TEEN LIFELINE, INC.

Financial Statements and Independent Auditor's Report

Years Ended December 31, 2020 and 2019

TEEN LIFELINE, INC.
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December 31, 2020 and 2019

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 statements of financial position as of December 31, 2020 and 2019, 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.

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, 2020 and 2019, 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
April 29, 2021

Teen Lifeline, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 1,271,060	$ 1,242,929
Contributions and grants receivable	96,118	91,569
Prepaid expenses	27,104	9,154
Total current assets	1,394,282	1,343,652
Property and equipment, net	258,649	269,404
Total assets	$ 1,652,931	$ 1,613,056
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 6,188	$ 6,544
Accrued vacation	56,090	46,311
Total liabilities	62,278	52,855
Net Assets:		
Without donor restrictions	1,494,535	1,468,632
With donor restrictions	96,118	91,569
Total net assets	1,590,653	1,560,201
Total liabilities and net assets	$ 1,652,931	$ 1,613,056

See accompanying notes to financial statements.

Teen Lifeline, Inc.
Statements of Activities
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenue and Other Support						
Revenue and other support:						
Contributions	$ 632,372	$ 54,878	$ 687,250	$ 393,820	$ 40,454	$ 434,274
Government grants and contracts	250,938	41,240	292,178	148,627	51,115	199,742
Donated materials and services	175,408	-	175,408	294,136	-	294,136
Net assets released from restrictions	91,569	(91,569)	-	67,269	(67,269)	-
Interest income	3,903	-	3,903	7,522	-	7,522
Total revenue and support before special events revenue	1,154,190	4,549	1,158,739	911,374	24,300	935,674
Special events:						
Revenue from special events	82,015	-	82,015	591,693	-	591,693
Less cost of direct donor benefits	(17,535)	-	(17,535)	(90,166)	-	(90,166)
Special events, net	64,480	-	64,480	501,527	-	501,527
Total revenue and other support	1,218,670	4,549	1,223,219	1,412,901	24,300	1,437,201
Expenses						
Program services	979,780	-	979,780	1,114,211	-	1,114,211
Management and general	113,712	-	113,712	94,600	-	94,600
Fundraising	99,275	-	99,275	135,826	-	135,826
Total expenses	1,192,767	-	1,192,767	1,344,637	-	1,344,637
Change in net assets	25,903	4,549	30,452	68,264	24,300	92,564
Net assets at beginning of year	1,468,632	91,569	1,560,201	1,400,368	67,269	1,467,637
Net assets at end of year	$ 1,494,535	$ 96,118	$ 1,590,653	$ 1,468,632	$ 91,569	$ 1,560,201

See accompanying notes to financial statements.

Teen Lifeline, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019

	2020							
	Program Services				Supporting Services			
	Hotline	Life Skills Development	Community Education	Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to	Total
Personnel expenses:								
Salaries and wages	$ 256,370	$ 120,839	$ 172,868	$ 550,077	$ 66,324	$ 75,443	$ -	$ 691,844
Employee benefits	35,362	14,953	20,704	71,019	7,002	8,246	-	86,267
Payroll taxes	17,773	7,516	10,406	35,695	3,515	4,145	-	43,355
Total personnel expense	309,505	143,308	203,978	656,791	76,841	87,834	-	821,466
Other expenses:								
Public relations and outreach	458	11	157,779	158,248	-	-	-	158,248
Training and development	3,491	4,402	1,074	8,967	2,515	157	-	11,639
Conferences, conventions and meetings	-	-	-	-	16,817	-	11,290	28,107
Volunteer appreciation	525	1,235	60	1,820	-	-	-	1,820
Dues and subscriptions	7,687	966	2,614	11,267	490	2,546	-	14,303
Occupancy	4,740	2,511	2,511	9,762	929	928	-	11,619
Insurance	3,975	2,929	2,510	9,414	523	523	829	11,289
Professional fees	22,614	10,311	16,120	49,045	8,110	-	-	57,155
Telephone expenses	15,671	1,319	2,205	19,195	-	-	-	19,195
Supplies	3,697	1,658	1,033	6,388	3,196	3,035	5,416	18,035
Postage	297	20	1,891	2,208	-	536	-	2,744
Printing	1,192	601	1,713	3,506	-	208	-	3,714
Leases	3,689	814	2,502	7,005	-	-	-	7,005
Repairs and maintenance	523	-	-	523	1,700	-	-	2,223
Bank and merchant fees	1,581	1,581	1,581	4,743	1,825	2,851	-	9,419
Travel and mileage	561	-	1,556	2,117	-	-	-	2,117
Licenses and fees	1,365	715	715	2,795	227	227	-	3,249
Curriculum development/implementation	8,100	1,620	6,480	16,200	-	-	-	16,200
Depreciation	3,549	2,043	4,194	9,786	539	430	-	10,755
	393,220	176,044	410,516	979,780	113,712	99,275	17,535	1,210,302
Less amount reported in revenue and support on the statement of activities:								
Cost of direct benefit to donors	-	-	-	-	-	-	(17,535)	(17,535)
Total expenses	$ 393,220	$ 176,044	$ 410,516	$ 979,780	$ 113,712	$ 99,275	$ -	$ 1,192,767

