

Teen and Family Services

Independent Auditors' Report and
Financial Statements for the Year Ended April 30, 2025
(with comparative totals for 2024)



Tipton & Company

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Teen and Family Services
Houston, Texas

Opinion

We have audited the accompanying financial statements of Teen and Family Services (a nonprofit organization) which comprise the statement of financial position as of April 30, 2025, and the related statements of activities, functional expenses and cash flows for the year 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 and Family Services as of April 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. is to express an opinion on these financial statements based on our audit. We are required to be independent of Teen and Family Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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.

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 and Family Service's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 and Family Service'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 and Family Service'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.

Report on Summarized Comparative Information

We have previously audited Teen and Family Services' 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tipton & Company LLC

Tipton & Company LLC
Certified Public Accountants
Houston, Texas

October 21, 2025

Teen and Family Services

Statement of Financial Position

<i>As of April 30, (with comparative totals for 2024)</i>	2025	2024
Assets		
Cash and cash equivalents	\$ 167,669	\$ 105,497
Accounts receivable, net	58,416	25,417
Contributions receivable	5,082	66,022
Other receivable	106,969	106,969
Prepaid expenses	5,000	-
Other assets	5,992	1,492
Property and equipment, net	5,888	14,897
Total Assets	\$ 355,016	\$ 320,294
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 78,611	\$ 32,588
Note payable	-	100,000
Line of credit	156,724	150,000
Total Liabilities	235,335	282,588
Net Assets		
Without donor restrictions	119,681	37,706
With donor restrictions	-	-
Total Net Assets	119,681	37,706
Total Liabilities and Net Assets	\$ 355,016	\$ 320,294

Teen and Family Services

Statement of Activities

Year ended April 30, (with comparative totals for 2024)	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Public Support and Revenues				
Public Support				
Contributions	\$ 64,872	\$ -	\$ 64,872	\$ 242,032
Grants	420,000	-	420,000	368,000
Federal COVID relief	-	-	-	106,969
Revenue				
Counseling income	1,273,457	-	1,273,457	502,071
Fundraising income	407,224	-	407,224	246,285
Special events	70,000	-	70,000	76,022
Less: direct donor benefit	(14,580)	-	(14,580)	(15,339)
Loss on disposal of assets	(6,069)	-	(6,069)	-
Releases from restriction	-	-	-	-
Total Public Support and Revenues	2,214,904	-	2,214,904	1,526,040
Expenses				
Program Services				
Counseling	1,778,148	-	1,778,148	1,099,735
Total Program Services	1,778,148	-	1,778,148	1,099,735
Supporting Services				
Management and general	223,572	-	223,572	184,681
Fundraising	131,209	-	131,209	132,732
Total Supporting Services	354,781	-	354,781	317,413
Total Expenses	2,132,929	-	2,132,929	1,417,148
Change in Net Assets	81,975	-	81,975	108,892
Net assets, beginning of year	37,706	-	37,706	(71,186)
Net Assets, End of Year	\$ 119,681	\$ -	\$ 119,681	\$ 37,706

The accompanying notes are an integral part of these financial statements.

