

TEEN AND FAMILY SERVICES
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
APRIL 30, 2018

 SLOAN
CARTAGENA
& ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Teen and Family Services
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Teen and Family Services, which comprise the statement of financial position as of April 30, 2018, and the statements of activities, functional expense and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America: this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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.

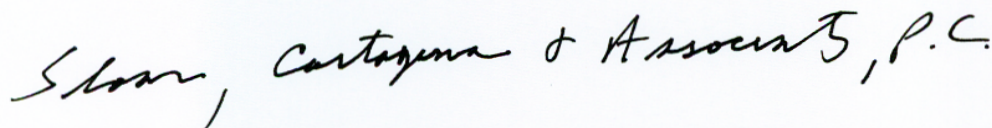
Independent Auditor's Report (continued)

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 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 the 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 and Family Services as of April 30, 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Sloan, Cartagena & Associates, P.C." The signature is written in a cursive style and is centered horizontally within a light blue rectangular background.

Houston, Texas
January 15, 2019

TEEN AND FAMILY SERVICES

STATEMENT OF FINANCIAL POSITION

April 30, 2018

ASSETS

CURRENT ASSETS

| | |
|---------------------------|----------------|
| Cash and Cash Equivalents | \$ 181,530 |
| Accounts Receivable | <u>107,633</u> |

TOTAL CURRENT ASSETS 289,162

FIXED ASSETS

| | |
|------------------------|--------|
| Furniture & Fixtures | 31,771 |
| Leasehold Improvements | 36,902 |
| Vehicles | 19,747 |

Less - Accumulated Amortization & Depreciation 59,811

TOTAL FIXED ASSETS 28,608

TOTAL ASSETS \$ 317,770

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES \$ 5,758

NET ASSETS

| | |
|-------------------------|----------------|
| Restricted Net Assets | 24,071 |
| Unrestricted Net Assets | <u>287,941</u> |

TOTAL NET ASSETS 312,012

TOTAL LIABILITIES AND NET ASSETS \$ 317,770

See independent auditor's report and notes to financial statements

TEEN AND FAMILY SERVICES

STATEMENT OF ACTIVITIES

For the year ended April 30, 2018

REVENUE

| | |
|----------------------------------|------------|
| Counseling Income | \$ 365,473 |
| Fundraising Income | |
| Contributions | 142,885 |
| Grants | 413,000 |
| Fundraising Events | 199,596 |
| Functions/Program Activities | 43,115 |
| Non-Cash Donation - Office Space | 48,000 |
| | <hr/> |
| TOTAL REVENUE | 1,212,069 |

RECLASSIFICATIONS

| | |
|--|---------------|
| Net Assets Released from Restrictions | <hr/> 125,517 |
| Total Unrestricted Revenue and Reclassifications | 1,337,586 |

EXPENSES

| | |
|------------------------------|-----------|
| Program Expenses | 806,636 |
| General and Administrative | 255,781 |
| Fundraising Expense - Note 5 | 174,834 |
| | <hr/> |
| TOTAL EXPENSES | 1,237,251 |

| | |
|---|------------------------|
| Increase in Unrestricted Net Assets | 100,335 |
| Temporarily Restricted Net Assets | |
| Contributions | 100,000 |
| Net assets released from restrictions | <hr/> 125,517 |
| Decrease in Temporarily Restricted Net Assets | <hr/> (25,517) |
| Increase in Net Assets | 74,818 |
| Net Assets, Beginning of the Year | <hr/> 237,194 |
| Net Assets, End of Year | <hr/> <hr/> \$ 312,012 |

See independent auditor's report and notes to financial statements

TEEN AND FAMILY SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended April 30, 2018

| | Total | Program Services | General & Administrative | Fundraising |
|--|---------------------|---------------------|-----------------------------|-------------------|
| Payroll | \$ 657,693 | \$ 431,170 | \$ 97,015 | \$ 129,508 |
| Payroll Taxes | 58,977 | 38,925 | 8,257 | 11,795 |
| Employee Benefits Health Ins | 50,466 | 33,308 | 7,065 | 10,093 |
| Payroll Expenses | 84,520 | 55,783 | 11,833 | 16,904 |
| Functions and Retreat Expense | 64,844 | 64,844 | | |
| Contract Labor | 20,788 | 16,630 | 2,079 | 2,079 |
| Costs of Direct Benefits to Donors | 16,028 | 16,028 | | |
| Bank Service Charge | 11,940 | | 11,940 | |
| Professional Fees | 85,389 | | 85,389 | |
| Professional Licenses, Fees, & Insurance | 13,552 | 13,552 | | |
| Rent - Office Space | 48,000 | 48,000 | | |
| Rent | 23,786 | | 23,786 | |
| Equipment Repair & Maintenance | 4,541 | 3,633 | 454 | 454 |
| Travel | 18,784 | 15,028 | 1,878 | 1,878 |
| Office Supplies & Equipment | 21,226 | 16,981 | 2,123 | 2,123 |
| Insurance | 15,311 | 15,311 | | |
| Marketing | 12,797 | 12,797 | | |
| Telephone & Communications | 11,173 | 8,938 | 2,235 | |
| Auto Expenses | 8,797 | 8,797 | | |
| Depreciation | 8,638 | 6,911 | 1,728 | |
| Total | <u>\$ 1,237,251</u> | <u>\$ 806,636</u> | <u>\$ 255,781</u> | <u>\$ 174,834</u> |