See accompanying notes to financial statements.

Teen Lifeline, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019

(Continued)

	2019							
	Program Services				Supporting Services			
	Hotline	Life Skills Development	Community Education	Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to	Total
Personnel expenses:								
Salaries and wages	$ 242,548	$ 114,937	$ 153,268	$ 510,753	$ 58,650	$ 68,494	$ -	$ 637,897
Employee benefits	31,707	14,554	18,699	64,960	7,397	8,941	-	81,298
Payroll taxes	15,974	7,332	9,420	32,726	3,726	4,504	-	40,956
Total personnel expense	290,229	136,823	181,387	608,439	69,773	81,939	-	760,151
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	-	15,867
Conferences, conventions and meetings	-	-	-	-	-	1,101	86,273	87,374
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	-	14,181
Occupancy	6,865	2,874	2,874	12,613	1,359	1,702	-	15,674
Insurance	3,950	2,938	2,228	9,116	506	506	699	10,827
Professional fees	25,872	10,963	24,085	60,920	11,062	24,816	500	97,298
Telephone and communications	13,451	858	1,226	15,535	-	191	-	15,726
Supplies	3,372	1,703	1,979	7,054	13	4,521	2,694	14,282
Postage	841	116	1,425	2,382	47	1,920	-	4,349
Printing	2,640	369	1,071	4,080	1,500	3,300	-	8,880
Equipment rental and repairs	2,886	670	2,764	6,320	266	-	-	6,586
Bank and merchant fees	2,262	2,262	2,262	6,786	2,412	14,016	-	23,214
Travel and mileage	2,970	-	5,664	8,634	61	-	-	8,695
Board related costs	-	-	-	-	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	-	10,145
	399,260	181,701	533,250	1,114,211	94,600	135,826	90,166	1,434,803
Less amount reported in revenue and support on the statement of activities:								
Cost of direct benefit to donors	-	-	-	-	-	-	(90,166)	(90,166)
Total expenses	$ 399,260	$ 181,701	$ 533,250	$ 1,114,211	$ 94,600	$ 135,826	$ -	$ 1,344,637

See accompanying notes to financial statements.

Teen Lifeline, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ 30,452	$ 92,564
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,755	10,145
(Increase) decrease in assets:		
Contributions and grants receivable	(4,549)	(32,976)
Prepaid expenses	(17,950)	(3,786)
Increase (decrease) in liabilities:		
Accounts payable	(356)	2,209
Accrued vacation	9,779	(1,224)
Net cash provided by operating activities	28,131	66,932
Cash flows from investing activities		
Acquisition of property and equipment	-	(14,205)
Net cash used in investing activities	-	(14,205)
Net increase in cash and cash equivalents	28,131	52,727
Cash and cash equivalents, at beginning of year	1,242,929	1,190,202
Cash and cash equivalents, at end of year	$ 1,271,060	$ 1,242,929
Supplemental Disclosures		
Noncash operating transactions:		
Gifts-in-kind - received and used	$ 17,973	$ 16,718
Donated services	$ 157,435	$ 277,418

See accompanying notes to financial statements.

