Teen Lifeline, Inc.

Phoenix, Arizona

Financial Statements

Years Ended December 31, 2019 and 2018

Snyder & Butler, CPAs, PLLC

Teen Lifeline, Inc.
Table of Contents

❖ Snyder & Butler, CPAs, PLLC

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Teen Lifeline, Inc.
Phoenix, Arizona

We have audited the accompanying financial statements of Teen Lifeline, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

3933 South McClintock Drive, Suite 505 | Tempe, Arizona 85282 | Tel (480) 339-7147

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teen Lifeline, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Snyder & Butler, CPAs, PLLC

Snyder & Butler, CPAs, PLLC
Tempe, Arizona
March 30, 2020

Teen Lifeline, Inc.
Statements of Financial Position
Years Ended December 31, 2019 and December 31, 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 1,242,929	$ 1,190,202
Contributions and grants receivable	91,569	58,593
Prepaid expenses	9,154	5,368
Total current assets	1,343,652	1,254,163
Property and equipment, net	269,404	265,344
Total assets	1,613,056	1,519,507
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	6,544	4,335
Accrued expenses	46,311	47,535
Total liabilities	52,855	51,870
Net Assets:		
Without donor restrictions	1,468,632	1,400,368
With donor restrictions	91,569	67,269
Total net assets	1,560,201	1,467,637
Total liabilities and net assets	$ 1,613,056	$ 1,519,507

See accompanying notes

Teen Lifeline, Inc.
Statements of Activities
Years Ended December 31, 2019 and December 31, 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Contributions	$ 393,820	$ 40,454	$ 434,274	$ 169,219	$ 48,485	$ 217,704
Government grants and contracts	148,627	51,115	199,742	122,326	18,784	141,110
Donated materials and services	294,136	-	294,136	496,491	-	496,491
Interest income	7,522	-	7,522	4,165	-	4,165
Total support and revenue before special events and net assets released from restrictions	844,105	91,569	935,674	792,201	67,269	859,470
Special Events						
Revenue from special events	686,330	-	686,330	737,543	-	737,543
Less cost of direct donor benefits	(231,464)	-	(231,464)	(237,357)	-	(237,357)
Gross profit (loss) on special events	454,866	-	454,866	500,186	-	500,186
Net assets released from restrictions	67,269	(67,269)	-	64,202	(64,202)	-
Total support and revenue	1,366,240	24,300	1,390,540	1,356,589	3,067	1,359,656
Functional Expenses						
Program services	1,114,211	-	1,114,211	1,183,303	-	1,183,303
Management and general	94,600	-	94,600	102,037	-	102,037
Fundraising	89,165	-	89,165	81,632	-	81,632
Total expenses	1,297,976	-	1,297,976	1,366,972	-	1,366,972
Change In net assets	68,264	24,300	92,564	(10,383)	3,067	(7,316)
Net assets at beginning of year	1,400,368	67,269	1,467,637	1,410,751	64,202	1,474,953
Net assets at end of year	$ 1,468,632	$ 91,569	$ 1,560,201	$ 1,400,368	$ 67,269	$ 1,467,637

See accompanying notes

Teen Lifeline, Inc.
Statements of Functional Expense
Years Ended December 31, 2019 and December 31, 2018