See independent auditor's report and notes to financial statements

TEEN AND FAMILY SERVICES

STATEMENT OF CASH FLOWS

For the year ended April 30, 2018

Cash Flows from Operating Activities

| | |
|--|-----------------|
| Change in Net Assets | \$ 74,818 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | |
| Depreciation | 8,638 |
| Increase in Accounts Receivable | (99,400) |
| Increase in Accounts Payable | 5,504 |
| Decrease in Other Assets | <u>383</u> |
| Net Cash From Operating Activities | <u>(10,056)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|-----------------|
| Purchase of Building Improvement and other assets | <u>(22,623)</u> |
|---|-----------------|

NET CASH FROM INVESTING ACTIVITIES (22,623)

Decrease in cash (32,679)

Cash, Beginning of Year 214,209

Cash, End of Year \$ 181,530

See independent auditor's report and notes to financial statements

TEEN AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

Note 1 – Organization

Teen and Family Services was incorporated in 2002 under the Texas Non-profit Corporation Act.

Teen and Family Services is a non-profit organization dedicated to education and counseling. Teen and Family Services provides counseling on an individual as well as group basis to provide support to parents and teens who are coping with teen high risk behavior. The program also includes after school and weekend programs which provide tutoring and free recreation activities. In addition to tutoring and free recreation activities “Outward Bound” style retreats are facilitated to help teens develop self confidence as well as problem solving skills.

Note 2 – Summary of Significant Accounting Policies

Basis of Statements

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Teen and Family Service’s financial statements have been prepared in accordance with ASC 958, “Financial Statements of Not-for-Profit Organizations”, under ASC 958 Teen and Family Services is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, it is required to present a statement of cash flows. There were no permanently restricted net assets as of April 30, 2018.

TEEN AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Contributions

Teen and Family Services also adopted ASC 958, “Accounting for Contributions Received and Contributions Made,” whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If restrictions are met in the same reporting period as when the contribution is received, the contributions are recognized as unrestricted.

General Fixed Assets

General fixed assets are capitalized at cost; donated fixed assets are recorded at the estimated fair market value on the date of donation. Depreciation is computed using the straight – line method over the estimated useful lives of the assets. (See Note 3 for a summary of general fixed assets) The cost of ordinary maintenance and repairs and expenditures for immaterial general fixed assets are charged to expense.

Federal Income Taxes

Teen and Family Services is a nonprofit corporation as defined by section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes. Teen and Family Services is up to date with all of its tax filings. Tax years ended April 30, 2015, 2016, 2017 and 2018 are open to examination by the Internal Revenue Service.

Donated Services

Chaplewood United Methodist Church provides the office space and utilities for Teen and Family Services. The amount of these services are included in the financial statements.

TEEN AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Cash equivalents and Cash

Cash equivalents are highly liquid investments with a maturity date no longer than 90 days.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

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

Note 3 – General Fixed Assets

Fixed Assets at April 30, 2018 are as follows:

| | |
|---------------------------------|-------------------------|
| Leasehold Improvements | \$ 36,902 |
| Equipment | 31,771 |
| Vehicles | 19,747 |
| Less - Accumulated Depreciation | <u>59,811</u> |
| Total Fixed Assets | <u><u>\$ 28,609</u></u> |

TEEN AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

Note 4 – Concentration of Credit Risk

Teen and Family Services maintains its bank accounts at one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At April 30, 2018 Teen and Family Services had no deposits in excess of the FDIC coverage.

Note 5 – Fundraising Income and Expenses

Fundraising income and expenses are derived from various fundraising activities. Income has not been reduced by the expense of the event. Expenses reflect the total costs incurred for these events.

Note 6 – Subsequent Events

Subsequent events have been evaluated through January 15, 2019.

Note 7 – New Accounting Pronouncements

The effects of accounting pronouncements that have been issued but have not yet taken effect are not believed to be material to the financial statements.