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

Nature of Activities

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 provides a safe, confidential, and crucial crisis intervention service for Arizona teens. Teen Lifeline's work is towards its mission to prevent teen suicide in Arizona through enhancing resiliency in youth and fostering supportive communities. This happens through its peer-to-peer crisis hotline and suicide prevention education services for teens, educators, and parents. Additionally, as an all-around service, Teen Lifeline further works to prevent youth suicide by fostering supportive communities.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization 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 the Organization'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 the Organization 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.

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).

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

Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. At December 31, 2020 and 2019, the Organization had cash and cash equivalents that exceeded federally insured limits totaling $69,411 and $121,361, respectively. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Receivables

Grants receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances due from government agencies for program services for uncollected balances awarded in the calendar year. The amounts are considered fully collectible at December 31, 2020 and 2019.

Contributions receivable

Unconditional promises to give 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. 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. At December 31, 2020 and 2019, management considers all contributions receivable to be fully collectible and, therefore, no allowance for doubtful accounts has been provided. At December 31, 2020 and 2019, all contributions receivable were due in less than 1 year, accordingly, management does not consider a discount necessary.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment that materially prolong the useful life of an asset in excess of $1,000. Property and equipment is carried at cost or fair value at the date of donation. Depreciation is recognized using the straight-line method over the assets' estimated life as follows:

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

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

Property and Equipment (Continued)

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulate depreciation are removed from the accounts and gains and losses are included in operations.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets 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 net cash flows 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 amount 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 does not believe impairment indicators are present.

Income Taxes

The Organization is a public charity, nonprofit organization as defined in the Internal Revenue Code Section 501(c)(3) and is therefore exempt from federal and state income taxes. It is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

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

Functional Expenses (Continued)

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Time and Effort
Employee benefits	Time and Effort
Payroll taxes	Time and Effort
Occupancy	Effort
Curriculum, bank fees, and depreciation	Percentage of use

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to funding source and clients in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2019.

In June 2018, the FASB issued ASU No. 2018-08, Not for Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Made. The ASU clarifies and improves guidance for contributions received and contributions made by clarifying whether to account for transactions as contributions or exchange transactions. In addition, it clarifies whether a contribution is conditional or unconditional.

The majority of the Organization's revenue consist of agreements with funding sources. The timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenue as a result of the adoption of these pronouncements.

Revenue Recognition

Program service revenue – Government grants and contracts

Mercy Care – Coalition Revenue

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 program services revenue in the month 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. The Organization recognizes the revenue under its separate contract only.

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

Mercy Care – Coalition Revenue (Continued)

As of December 31, 2020 and 2019, the Organization received distributions to the coalition totaling $155,354 and $228,117, remitting $65,177 and $123,527 to other coalition members as fiscal agent, and recognizing revenues of $90,177 and $104,590, respectively, under its separate contract with the provider. Penalties assessed on the Organization for failure to comply with the terms of the agreement are limited to the delivery of services already provided and the return of the unspent amount.

City Grants

The Organization has various contracts with government agencies to provide services. The services are based on those that are within the Organization's mission and are currently being provided to the public. Penalties assessed on the Organization for failure to comply with the terms of the agreement are limited to the delivery of services already provided and the return of the unspent amount.

Special Event Revenue

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Contributed property and equipment

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Additionally, volunteers donate a significant amount of time to the Organization's program services. 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.

The estimated unrecorded value of donated services contributed by volunteers for the years ended December 31, 2020 and 2019 is as follows:

	2020	
	Number of Hours Donated	Value
Program services	20,422	$ 555,478
Management, general and fundraising	355	9,656
Total	20,777	$ 565,134

	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 estimated monetary value of volunteer hours reflected above is calculated at $27.20 and $25.43 per hour as published in the 2020 and 2019 Economic Reports of the President as reported by Independent Sector, respectively.

Recent Accounting Guidance

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021.

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

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including:

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

Level 3 - Unobservable inputs that cannot be corroborated by observable market data. inputs that are unobservable, including the Organization's own assumptions in determining the fair value of assets such as published catalogs, vendors, independent appraisals, and other sources. Methods such as estimates, averages, or computational approximations, such as average value per pound or subsequent sales can be used.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to an entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Advertising – Public Relations and Outreach

The Organization uses advertising to accomplish and promote its programs to the public. Advertising costs are charged to operations as incurred or at the time they are donated. Advertising expenses were $158,248 and $278,292, for the years ended December 31, 2020 and 2019, respectively.

