

Teen Court of Sarasota, Inc.

**Financial Statements
September 30, 2015**

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CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Teen Court of Sarasota, Inc.

We have audited the accompanying financial statements of Teen Court of Sarasota, Inc. (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and changes in net assets, functional expenses 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 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 of material misstatement.

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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks 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 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 Court of Sarasota, Inc. as of September 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Teen Court of Sarasota, Inc.'s 2014 financial statements, and our report dated December 22, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Carvernaugh & Co. LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
November 12, 2015

Teen Court of Sarasota, Inc.

Statement of Financial Position

September 30, 2015

ASSETS

	2015			2014
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total (For Comparative Purposes Only)</u>
Current assets:				
Cash and cash equivalents	\$ 214,814	-	214,814	194,127
Accounts receivable, net	7,810	-	7,810	5,692
Grants receivable	30,891	-	30,891	31,911
Prepaid expenses	4,542	-	4,542	3,018
Total current assets	258,057	-	258,057	234,748
Contribution receivable, use of facilities	-	187,822	187,822	212,188
Furniture and equipment, net	5,556	-	5,556	8,457
Total assets	\$ 263,613	187,822	451,435	455,393

LIABILITIES AND NET ASSETS

Liabilities:

Current liabilities:

Accounts payable	\$ 3,535	-	3,535	4,170
Accrued payroll and taxes	6,681	-	6,681	7,860
Restitution payable	267	-	267	638
Total current liabilities	10,483	-	10,483	12,668

Net assets	253,130	187,822	440,952	442,725
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Total liabilities and net assets	\$ 263,613	187,822	451,435	455,393
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See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Statement of Activities and Changes in Net Assets
Year Ended September 30, 2015

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total (For Comparative Purposes Only)
Support and Revenue:				
County ordinance assessment	\$ 122,364	-	122,364	136,242
Grants	5,000	61,500	66,500	73,433
Fundraising events	26,690	-	26,690	68,131
In-kind	38,800	-	38,800	38,400
Contributions	118,153	-	118,153	346,078
Client fees	37,564	-	37,564	30,618
Drug tests	11,932	-	11,932	16,420
Interest	49	-	49	32
Net assets released from restrictions	85,866	(85,866)	-	-
Total support and revenue	446,418	(24,366)	422,052	709,354
Expenses:				
Program	355,198	-	355,198	352,267
General and administrative	37,381	-	37,381	26,882
Fundraising	31,246	-	31,246	36,620
Total expenses	423,825	-	423,825	415,769
Change in net assets	22,593	(24,366)	(1,773)	293,585
Net assets at beginning of year	230,537	212,188	442,725	149,140
Net assets at end of year	\$ 253,130	187,822	440,952	442,725

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Statement of Functional Expenses

Year Ended September 30, 2015

	2015				2014
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total (For Comparative Purposes Only)</u>
Salaries and wages	\$ 196,975	7,672	19,688	224,335	201,391
Donated services	38,800	-	-	38,800	38,400
Lease expense	25,132	-	-	25,132	18,849
Depreciation	-	2,901	-	2,901	2,903
Fundraising events	6,823	-	5,835	12,658	29,266
Office supplies	-	5,481	-	5,481	4,262
Postage	718	-	-	718	633
Payroll taxes	15,059	587	1,505	17,151	15,704
Counseling fees	36,485	-	-	36,485	49,735
Printing	146	194	-	340	497
Scholarships and awards	11,400	-	-	11,400	10,900
Insurance	7,129	551	797	8,477	11,810
Computer	4,966	-	-	4,966	3,503
Telephone	1,209	38	26	1,273	996
Accounting fees	4,929	8,393	-	13,322	12,969
Consulting fees	-	9,000	-	9,000	-
Travel	-	-	3,395	3,395	2,946
Seminars and workshops	-	405	-	405	-
Volunteer recognition	-	-	-	-	310
Drug tests/drug screen	3,654	-	-	3,654	4,198
Food and beverages	872	-	-	872	1,471
Dues and licensing	901	-	-	901	1,985
Other	-	2,159	-	2,159	3,041
Total expenses	\$ 355,198	37,381	31,246	423,825	415,769

