

Teen Court of Sarasota, Inc.

**Financial Statements
September 30, 2009**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Teen Court of Sarasota, Inc.

We have audited the accompanying statement of financial position of Teen Court of Sarasota, Inc. as of September 30, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Teen Court of Sarasota, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements, and, in our report dated January 26, 2009, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teen Court of Sarasota, Inc. as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sarasota, Florida
February 25, 2010

Cavanaugh & Co. LLP

Teen Court of Sarasota, Inc.
Sarasota, Florida

Statement of Financial Position
September 30, 2009

ASSETS

	<u>2009</u>			2008
	Temporarily			Total (For
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Comparative</u>
				<u>Purposes Only)</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 84,229	13,749	97,978	83,279
Accounts receivable	12,460	-	12,460	12,736
Grants receivable	-	9,897	9,897	11,545
Prepaid expenses	<u>1,474</u>	<u>-</u>	<u>1,474</u>	<u>1,603</u>
Total current assets	98,163	23,646	121,809	109,163
Non-current assets:				
Furniture and equipment, net of accumulated depreciation of \$11,310	<u>2,948</u>	<u>-</u>	<u>2,948</u>	<u>2,304</u>
Total assets	<u>\$ 101,111</u>	<u>23,646</u>	<u>124,757</u>	<u>111,467</u>

LIABILITIES AND NET ASSETS

Liabilities:				
Accounts payable	\$ 1,441	-	1,441	1,860
Accrued payroll and taxes	2,498	-	2,498	4,710
Restitution payable	<u>2,492</u>	<u>-</u>	<u>2,492</u>	<u>-</u>
Total liabilities	6,431	-	6,431	6,570
Net assets	<u>94,680</u>	<u>23,646</u>	<u>118,326</u>	<u>104,897</u>
Total liabilities and net assets	<u>\$ 101,111</u>	<u>23,646</u>	<u>124,757</u>	<u>111,467</u>

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.
Sarasota, Florida

Statement of Activities and Changes in Net Assets
Year Ended September 30, 2009

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total (For Comparative Purposes Only)
Support and Revenue:				
County ordinance assessment	\$ 152,498	-	152,498	150,158
Grants	-	63,950	63,950	63,860
Fundraising events	44,462	-	44,462	34,775
In-kind	110,149	-	110,149	103,200
Contributions	7,527	-	7,527	4,232
Client fees	29,378	-	29,378	26,573
Drug tests	15,118	-	15,118	18,769
Interest	494	-	494	1,452
Net assets released from restrictions:				
Satisfaction of program restrictions	83,129	(83,129)	-	-
	442,755	(19,179)	423,576	403,019
Expenses:				
Program	358,698	-	358,698	296,213
General and administrative	23,482	-	23,482	128,719
Fundraising	27,967	-	27,967	14,272
	410,147	-	410,147	439,204
Change in net assets	32,608	(19,179)	13,429	(36,185)
Net assets at beginning of year, as previously reported	49,336	42,825	92,161	128,346
Prior period adjustment	-	-	-	12,736
Net assets at beginning of year, as restated	62,072	42,825	104,897	141,082
Net assets at end of year	\$ 94,680	23,646	118,326	104,897

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.
Sarasota, Florida

Statement of Functional Expenses
Year Ended September 30, 2009

	2009			Total	2008 Total (For Comparative Purposes Only)
	Program	General and Administrative	Fundraising		
Salaries and wages	\$ 159,044	6,192	15,902	181,138	213,925
Contributed use of facilities	35,000	-	-	35,000	39,200
Donated services	72,800	-	-	72,800	64,000
Depreciation	-	1,705	-	1,705	1,536
Golf tournament	8,513	-	7,279	15,792	13,170
Office supplies	-	4,767	-	4,767	4,203
Postage	706	-	-	706	2,527
Payroll taxes	12,263	491	1,226	13,980	16,580
Counseling fees	9,150	-	-	9,150	12,095
Printing	28	38	-	66	1,618
Scholarships and awards	10,205	-	-	10,205	7,954
Insurance	31,866	2,467	3,560	37,893	40,461
Computer	3,938	-	-	3,938	3,683
Telephone	5,652	-	-	5,652	2,240
Accounting fees	4,037	6,857	-	10,894	4,200
Travel	-	-	-	-	1,751
Seminars and workshops	-	965	-	965	756
Drug tests/drug screen	3,859	-	-	3,859	6,923
Food and beverages	1,138	-	-	1,138	1,743
Dues and licensing	499	-	-	499	639
Total expenses	\$ 358,698	23,482	27,967	410,147	439,204

