

Teen and Family Services

Independent Accountants' Review Report and
Financial Statements for the Year Ended April 30, 2023
(with comparative totals for 2022)



Tipton & Company

CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

Independent Accountants' Review Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6 - 10



Independent Accountants' Review Report

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

We have reviewed the accompanying financial statements of Teen and Family Services (a nonprofit organization), which comprise the statement of financial position as of April 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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 related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously reviewed Teen and Family Services 2022 financial statements, dated February 23, 2023. The summarized comparative information presented herein as of and for the year ended April 30, 2022, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Tipton & Company LLC

Tipton & Company LLC
Certified Public Accountants
Houston, Texas

December 18, 2023

Teen and Family Services

Statement of Financial Position

<i>As of April 30, (with comparative totals for 2022)</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 119,093	\$ 141,613
Accounts receivable	36,880	5,670
Other assets	1,690	1,190
Property and equipment, net	17,880	19,132
Total Assets	\$ 175,543	\$ 167,605
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 27,729	\$ 8,128
Line of credit	144,000	90,000
Total Liabilities	171,729	98,128
Net Assets		
Without donor restriction	3,814	69,477
With donor restrictions	-	-
Total Net Assets	3,814	69,477
Total Liabilities and Net Assets	\$ 175,543	\$ 167,605

Teen and Family Services

Statement of Activities

Year ended April 30, <i>(with comparative totals for 2022)</i>	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Public Support and Revenues				
Public Support				
Contributions	\$ 163,970	\$ -	\$ 163,970	\$ 168,303
Grants	374,800	-	374,800	369,080
Federal COVID relief	-	-	-	111,700
Revenue				
Counseling income	488,131	-	488,131	517,355
Fundraising income	87,374	-	87,374	50,102
Special events	37,750	-	37,750	40,500
Less: direct donor benefit	(19,666)	-	(19,666)	(7,274)
Other Income	2,175	-	2,175	-
Total Public Support and Revenues	1,134,534	-	1,134,534	1,249,766
Expenses				
Program Activities				
Counseling	929,420	-	929,420	875,889
Supporting Activities				
Management and general	162,120	-	162,120	147,344
Fundraising	108,657	-	108,657	112,173
Total Supporting Activities	270,777	-	270,777	259,517
Total Expenses	1,200,197	-	1,200,197	1,135,406
Change in Net Assets	(65,663)	-	(65,663)	114,360
Net Assets, Beginning of Year	69,477	-	69,477	(44,883)
Net Assets, End of Year	\$ 3,814	\$ -	\$ 3,814	\$ 69,477

Teen and Family Services

Statement of Functional Expenses

Year ended April 30, <i>(with comparative totals for 2022)</i>	Program Activities		Supporting Activities			2023 Total	2022 Total
	Counseling	Management & General	Fundraising	Total Supporting Activities			
Salaries and related expenses							
Salaries and wages	\$ 565,767	\$ 96,487	\$ 82,667	\$ 179,154	\$ 744,921	\$ 757,892	
Payroll taxes	48,529	6,066	6,066	12,132	60,661	64,736	
Employee benefits	47,729	5,966	5,966	11,932	59,661	62,111	
Total salaries and related expenses	662,025	108,519	94,699	203,218	865,243	884,739	
Other expenses							
Advertising	-	-	2,779	2,779	2,779	5,531	
Auto	19,699	-	-	-	19,699	16,507	
Bad debt	-	-	-	-	-	8,300	
Building repair and maintenance	766	766	-	766	1,532	3,928	
Computers and software	1,949	1,949	-	1,949	3,898	1,678	
Contract labor	16,832	-	-	-	16,832	-	
Depreciation	-	2,983	-	2,983	2,983	10,051	
Donations	-	1,399	-	1,399	1,399	1,500	
Drug screening and testing	2,864	-	-	-	2,864	3,690	
Dues, subscriptions, memberships	11,847	1,251	1,251	2,502	14,349	12,712	
Employee recruitment and training	8,973	742	-	742	9,715	9,397	
Events	65,727	-	21,197	21,197	86,924	61,551	
Graphic design and photography	-	-	-	-	-	1,299	
Insurance	27,176	3,397	3,397	6,794	33,970	27,397	
Interest	-	9,966	-	9,966	9,966	4,272	
Legal and professional fees	9,150	23,710	-	23,710	32,860	9,246	
Miscellaneous	5,131	78	-	78	5,209	2,739	
Rent	16,685	449	-	449	17,134	12,675	
Service fee	55,406	3,118	1,962	5,080	60,486	31,050	
Supplies	6,417	499	1,857	2,356	8,773	12,357	
Taxes	-	2,113	-	2,113	2,113	1,880	
Travel and entertainment	9,327	-	-	-	9,327	7,470	
Utilities	9,446	1,181	1,181	2,362	11,808	12,711	
Total other expenses	267,395	53,601	33,624	87,225	354,620	257,941	
Total Expenses, gross	929,420	162,120	128,323	290,443	1,219,863	1,142,680	
Less: Direct benefit to donor	-	-	(19,666)	(19,666)	(19,666)	(7,274)	
Total Expenses, net	\$ 929,420	\$ 162,120	\$ 108,657	\$ 270,777	\$ 1,200,197	\$ 1,135,406	