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

Date of Management's Review

In preparing these consolidated financial statements, the Organization's management has evaluated events and transactions for potential recognition or disclosure through April 29, 2021, the date the consolidated financial statements were available for issuance.

Note 2 – Availability and Liquidity

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 investments. Of the total cash, $250,000 is in a certificate of deposit that the Organization has set-aside for growth and expansion.

The following represents the Organization's financial assets to meet its operations needs as of December 31,:

	2020	2019
Cash and cash equivalents	$ 1,271,060	$ 1,242,929
Contributions and grants receivable	96,118	91,569
Less contractual or donor-imposed restrictions:		
Restricted by donors with purpose	(41,240)	(51,115)
Financial assets available to be used within one year	$ 1,325,938	$ 1,283,383

Note 3 - Property and Equipment

Property and equipment consist of the following at December 31,:

	2020	2019
Building	$ 192,170	$ 192,170
Building improvements	43,664	43,664
Land	47,650	47,650
Furniture, fixtures and equipment	36,914	36,914
Accumulated depreciation	(61,749)	(50,994)
	$ 258,649	$ 269,404

Depreciation expense totaled $10,755 and $10,145 for the years ended December 31, 2020 and 2019, respectively.

Note 4 – Paycheck Protection Program

In April of 2020, the Organization was approved for a $144,700 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and fully guaranteed by the Federal government. As of December 31, 2020, the Organization had used all funds for qualifying expenses and received notification, as of March 2021, that the total amount had been forgiven. The amount has been reported as revenue in the statement of activities under government grants and contract revenue during the year ended December 31, 2020.

Note 5 – COVID-19/Uncertainties

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 31, 2020, Governor Doug Ducey ordered the closure of the physical location of every "non-essential" business for what may be an extended period of time. There has been no immediate impact to the Organization's operations other than continued disruptions and/or restrictions on our employees' ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown. The Organization remains open through the pandemic, not missing one single day of service as the Governor of Arizona included homeless service providers as essential services. The financial impact of the ongoing pandemic cannot be determined at this time.

Note 6 – Operating Leases

The Organization has multiple operating leases, for various office equipment. Lease expenses for office equipment totaled $3,034 and $6,586, for the years ended December 31, 2020 and 2019, respectively.

Approximate minimum future rental payments under these lease agreements are as follows as of December 31, 2020:

Years Ending December 31,		
2021	$	3,403
2022		1,331
Total	$	4,734

Note 7 – Concentrations

The Organization received 35% of its cash support from a donor and a government PPP loan as of December 31, 2020. There were no concentrations related to support and revenue as of December 31, 2019. The Organization had 68% and 48% of receivables due from two grantors, as of December 31, 2020 and 2019, respectively.

Note 8 – Net Assets with Donor Restrictions

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

	2020	2019
Time restricted:		
Contributions receivable	$ 54,878	$ 40,454
Time and purpose restricted:		
City of Scottsdale - Program Services	16,008	14,007
City of Mesa - Program Services	21,358	30,000
City of Tempe - Program Services	3,874	7,108
Total purpose restricted	41,240	51,115
Total net assets with donor restrictions	$ 96,118	$ 91,569

Note 9 – Donated Services and Materials

The Organization received donated materials and time from professionals that the Organization would usually have to pay for the services. Donated services are recorded within the year the services were received as revenue, without donor restrictions, and an equal amount is recorded in program expenses within the statement of activities resulting in not net impact on the changes in net assets during the year.

The estimated fair value of donated materials and services received and used are as follows as of December 31,:

Type	2020	2019
Donated services:		
Advertising: Print, television, radio, online	$ 153,220	$ 273,418
Staff development	2,515	2,000
Facility maintenance	1,700	2,000
Total donated services:	157,435	277,418
Donated goods:		
Subscriptions	16,500	6,000
Peer and volunteer appreciation	970	8,703
Supplies	503	2,015
Total donated goods:	17,973	16,718
Total donated services and goods:	$ 175,408	$ 294,136

Note 10 – Retirement Plan

The Organization offers a SIMPLE IRA plan for all full time equivalent employees who earn more than $5,000. The Organization matches employee contributions into the plan up to 3%. Contributions into the plan totaled $13,853 and $12,280, for the years ended December 31, 2020 and 2019, respectively.