	2019							
	Program Services				Supporting Services			
	Hotline	Life Skills Development	Community Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 2019
Compensation								
Salaries	$242,548	$ 114,937	$ 153,268	$ 510,753	$ 58,650	$ 68,494	$ 127,144	$ 637,897
Payroll taxes and benefits	47,681	21,886	28,119	97,686	11,123	13,445	24,568	122,254
Other Expenses								
Public relations and outreach	6,155	1,956	270,181	278,292	-	-	-	278,292
Training and development	5,251	2,804	7,156	15,211	269	387	656	15,867
Peer related programs	38	10,374	6,000	16,412	-	-	-	16,412
Dues and subscriptions	8,905	1,013	2,817	12,735	425	1,021	1,446	14,181
Occupancy	6,865	2,874	2,874	12,613	1,359	1,702	3,061	15,674
Insurance	3,950	2,938	2,228	9,116	506	506	1,012	10,128
Professional Fees	25,872	10,963	24,085	60,920	11,062	50	11,112	72,032
Telephone and communications	13,451	858	1,226	15,535	-	191	191	15,726
Supplies	3,372	1,703	1,979	7,054	13	83	96	7,150
Postage	841	116	1,425	2,382	47	516	563	2,945
Printing	2,640	369	1,071	4,080	1,500	102	1,602	5,682
Equipment rental and repairs	2,886	670	2,764	6,320	266	-	266	6,586
Bank and merchant fees	2,262	2,262	2,262	6,786	2,412	2,262	4,674	11,460
Travel and mileage	2,970	-	5,664	8,634	61	-	61	8,695
Board related costs	-	-	-	-	6,400	-	6,400	6,400
Curriculum development/implementation	20,225	4,050	16,175	40,450	-	-	-	40,450
Depreciation	3,348	1,928	3,956	9,232	507	406	913	10,145
Total expenses	$399,260	$ 181,701	$ 533,250	$ 1,114,211	$ 94,600	$ 89,165	$ 183,765	$ 1,297,976

See accompanying notes

Teen Lifeline, Inc.
Statements of Functional Expense
Years Ended December 31, 2019 and December 31, 2018

(Continued)

	2018							
	Program Services				Supporting Services			
	Hotline	Life Skills Development	Community Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 2018
Compensation								
Salaries	$214,894	$ 90,191	$ 111,029	$ 416,114	$ 73,514	$ 70,660	$ 144,174	$ 560,288
Payroll taxes and benefits	41,038	18,145	24,439	83,622	6,114	5,728	11,842	95,464
Other Expenses								
Public relations and outreach	6,452	136	500,406	506,994	-	-	-	506,994
Training and development	4,746	1,981	2,233	8,960	147	777	924	9,884
Peer related programs	-	4,626	447	5,073	-	-	-	5,073
Dues and subscriptions	3,737	551	4,153	8,441	2,010	529	2,539	10,980
Occupancy	4,097	2,238	2,238	8,573	685	685	1,370	9,943
Insurance	3,840	1,920	2,526	8,286	909	909	1,818	10,104
Professional Fees	29,312	13,139	16,990	59,441	12,320	-	12,320	71,761
Telephone and communications	10,324	825	1,180	12,329	-	-	-	12,329
Supplies	3,061	2,408	3,058	8,527	78	136	214	8,741
Postage	724	29	2,355	3,108	-	-	-	3,108
Printing	2,524	507	3,765	6,796	162	25	187	6,983
Equipment rental and repairs	4,460	1,111	2,308	7,879	-	-	-	7,879
Bank and merchant fees	1,661	1,661	1,661	4,983	2,629	1,661	4,290	9,273
Travel and mileage	4,455	70	5,702	10,227	-	-	-	10,227
Board related costs	202	156	156	514	3,071	204	3,275	3,789
Curriculum development and implementa	8,100	4,050	4,050	16,200	-	-	-	16,200
Depreciation	2,624	1,511	3,101	7,236	398	318	716	7,952
Total expenses	$346,251	$ 145,255	$ 691,797	$ 1,183,303	$ 102,037	$ 81,632	$ 183,669	$ 1,366,972

See accompanying notes

Teen Lifeline, Inc.
Statements of Cash Flows
Years Ended December 31, 2019 and December 31, 2018

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	$ 92,564	$ (7,316)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,145	7,952
(Increase) decrease in assets:		
Contributions and grants receivable	(32,976)	4,609
Prepaid expenses	(3,786)	(5,368)
Increase (decrease) in liabilities:		
Accounts payable	2,209	4,335
Accrued expenses	(1,224)	17,285
Net cash provided (used) by operating activities	66,932	21,497
Cash flows from investing activities		
Acquisition of property and equipment	(14,205)	(14,614)
Net cash used by investing activities	(14,205)	(14,614)
Net Increase (decrease) In cash and cash equivalents	52,727	6,883
Cash and cash equivalents, at beginning of year	1,190,202	1,183,319
Cash and cash equivalents, at end of year	$ 1,242,929	$ 1,190,202

See accompanying notes

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Teen Lifeline, Inc. (the Organization), was incorporated under the laws of the State of Arizona in June 1999 and has been in operation since 1985, originally as part of another not-for-profit organization. Teen Lifeline is a not-for-profit organization dedicated to preventing teen suicide by enhancing resiliency in youth and fostering supportive communities. The Organization’s vision is for all youth to possess a sense of connectedness and hope for their future.