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 2022)</i>	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ (65,663)	\$ 114,360
Adjustments to reconcile change in net assets to net cash from operating activities:		
PPP loan forgiveness	-	(111,700)
Depreciation	2,983	10,051
Bad debt	-	8,300
Change in operating assets and liabilities:		
Accounts receivable	(31,210)	(11,746)
Other assets	(500)	40
Accounts payable and accrued expenses	19,601	4,079
Total Adjustments	(9,126)	(100,976)
Net Change from Operating Activities	(74,789)	13,384
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,731)	-
Net Change from Investing Activities	(1,731)	-
Cash Flows from Financing Activities		
Draws on line of credit	147,500	220,000
Repayments on line of credit	(93,500)	(130,000)
Net Change from Financing Activities	54,000	90,000
Net Change in Cash and Cash Equivalents	(22,520)	103,384
Cash and Cash Equivalents, beginning of year	141,613	38,229
Cash and Cash Equivalents, end of year	\$ 119,093	\$ 141,613
Supplemental Information:		
Interest paid	\$ 9,966	\$ 4,272

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.

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

Teen and Family Services

Notes to the Financial Statements

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 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 – From time to time the Organization enters into contracts to lease office equipment. At contract inception, the Organization determines if an arrangement contains a lease and recognizes right-of-use (ROU) assets and lease liabilities for leases with terms greater than twelve months. Leases with an initial term of twelve months or less and immaterial leases with obligations of less than \$10,000 are not recognized in the statement of financial position.

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

Teen and Family Services

Notes to the Financial Statements

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.

Newly Adopted Accounting Pronouncements –

Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets. It also requires a not-for-profit organization to disclose contributed nonfinancial assets recognized within the statement of activities and changes in net assets disaggregated by category that depicts the type of contributed nonfinancial assets and includes additional disclosure requirements for each category of contributed nonfinancial assets recognized. The Organization adopted the new guidance effective May 1, 2022. There was no significant impact as a result of the implementation.

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU requires most leases to be recognized on the statement of financial position as lease assets and lease liabilities and requires both quantitative and qualitative disclosures regarding key information about leasing arrangements. The Organization adopted the new guidance effective May 1, 2022. There was no significant impact as a result of the implementation.

Advertising – Advertising costs are expensed as incurred. Advertising expense for the years ended April 30, 2023 and 2022 were \$2,779 and \$5,531, respectively.

Comparative Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should not be read in conjunction with the Organization's financial statements for the year ended April 30, 2022, from which the summarized information was derived.

Teen and Family Services

Notes to the Financial Statements

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, 2023, comprise the following:

Financial assets:	
Cash	\$119,093
Accounts receivable	36,880
Financial assets available to meet cash needs for general expenditures within one year	
	\$155,973

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 donations, 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 \$100,000. 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 Comerica Bank as referenced in Note 6.

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. At April 30, 2023, the Organization had no uninsured balances.

For the year ended April 30, 2023, the Organization had one funding source that accounted for thirteen percent (13%) of total public support and revenue and one funding source accounted for sixty-eight percent (68%) of total account receivables as of the end of the year. For the year ended April 30, 2022, the Organization had one customer that accounted for twelve percent (12%) of total public support and revenue. 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, 2023 and 2022, property and equipment consist of the following:

	2023	2022
Leasehold Improvements	\$46,776	\$46,776
Equipment	33,502	31,771
Vehicles	19,747	19,747
Subtotal property and equipment	100,025	98,294
Less: accumulated depreciation	(82,145)	(79,162)
Total property and equipment, net	\$17,880	\$19,132

Depreciation expense for the years ended April 30, 2023 and 2022 was \$2,983 and \$10,051, respectively.

Teen and Family Services

Notes to the Financial Statements

NOTE 5 – LINE OF CREDIT

In June 2020, the Organization obtained a \$150,000 line of credit from Comerica Bank for general operations. 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, 2023 and 2022 is \$144,000 and 90,000 respectively. Interest expense for the years ended April 30, 2023 and 2022 was \$9,966 and \$4,272, respectively.

NOTE 6 – OPERATING LEASES

The Organization leases its office space under various month-to-month operating lease agreement at monthly rental payments ranging from \$800 to \$1,000. For the years ended April 30, 2023 and 2022, rent expense was \$17,134 and \$12,675, respectively.

NOTE 7 – RELATED PARTIES

During the years ended April 30, 2023 and 2022, 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, 2023 and 2022.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2023, 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.