc. incurred vandalism damages to the building and business personal property contents in Nederland. The total loss incurred for cleanup costs, repairs and personal property replacement was \$43,030 of which \$42,030 was recovered from insurance resulting in a net loss of \$1,000 equal to the deductible for this claim.

In February 2019, TEENS, Inc. entered into a settlement agreement and mutual release regarding a legal claim filed against it. The settlement agreement required payments totaling \$75,000 in consideration to the plaintiff and to cover the plaintiff's attorney fees. TEENS, Inc. also incurred attorney fees of \$12,666. TEENS, Inc. recovered \$86,666 from insurance resulting in a net loss of \$1,000 equal to the deductible for this claim.

**NOTE 10 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments, which potentially expose the Organization to concentrations of credit risk consist primarily of cash. The Organization places its temporary cash investments with high credit quality financial institutions. Amounts invested at financial institutions that are over the \$250,000 FDIC insurance limit were \$217,206 as of June 30, 2019 and \$102,115 as of June 30, 2018.

**NOTE 11 - CONCENTRATION OF REVENUE SOURCE**

Approximately 62% of the revenue for the fiscal year ended June 30, 2018 and 60% for 2018 was from the Division of Youth Corrections contract for education services provided at the Lookout Mountain Youth Services Center. Services for that program would be discontinued if funding were not renewed. Currently the contract has been renewed through June 30, 2020.

**NOTE 12 - RETIREMENT PLAN**

The Organization offers a Simple IRA plan to salaried employees who have six months of consecutive service. The Organization will match 1% or 3%, which is determined one month before the beginning of each calendar year. Retirement plan expense was \$29,446 and \$27,146, for the years ended June 30, 2019 and 2018, respectively.

**NOTE 13 - SUBSEQUENT EVENTS**

In August, 2019, the Board of TEENS, Inc. approved an agreement to take over operation of Aspen Grove Community Preschool, a Colorado non-profit corporation located in Nederland, Colorado. Under the agreement, Aspen Grove will liquidate and transfer its assets to TEENS, Inc. On October 11, 2019, TEENS, Inc. purchased the building at 391 W 1<sup>st</sup> Street, Nederland, Colorado from Aspen Grove for its continued use as a preschool.

Management evaluated its June 30, 2019 financial statements for subsequent events through December 23, 2019, which was the date the financial statements were available to be issued. Other than the above mentioned events, TEENS, Inc. is not aware of any material subsequent events which would require adjustments to or disclosure in the financial statements for the year ended June 30, 2019.