Teen and Family Services

Statement of Functional Expenses

Year ended April 30, <i>(with comparative totals for 2024)</i>	Program Activities		Supporting Activities		2025 Total	2024 Total
	Counseling	Management & General	Fundraising	Total Supporting Activities		
Salaries and related expenses						
Salaries and wages	\$ 717,098	\$ 101,365	\$ 64,088	\$ 165,453	\$ 882,551	\$ 812,464
Payroll taxes	59,667	7,490	5,895	13,385	73,052	65,730
Employee benefits	41,755	7,391	3,677	11,068	52,823	66,912
Total salaries and related expenses	818,520	116,246	73,660	189,906	1,008,426	945,106
Other expenses						
Activities	53,735	-	-	-	53,735	54,396
Advertising	13,443	233	4,446	4,679	18,122	3,351
Auto	12,001	159	5,000	5,159	17,160	10,019
Bad debt	-	8,100	-	8,100	8,100	31,488
Computers and software	-	4,336	-	4,336	4,336	296
Contract labor	389,968	38,361	-	38,361	428,329	33,368
Depreciation	-	2,940	-	2,940	2,940	2,983
Drug screening and testing	7,887	-	-	-	7,887	4,447
Dues, subscriptions, memberships	8,958	6,938	1,039	7,977	16,935	13,518
Employee recruitment and training	20,114	-	-	-	20,114	20,558
Events	-	-	29,863	29,863	29,863	27,622
Insurance	32,444	3,230	-	3,230	35,674	35,597
Interest	-	26,684	-	26,684	26,684	13,012
Legal and professional fees	37,499	3,063	22,500	25,563	63,062	38,414
Miscellaneous	9,579	1,512	-	1,512	11,091	4,524
Rent	60,498	2,500	2,500	5,000	65,498	30,130
Service fee	176,704	3,651	6,571	10,222	186,926	102,179
Supplies	11,223	3,274	121	3,395	14,618	15,926
Taxes	1,504	14	23	37	1,541	2,119
Travel and entertainment	111,852	80	66	146	111,998	31,339
Utilities	12,219	2,251	-	2,251	14,470	12,095
Total other expenses	959,628	107,326	72,129	179,455	1,139,083	487,381
Total Expenses, gross	1,778,148	223,572	145,789	369,361	2,147,509	1,432,487
Less: Direct benefit to donor	-	-	(14,580)	(14,580)	(14,580)	(15,339)
Total Expenses, net	\$ 1,778,148	\$ 223,572	\$ 131,209	\$ 354,781	\$ 2,132,929	\$ 1,417,148

See accompanying notes and independent accountants' review report.

Teen and Family Services

Statement of Cash Flows

<i>Year ended April 30, (with comparative totals for 2024)</i>	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ 81,975	\$ 108,892
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Items not requiring (providing) cash:		
Depreciation	2,940	2,983
Bad debt	8,100	31,488
Loss on disposal of fixed assets	6,069	-
Changes in operating assets and liabilities:		
Accounts receivable	(41,099)	(20,025)
Contributions receivable	60,940	(66,022)
Other receivable	-	(106,969)
Prepaid expenses	(5,000)	-
Other assets	(4,500)	198
Accounts payable and accrued expenses	46,023	4,859
Total Adjustments	73,473	(153,488)
Net Change from Operating Activities	155,448	(44,596)
Cash Flows From Financing Activities		
Additions to line of credit	212,950	250,000
Repayments on note payable	(100,000)	-
Repayments on line of credit	(206,226)	(144,000)
Net Change from Financing Activities	(93,276)	106,000
Net Change in Cash and Cash Equivalents	62,172	61,404
Cash and Cash Equivalents, Beginning of Year	105,497	44,093
Cash and Cash Equivalents, End of Year	\$ 167,669	\$ 105,497
Supplemental cash flow information:		
Cash paid for interest	\$ 26,684	\$ 13,012

Teen and Family Services

Notes to the Financial Statements

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – 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.

Basis of Accounting – The financial statements of Teen and Family Services have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-restricted endowment earnings are released when those earnings are appropriated with spending policies and are used for the specified purpose.

Cash and Cash Equivalents – The Organization considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The carrying values of any cash and cash equivalents are deemed to approximate their fair values because of the short maturities of those financial instruments.

Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its 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 accounts receivable. At April 30, 2025 and 2024, the allowance for bad debts was \$5,950 in both years.

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Notes to the Financial Statements

Property and Equipment – Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold Improvements	5 - 25 years
Equipment	6 years
Vehicles	10 years

Additions and betterments of \$2,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

Grants – Grants are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the condition.

Donated Assets – Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Property and Equipment – Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated assets to 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. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Donated Services – The Organization recognizes contributed services at their fair value if the services provide value to the Organization and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors, as established by FASB ASC 958-605-25-26.

Counseling Income – Revenue from counseling income is recognized when earned (i.e. when the counseling service is provided).

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The significant estimates included in the financial statements are the estimates of useful lives used for depreciating property and equipment items.