The Organization’s program services train teens to be Peer Counselors and its Hotline took 25,611 calls and 2,431 texts in 2019. The Organization’s programs trains adolescents in Life Skills Development as Peer Counselors and reached 410,481 individuals in 2019 through its Community Education and Outreach programs in middle schools and high schools.

The Organization funds its programs and operations through grants, contributions and fundraising activities.

The significant accounting policies followed by the Organization are as follows:

<u>Basis of Presentation</u>

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for Not-for-Profit Organizations and standards promulgated by the American Institute of Certified Public Accountants for not-for-profit organizations in conformity with United States of America generally accepted accounting principles. Accordingly, the financial statements are prepared on the accrual basis of accounting. Under this method of accounting, revenue and expenses are identified with specific periods of time and are recorded as earned and incurred, respectively, without regard to the date of receipt or payment. The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

> *Net assets without donor restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Teen Lifeline, Inc.'s management and the board of directors.
>
> *Net assets with donor restrictions*: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Teen Lifeline, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
>
> Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Due to their prospective nature, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains cash balances at financial institutions which may, at times, exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC), and therefore, the Organization is at risk of loss of these funds should the financial institution become insolvent.

Accounts Receivable

Accounts receivable consist of program service fees and exchange transaction revenue due within one year. The Organization, at times, grants credit without collateral to its funders. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Although the Organization does not require collateral on its accounts receivable, credit risk with respect to accounts receivable is limited due to the fact that accounts receivable are not significant in amount at December 31, 2019 and 2018. At December 31, 2019 and 2018, management considers the accounts receivable to be fully collectible and, therefore, no allowance for doubtful accounts has been provided.

Contributions Receivable

Unconditional promises to give (contributions receivable) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Unconditional promises to give that are 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 rates applicable to the years in which the promises are received. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on their assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. At December 31, 2019 and 2018, management considers the accounts receivable to be fully collectible and, therefore, no allowance for doubtful accounts has been provided. At December 31, 2019 and 2018, all contributions receivable were due in less than 1 year, accordingly, management does not consider a discount necessary.

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Purchased property and equipment is valued at cost and donated property and equipment is recorded at fair value at the date of the gift to the Organization. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of $1,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Depreciation of property and equipment is computed on a straight-line basis over the following estimated useful lives:

Buildings	39 years
Building Improvements	10 to 39 years
Furniture and Equipment	5 to 7 years

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions absent donor stipulations regarding how long those donated assets must be maintained. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Impairment of Long-Lived Assets

The Organization accounts for long-lived assets in accordance with the provisions of Accounting for the Impairment of Long-Lived Assets. This accounting standard requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows to be expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management believes that no long-lived assets have any impairment of value.

Revenue Recognition

The Organization recognizes program services revenue as services are rendered. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with terms of the grant or contract.

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Coalition Revenues

The Organization participates in a suicide prevention coalition with certain other 501(c)(3) not-for-profit organizations in a fee for service grant agreement with the provider, Mercy Care. The coalition is a formal agreement in which each group retains its identity and maintains a separate contract with Mercy Care but all agree to work together toward a common goal to identify and address behavioral health issues for a target audience. The Organization acts as a fiscal agent for the coalition receiving a combined remittance from Mercy Care and remitting payment to the other coalition members. The Organization recognizes the revenue under its separate contract only. For 2019, the Organization received distributions to the coalition totaling $228,117, remitting $123,527 to other coalition members as fiscal agent, and recognizing revenues of $104,591 under its separate contract with the provider.

Contributions

Contributions received are recorded as contributions with donor restrictions, or contributions without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Donated Materials and Services

Donated materials and professional services are recorded at their estimated values if they enhance the Organization's nonfinancial assets or require specialized skills that the Organization would normally purchase, if not provided by donation. Other volunteers donate a significant amount of time to the Organization's program services. No amounts have been reflected in the financial statements for these other volunteer services, since they did not meet the recognition requirements under generally accepted accounting standards.

