

**TEEN LIFELINE, INC.**

**Financial Statements and  
Independent Auditor's Report**

**Years Ended December 31, 2021 and 2020**



**TEEN LIFELINE, INC.**  
**Table of Contents**  
**December 31, 2021 and 2020**

	<u>Page No.</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 17

**INDEPENDENT AUDITORS' REPORT**

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

**Opinion**

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Teen Lifeline Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Teen Lifeline, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Teen Lifeline's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Teen lifeline, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Snyder & Brown CPAs, PLLC*

Snyder & Brown, CPAs, PLLC  
Tempe, Arizona  
April 5, 2022

**Teen Lifeline, Inc.**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,229,074	\$ 1,271,060
Contributions and grants receivable	92,586	96,118
Prepaid expenses	6,353	27,104
Total current assets	2,328,013	1,394,282
Property and equipment, net	247,893	258,649
Total assets	\$ 2,575,906	\$ 1,652,931
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 18,770	\$ 6,188
Accrued payroll	28,020	22,154
Accrued vacation	30,347	33,936
Total liabilities	77,137	62,278
Net Assets:		
Without donor restrictions	2,101,183	1,494,535
With donor restrictions	397,586	96,118
Total net assets	2,498,769	1,590,653
Total liabilities and net assets	\$ 2,575,906	\$ 1,652,931

See accompanying notes to financial statements.

**Teen Lifeline, Inc.**  
**Statements of Activities**  
**For the Years Ended December 31, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Other Support</b>						
Revenue and other support:						
Contributions	\$ 644,378	\$ 68,339	\$ 712,717	\$ 632,372	\$ 54,878	\$ 687,250
Government grants and contracts	321,925	329,247	651,172	250,938	41,240	292,178
Donated materials and services	191,960	-	191,960	175,408	-	175,408
Net assets released from restrictions	96,118	(96,118)	-	91,569	(91,569)	-
Interest income	500	-	500	3,903	-	3,903
Total revenue and support before special events revenue	1,254,881	301,468	1,556,349	1,154,190	4,549	1,158,739
Special events:						
Revenue from special events	675,832	-	675,832	82,015	-	82,015
Less cost of direct donor benefits	(87,145)	-	(87,145)	(17,535)	-	(17,535)
Special events, net	588,687	-	588,687	64,480	-	64,480
Total revenue and other support	1,843,568	301,468	2,145,036	1,218,670	4,549	1,223,219
<b>Expenses</b>						
Program services	989,401	-	989,401	979,780	-	979,780
Management and general	100,329	-	100,329	113,712	-	113,712
Fundraising	147,190	-	147,190	99,275	-	99,275
Total expenses	1,236,920	-	1,236,920	1,192,767	-	1,192,767
Change in net assets	606,648	301,468	908,116	25,903	4,549	30,452
Net assets at beginning of year	1,494,535	96,118	1,590,653	1,468,632	91,569	1,560,201
Net assets at end of year	<u>\$ 2,101,183</u>	<u>\$ 397,586</u>	<u>\$ 2,498,769</u>	<u>\$ 1,494,535</u>	<u>\$ 96,118</u>	<u>\$ 1,590,653</u>

See accompanying notes to financial statements.