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.
Sarasota, Florida

Statement of Cash Flows
Year Ended September 30, 2009

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total (For Comparative Purposes Only)
Cash flows from operating activities:				
Cash received from County ordinance assessment	\$ 152,774	-	152,774	150,158
Cash received from grants and contributions	7,527	65,598	73,125	95,643
Cash received from fundraising events	44,462	-	44,462	34,775
Other income received	44,990	-	44,990	46,794
Cash paid to employees and suppliers	<u>(217,523)</u>	<u>(83,129)</u>	<u>(300,652)</u>	<u>(334,030)</u>
Cash provided (used) by operating activities	<u>32,230</u>	<u>(17,531)</u>	<u>14,699</u>	<u>(6,660)</u>
Net increase (decrease) in cash	32,230	(17,531)	14,699	(6,660)
Cash and cash equivalents at beginning of year	<u>51,999</u>	<u>31,280</u>	<u>83,279</u>	<u>89,939</u>
Cash and cash equivalents at end of year	<u>\$ 84,229</u>	<u>13,749</u>	<u>97,978</u>	<u>83,279</u>
Reconciliation of change in net assets to cash provided (used) by operating activities:				
Change in net assets	\$ 32,608	(19,179)	13,429	(36,185)
Donated equipment	(2,349)	-	(2,349)	-
Depreciation	1,705	-	1,705	1,536
(Increase) decrease in:				
Accounts receivable	276	-	276	-
Grants receivable	-	1,648	1,648	27,551
Prepaid expenses	129	-	129	(263)
Increase (decrease) in:				
Accounts payable	(419)	-	(419)	304
Accrued payroll and taxes	(2,212)	-	(2,212)	397
Restitution payable	<u>2,492</u>	<u>-</u>	<u>2,492</u>	<u>-</u>
Cash provided (used) by operating activities	<u>\$ 32,230</u>	<u>(17,531)</u>	<u>14,699</u>	<u>(6,660)</u>

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.
Sarasota, Florida

Notes to Financial Statements
September 30, 2009

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

Teen Court of Sarasota, Inc. (the "Organization") is a nonprofit Florida corporation organized in October 1988. The Organization was formed for the purpose of providing juvenile law violators with an alternative to the traditional juvenile justice system in the form of a teen court in Sarasota County (the "County"). The Organization also provides intervention and diversion programs. Its primary sources of revenue are county assessments, foundation grants, and contributions.

Basis of Accounting

The Organization's financial statements 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets at September 30, 2009.

Grants and Contributions

Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence of any donor restrictions. Grants or contributions that are restricted by the grantor/donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the contribution is recognized.

Furniture and Equipment

Furniture and equipment are recorded at cost or, if donated, at the fair market value at the date of donation. The Organization capitalizes all assets purchased greater than \$500. Depreciation is calculated using the estimated useful life of five (5) to seven (7) years using an accelerated method.

Income Taxes

The Organization has been determined to be an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Teen Court of Sarasota, Inc.
Sarasota, Florida

Notes to Financial Statements - Continued
September 30, 2009

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Contributed Use of Facilities

During the year, office space was donated by the County and has been shown on the accompanying statement of activities as in-kind. The value of the contributed use of facilities was based on a current market value of \$35,000 for the year ended September 30, 2009.

Donated Services

During the year, several judges and attorneys donated their services to preside over court sessions. These services have been shown on the accompanying statement of activities as in-kind. The value of these donated services was approximately \$72,800 for the year ended September 30, 2009.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Use of Estimates

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

Summarized Comparative 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended September 30, 2008, from which the summarized information was derived.

Retirement Plan

The Organization has established a retirement plan for its employees in accordance with Section 403(b) of the Internal Revenue Code. Qualified employees may voluntarily contribute a portion of their salary not to exceed amounts established by the Internal Revenue Code. The Organization does not contribute funds to the plan.

Teen Court of Sarasota, Inc.
Sarasota, Florida

Notes to Financial Statements - Continued
September 30, 2009

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Grants Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision 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. Management considered all receivables to be collectible, therefore there is no allowance for uncollectible accounts.

Note 2 - Furniture and Equipment:

Furniture and equipment consist of the following:

Furniture and equipment	\$14,258
Less - accumulated depreciation	<u>(11,310)</u>
Net furniture and equipment	<u>\$ 2,948</u>

Depreciation expense for the year ended September 30, 2009, was \$1,705.

Note 3 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

Peer Circle and Camp X-RAYD Counseling	<u>\$23,646</u>
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Note 4 – Concentrations:

The Organization received approximately 54% of its support and revenue from the County for the year ended September 30, 2009. The support and revenue consists of:

County ordinance assessment	\$152,498
County grant-in-aid	35,000
Contributed use of facilities	<u>35,000</u>
Total County support and revenue	<u>\$222,498</u>

Teen Court of Sarasota, Inc.
Sarasota, Florida

Notes to Financial Statements - Continued
September 30, 2009

Note 5 – Subsequent Events:

Subsequent events have been evaluated through February 25, 2010, which is the date the financial statements were available to be issued.

Note 6 – Income Taxes:

In December 2008, the Financial Accounting Standards Board issued FASB Staff Position (FSP) FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises." FSP FIN 48-3 permits an entity within its scope to defer the effective date of FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes (FASB Accounting Standards Codification (ASC) 740, Income Taxes)*, to its annual financial statements for fiscal years beginning after December 15, 2008. The Organization has elected to defer the application of the uncertain tax position provisions of ASC 740 for the year ending September 30, 2009. The Organization evaluates its uncertain tax positions using the provisions of ASC 450, *Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.

Note 7 – Prior Period Adjustment:

During 2008, the Organization erroneously recorded its income from the County ordinance assessment. As a result, the Organization has adjusted its net assets and its 2008 receivable from the County ordinance assessment by \$12,736 to correct the error.