For the year ended December 31, 2019 and 2018, the Organization recognized donated materials and services of $294,136 and $496,491, respectively.

In addition, the Organization received numerous hours of donated services by volunteers dedicated to the Organization's programs. The fair value of these donated services is not recognized in the statement of activities since they do not meet the criteria for recognition under generally accepted accounting principles.

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

The value of donated services contributed by volunteers for the years ended December 31, 2019 and 2018 is as follows:

	2019	
	Number of hours donated	Value
Program services	19,482	$ 495,427
Management, general, and fundraising	290	7,375
Total	19,772	$ 502,802

The monetary value of volunteer hours reflected above is calculated at $25.43 per hour as published in the 2017 Economic Report of the President as reported by Independent Sector.

	2018	
	Number of hours donated	Value
Program services	19,462	$ 480,517
Management, general, and fundraising	321	7,925
Total	19,783	$ 488,442

The monetary value of volunteer hours reflected above is calculated at $24.69 per hour as published in the 2017 Economic Report of the President as reported by Independent Sector.

Special Events Revenue

The Organization 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. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the accompanying statement of activities.

Functional Expenses

The costs of providing programs and other activities have been presented on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the program and supporting services benefited based on management's estimate of time and/or resources devoted to each activity.

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Tax Status

Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Income determined to be unrelated business taxable income may be taxable to the Organization. The Organization did not report any unrelated business taxable income for 2019 and 2018. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(11) and is classified as an organization other than a private foundation under Section 509(a)(2).

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 30, 2020, the date the financial statements were available to be issued.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU was effective beginning with fiscal year 2018.

Note 2 – Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2019 and 2018:

Financial assets at year end:	2019	2018
Cash and cash equivalents	$ 1,242,929	$ 1,190,202
Contributions and grants receivable	91,569	58,593
Less contractual or donor-imposed restrictions:		
Restricted by donors with purpose restrictions	(51,115)	(48,485)
Financial assets available to meet cash needs for general expenditure within one year	$ 1,283,383	$ 1,200,310

The Organization's goal is generally to maintain financial assets to meet one year of total expenses (approximately $1,200,000). As part of its liquidity plan, the entity maintains the majority of its short term assets in cash accounts and short term receivables. Of the total cash, $250,000 is in a certificate of deposit that the Organization has set-aside for growth and expansion.

Note 3 - Concentrations of Credit Risk

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable and promises to give.

The Organization maintains its cash in bank accounts, which at times may exceed federally insured limits. At December 31, 2019 and 2018, the Organization's bank balances exceeded the federally insured limits by approximately $113,050 and $11,945, respectively.

Note 4 - Property and Equipment

Property and equipment consist of the following at December 31:

	2019	2018
Building	$ 192,170	$ 192,170
Building improvements	43,664	43,664
Land	47,650	47,650
Furniture and equipment	36,914	22,709
Total cost or donated value	320,398	306,193
Accumulated depreciation	(50,994)	(40,849)
Net property and equipment	$ 269,404	$ 265,344

Depreciation expense totaled $10,145 and $7,952 for the years ended December 31, 2019 and 2018 respectively.

Note 5 - Donated Materials and Services

Donated materials and services consist of the following for the years ended December 31:

	2019	2018
In-kind services	$ 277,418	$ 493,519
In-kind goods	16,718	2,972
Total donated materials and services	$ 294,136	$ 496,491

In-kind services primarily relate to donated advertising through print, television, radio and online for public relations and outreach.

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2019	2018
Time and purpose restricted:		
City of Scottsdale -program services	$ 14,007	$ 10,108
City of Mesa-program services	30,000	8,676
City of Tempe-program services	7,108	-
Time restricted:		
Contributions receivable	40,454	48,485
Total net assets with donor restrictions	$ 91,569	$ 67,269

Note 7 – Lease Commitments

The Organization leases office equipment under non-cancellable operating leases expiring through 2022. For the years ended December 31, 2019 and 2018, total rental expense under these leases was $6,586 and $7,879, respectively. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Minimum future lease payments under non-cancellable operating leases having remaining terms in excess of one year at December 31, 2019, are as follows:

Years Ending December 31st,	
2020	3,553
2021	3,404
2022	1,330
2023	-
Thereafter	-
Total minimum future lease payments	$ 8,287