**Teen Lifeline, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2021 and 2020**

	2021								
	Program Services				Supporting Services			Cost of Direct Benefits to Donors	Total
	Hotline	Life Skills Development	Community Education	Total Program Services	Management and General	Fundraising			
Personnel expenses:									
Salaries and wages	\$ 234,637	\$ 117,253	\$ 172,731	\$ 524,621	\$ 68,013	\$ 77,268	\$ -	\$ 669,902	
Payroll taxes and employee benefits	46,835	22,052	32,352	101,239	12,013	14,174	-	127,426	
Total personnel expense	<u>281,472</u>	<u>139,305</u>	<u>205,083</u>	<u>625,860</u>	<u>80,026</u>	<u>91,442</u>	<u>-</u>	<u>797,328</u>	
Other expenses:									
Public relations and outreach	4,427	381	192,951	197,759	-	-	-	197,759	
Training and development	2,379	2,493	367	5,239	2,003	522	-	7,764	
Conferences, conventions and meetings	-	-	-	-	4,423	-	87,145	91,568	
Volunteer appreciation	20	2,534	-	2,554	-	-	-	2,554	
Dues and subscriptions	7,996	1,082	3,323	12,401	966	1,153	-	14,520	
Storage	853	853	853	2,559	853	853	-	4,265	
Insurance	3,237	2,385	2,045	7,667	426	426	-	8,519	
Professional fees	19,427	7,754	18,623	45,804	8,293	27,839	-	81,936	
Telephone expenses	14,437	1,164	1,663	17,264	-	-	-	17,264	
Utilities	2,790	1,511	1,511	5,812	-	-	-	5,812	
Supplies	3,555	1,813	570	5,938	13	6,788	-	12,739	
Postage and printing	1,231	566	4,698	6,495	-	2,743	-	9,238	
Equipment leases	7,054	905	2,632	10,591	-	-	-	10,591	
Repairs and maintenance	77	922	42	1,041	-	-	-	1,041	
Bank and merchant fees	2,465	2,465	2,465	7,395	2,571	14,819	-	24,785	
Travel and mileage	463	-	2,625	3,088	-	-	-	3,088	
Licenses and fees	1,048	549	549	2,146	175	175	-	2,496	
Curriculum development/implementation	10,000	2,000	8,000	20,000	-	-	-	20,000	
Depreciation	3,549	2,044	4,195	9,788	538	430	-	10,756	
Other	-	-	-	-	42	-	-	42	
	<u>366,480</u>	<u>170,726</u>	<u>452,195</u>	<u>989,401</u>	<u>100,329</u>	<u>147,190</u>	<u>87,145</u>	<u>1,324,065</u>	
Less amount reported in revenue and support on the statement of activities:									
Cost of direct benefit to donors	-	-	-	-	-	-	(87,145)	(87,145)	
Total expenses	<u>\$ 366,480</u>	<u>\$ 170,726</u>	<u>\$ 452,195</u>	<u>\$ 989,401</u>	<u>\$ 100,329</u>	<u>\$ 147,190</u>	<u>\$ -</u>	<u>\$ 1,236,920</u>	

See accompanying notes to financial statements.

**Teen Lifeline, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2021 and 2020**

(Continued)

	2020							
	Program Services				Supporting Services		Cost of Direct Benefits to Donors	
	Hotline	Life Skills Development	Community Education	Total Program Services	Management and General	Fundraising	Total	Total
Personnel expenses:								
Salaries and wages	\$ 256,370	\$ 120,839	\$ 172,868	\$ 550,077	\$ 66,324	\$ 75,443	\$ -	\$ 691,844
Payroll taxes and employee benefits	53,135	22,469	31,110	106,714	10,517	12,391	-	129,622
Total personnel expense	<u>309,505</u>	<u>143,308</u>	<u>203,978</u>	<u>656,791</u>	<u>76,841</u>	<u>87,834</u>	<u>-</u>	<u>821,466</u>
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
Storage	929	929	929	2,787	929	928	-	4,644
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
Utilities	3,811	1,582	1,582	6,975	-	-	-	6,975
Supplies	3,697	1,658	1,033	6,388	3,196	3,035	5,416	18,035
Printing and postage	1,489	621	3,604	5,714	-	744	-	6,458
Equipment lease	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
	<u>393,220</u>	<u>176,044</u>	<u>410,516</u>	<u>979,780</u>	<u>113,712</u>	<u>99,275</u>	<u>17,535</u>	<u>1,210,302</u>
Less amount reported in revenue and support on the statement of activities:								
Cost of direct benefit to donors	-	-	-	-	-	-	(17,535)	(17,535)
Total expenses	<u>\$ 393,220</u>	<u>\$ 176,044</u>	<u>\$ 410,516</u>	<u>\$ 979,780</u>	<u>\$ 113,712</u>	<u>\$ 99,275</u>	<u>\$ -</u>	<u>\$ 1,192,767</u>

See accompanying notes to financial statements.

**Teen Lifeline, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 908,116	\$ 30,452
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,756	10,755
(Increase) decrease in assets:		
Contributions and grants receivable	3,532	(4,549)
Prepaid expenses	20,751	(17,950)
Increase (decrease) in liabilities:		
Accounts payable	12,582	(356)
Accrued payroll and related	2,277	9,779
Net cash provided by operating activities	958,014	28,131
Net increase in cash and cash equivalents	958,014	28,131
Cash and cash equivalents, at beginning of year	1,271,060	1,242,929
Cash and cash equivalents, at end of year	\$ 2,229,074	\$ 1,271,060
<b>Supplemental Disclosures</b>		
Noncash operating transactions:		
Gifts-in-kind - received and used	\$ 2,870	\$ 17,973
Donated services	\$ 191,040	\$ 157,435

See accompanying notes to financial statements.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**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).