Functional Allocation of Expense – The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates these expenses

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Notes to the Financial Statements

based on time and effort. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification.

Leases – The Organization accounts for leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. Leases are evaluated using the criteria in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and right-of-use (ROU) asset at the commencement date of the lease. The Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have an initial lease term of 12 months or less and for leases that management deems immaterial. Lease expense is recognized on a straight-line basis as rent expense in the statement of functional expenses.

Lease liabilities - Lease liabilities are measured based on the present value of future lease payments using the risk-free rate at the start of the lease term

Right of use (ROU) assets - ROU assets are recognized at the present value of the lease payments at inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. ROU assets are amortized over the term of the lease.

Income Taxes – The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (“Code”) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Advertising – Advertising costs are expensed as incurred. Advertising expense for the years ended April 30, 2025 and 2024 were \$18,122 and \$3,351, respectively.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of April 30, 2025, comprise the following:

Financial assets:	
Cash and cash equivalents	\$167,669
Accounts receivable, net	58,416
Contributions receivable	5,082
Other receivable	106,969
Financial assets available to meet cash needs for general expenditures within one year	\$338,136

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Notes to the Financial Statements

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Organization is primarily funded by public support, counseling income and fundraising events. The Organization has a goal to maintain financial assets on hand to meet one months' operating expenses, which are, on average, approximately \$150,000. The majority of the funds needed to meet the operating expenses is maintained in a checking account with Comerica Bank. In the event that the Organization needs additional funding, it is able to draw on its line of credit with Gulf Capital Bank as referenced in Note 5.

NOTE 3 – CONCENTRATIONS

The Organization maintains cash balances at one financial institution located in Texas. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of April 30, 2025 and 2024, the Organization had no uninsured balances.

For the year ended April 30, 2025, the Organization had two sources that accounted for ninety percent (90%) of total receivables as of the end of the year. For the year ended April 30, 2024, the Organization had one funding source that accounted for fourteen percent (14%) of total public support and revenue and three sources accounted for ninety-two percent (92%) of total receivables as of the end of the year. The Organization also conducts its operations solely in the Houston area, and, therefore, is subject to risks from changes in local economic conditions. A downturn in the local economy could cause a decrease in grants.

NOTE 4 – PROPERTY AND EQUIPMENT

As of April 30, 2025 and 2024, property and equipment consist of the following:

	2025	2024
Leasehold Improvements	\$4,475	\$46,776
Equipment	3,189	33,502
Vehicles	19,667	19,747
Subtotal property and equipment	27,331	100,025
Less: accumulated depreciation	(21,443)	(85,128)
Total property and equipment, net	\$5,888	\$14,897

During fiscal year 2025, the Organization disposed of obsolete property and equipment with gross book value of \$73,910 and recorded a loss on disposal of \$6,069. Depreciation expense for the years ended April 30, 2025 and 2024 was \$2,940 and \$2,983, respectively.

NOTE 5 – LINE OF CREDIT

In April 2024, the Organization obtained a \$200,000 line of credit from Gulf Capital Bank. The line of credit bears interest at the prime referenced rate and is due on demand. The balance of the line of credit as of April 30, 2025 and 2024, respectively, is \$156,724 and \$150,000. Interest expense for the years ended April 30, 2025 and 2024 was \$26,684 and \$13,012, respectively.

NOTE 6 – OPERATING LEASES

The Organization leases its office and counseling space under various month-to-month and short-term operating

Teen and Family Services

Notes to the Financial Statements

lease agreements at monthly rental payments ranging from \$800 to \$3,000. For the years ended April 30, 2025 and 2024, rent expense was \$65,498 and \$30,130, respectively.

NOTE 7 – RELATED PARTIES

During the years ended April 30, 2025 and 2024, an entity which employs a member of the Board of Directors provided payroll and retirement processing and record-keeping services to the Organization. The Organization incurred total expenses of approximately \$20,000 for both fiscal years ended April 30, 2025 and 2024.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 21, 2025, the date the financial statements were available to be issued. No events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.