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Statement of Cash Flows
Year Ended September 30, 2015

	<u>2015</u>	<u>2014 Total (For Comparative Purposes Only)</u>
Cash flows from operating activities:		
Cash received from County ordinance assessment	\$ 122,364	137,729
Cash received from grants and contributions	185,673	207,324
Cash received from fundraising events	26,690	68,131
Other income received	47,427	48,494
Cash paid to employees and suppliers	<u>(361,467)</u>	<u>(369,716)</u>
Net cash flows from operating activities	<u>20,687</u>	<u>91,962</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>-</u>	<u>(8,591)</u>
Net increase in cash and cash equivalents	20,687	83,371
Beginning cash and cash equivalents	<u>194,127</u>	<u>110,756</u>
Ending cash and cash equivalents	<u>\$ 214,814</u>	<u>194,127</u>
 Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ (1,773)	293,585
Depreciation	2,901	2,903
Contribution for use of facilities	(766)	(231,037)
Noncash lease expense	25,132	18,849
(Increase) decrease in:		
Accounts receivable	(2,118)	20,656
Grants receivable	1,020	(17,744)
Prepaid expenses	(1,524)	830
Increase (decrease) in:		
Accounts payable	(635)	1,580
Accrued payroll and taxes	(1,179)	2,800
Restitution payable	<u>(371)</u>	<u>(460)</u>
Net cash flows from operating activities	<u>\$ 20,687</u>	<u>91,962</u>

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Notes to Financial Statements

September 30, 2015

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 Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities in accordance with generally accepted accounting principles. Net assets, revenues, support, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. No permanently restricted net assets were held at September 30, 2015.

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.

Receivables

Receivables 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 an 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.

Teen Court of Sarasota, Inc.

Notes to Financial Statements

September 30, 2015

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

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 any depreciable asset greater than \$500. Depreciation is calculated using the estimated useful life of five (5) to seven (7) years using an accelerated method.

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.

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 \$38,800 for the year ended September 30, 2015.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended September 30, 2015. The Organization's federal income tax returns for fiscal years ended September 30, 2014, 2013 and 2012 are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Teen Court of Sarasota, Inc.

Notes to Financial Statements
September 30, 2015

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

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, 2014, from which the summarized information was derived.

Note 2 - Furniture and Equipment:

Furniture and equipment consist of the following:

Furniture and equipment	\$ 27,756
Less accumulated depreciation	<u>(22,200)</u>
Net furniture and equipment	<u>\$ 5,556</u>

Note 3 – Concentrations:

The Organization received approximately 37% of its support and revenue from the County for the year ended September 30, 2015. The support and revenue consists of:

County ordinance assessment	\$ 122,364
County grant-in-aid	<u>32,500</u>
Total County support and revenue	<u>\$ 154,864</u>

Teen Court of Sarasota, Inc.

Notes to Financial Statements

September 30, 2015

Note 4 – 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.

Note 5 – Contribution Receivable, Use of Facilities

In January 2014, the Organization entered into a lease agreement with Sarasota County for office space. The period of the lease was 10 years at an annual rental rate of \$1, with a provision to extend the lease for up to two additional 5-year periods at the same rate.

General accepted accounting principles require below market lease arrangements to be accounted for at the fair value of the lease and to record a contribution equal to the present value of lease benefits. Additionally, lease expense is recorded ratably over the life of the lease based on the present value of lease payments at fair market value.

Rental expense for the year ended September 30, 2015, was \$25,132.

Future lease expense for years ending September 30 is as follows:

2016	\$ 25,132
2017	25,132
2018	25,132
2019	25,132
Thereafter	106,811

Note 6 – Temporarily Restricted Net Assets

The Organization's temporarily restricted net assets, \$187,822 at September 30, 2015, represent the unamortized portion of the contribution receivable for the use of facilities. Terms of the agreement call for the occupied space to be used for the Organization's core purpose and, as such, are temporarily restricted.

Note 7 – Subsequent Events:

Subsequent events have been evaluated through November 12, 2015, which is the date the financial statements were available to be issued.