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**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, 2021 and 2020, 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, 2021 and 2020.

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, 2021 and 2020, management considers all contributions receivable to be fully collectible and, therefore, no allowance for doubtful accounts has been provided. At December 31, 2021 and 2020, 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

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**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 accumulated 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.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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

Functional Expenses (Continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
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.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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

Mercy Care – Coalition Revenue (Continued)

The Organization received distributions totaling \$450,372 and remitted \$56,038 during 2021. Of this 2021 revenue, \$300,000 is designated for the funding of the 2022 Caring Contacts Pilot Program. During 2020 the Organization received \$155,354, and remitted \$65,177 to other coalition members as fiscal agent. The Organization recognized net revenues of \$394,334 and \$90,177, respectively, under its separate contracts with the provider during 2021 and 2020. 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.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**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, 2021 and 2020 is as follows:

	<b>2021</b>	
	Number of Hours Donated	Value
Program services	21,967	\$ 626,938
Management, general and fundraising	420	11,987
Total	22,387	\$ 638,925
	<b>2020</b>	
	Number of Hours Donated	Value
Program services	20,422	\$ 555,478
Management, general and fundraising	355	9,656
Total	20,777	\$ 565,134

The estimated monetary value of volunteer hours reflected above is calculated at \$28.54 and \$27.2 per hour as published in the 2021 and 2020 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.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**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 \$197,760 and \$158,248, for the years ended December 31, 2021 and 2020, respectively.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**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 5, 2022, 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, including interest bearing money market accounts.

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,229,074	\$ 1,271,060
Contributions and grants receivable	92,586	96,118
Less contractual or donor-imposed restrictions:		
Restricted by donors with purpose	<u>(334,247)</u>	<u>(41,240)</u>
Financial assets available to be used within one year	<u>\$ 1,987,413</u>	<u>\$ 1,325,938</u>

**Note 3 - Property and Equipment**

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

	<u>2021</u>	<u>2020</u>
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	<u>(72,505)</u>	<u>(61,749)</u>
	<u>\$ 247,893</u>	<u>\$ 258,649</u>

Depreciation expense totaled \$10,756 and \$10,755 for the years ended December 31, 2021 and 2020, respectively.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**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. Under the term of the program, the Organization applied for and received forgiveness on the loan during 2021. All 2020 loan proceeds were used for eligible purposes during 2020 and therefore reported as government grants and contracts revenue during the year ending December 31, 2020.

The Organization also received proceeds under the Paycheck Protection Program during 2021 totaling \$148,715, which was used for eligible purposes during 2021 and therefore reported as as revenue in the statement of activities under government grants and contract revenue during the year ended December 31, 2021.

**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 crisis service providers as essential services. The financial impact of the ongoing pandemic cannot be determined at this time.

**Note 6 – Concentrations**

The Organization received 39% of its cash support from one donor, Mercy Care, during the year ending December 31, 2021.

**Note 7 – Net Assets with Donor Restrictions**

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

	<u>2021</u>	<u>2020</u>
Time restricted:		
Contributions receivable	\$ 63,339	\$ 54,878
Purpose and time restricted:		
City of Scottsdale - Program Services	-	16,008
City of Mesa - Program Services	26,141	21,358
City of Tempe - Program Services	3,106	3,874
Purpose restricted:		
Mercy Care-Caring Contacts program	300,000	
Impact statement	5,000	
Total purpose restricted	<u>334,247</u>	<u>41,240</u>
Total net assets with donor restrictions	<u>\$ 397,586</u>	<u>\$ 96,118</u>

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 8 – 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,:

<u>Type</u>	<u>2021</u>	<u>2020</u>
Donated services:		
Advertising: Print, television, radio, online	\$ 189,090	\$ 153,220
Staff development	-	2,515
Facility maintenance	-	1,700
Total donated services:	<u>189,090</u>	<u>157,435</u>
Donated goods:		
Subscriptions	1,950	16,500
Peer and volunteer appreciation	900	970
Supplies	20	503
Total donated goods:	<u>2,870</u>	<u>17,973</u>
Total donated services and goods:	<u>\$ 191,960</u>	<u>\$ 175,408</u>

**Note 9 – 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 \$15,902 and \$13,853, for the years ended December 31, 2021 and 2020, respectively.