

**Teen Court of Sarasota, Inc.**

**Financial Statements  
September 30, 2013**

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	-
FINANCIAL STATEMENTS:	
Statement of Financial Position	1
Statement of Activities and Changes in Net Assets	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
Notes to Financial Statements	5 – 8



**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, 2013, 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, 2013, 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 2012 financial statements, and our report dated December 13, 2012, 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, 2012, 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 "Cavenay & Co. LLC". The signature is written in a cursive, flowing style.

Sarasota, Florida  
December 2, 2013

Teen Court of Sarasota, Inc.

Statement of Financial Position

September 30, 2013

**ASSETS**

	2013			2012
	Temporarily			Total ( For
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Purposes Only)</u>
Current assets:				
Cash and cash equivalents	\$ 110,217	539	110,756	74,067
Accounts receivable, net	26,348	-	26,348	26,588
Grants receivable	14,167	-	14,167	9,625
Prepaid expenses	3,848	-	3,848	2,662
Total current assets	154,580	539	155,119	112,942
 Furniture and equipment, net	2,769	-	2,769	4,665
 Total assets	\$ 157,349	539	157,888	117,607

**LIABILITIES AND NET ASSETS**

**Liabilities:**

Current liabilities:

Accounts payable	\$ 2,590	-	2,590	2,203
Accrued payroll and taxes	5,060	-	5,060	4,026
Restitution payable	1,098	-	1,098	12,145
Total current liabilities	8,748	-	8,748	18,374
 <b>Net assets</b>	148,601	539	149,140	99,233
 Total liabilities and net assets	\$ 157,349	539	157,888	117,607

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Statement of Activities and Changes in Net Assets  
Year Ended September 30, 2013

	2013			2012
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total ( For Comparative Purposes Only)</u>
<b>Support and Revenue:</b>				
County ordinance assessment	\$ 137,405	-	137,405	130,870
Grants	7,000	69,680	76,680	65,815
Fundraising events	24,780	-	24,780	24,129
In-kind	73,400	-	73,400	73,400
Contributions	20,118	5,500	25,618	25,794
Client fees	43,735	-	43,735	49,199
Unclaimed restitution income	2,047	-	2,047	-
Drug tests	15,735	-	15,735	17,180
Interest	101	-	101	158
Net assets released from restrictions	<u>74,641</u>	<u>(74,641)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>398,962</u>	<u>539</u>	<u>399,501</u>	<u>386,545</u>
<b>Expenses:</b>				
Program	302,378	-	302,378	332,422
General and administrative	23,663	-	23,663	20,939
Fundraising	<u>23,553</u>	<u>-</u>	<u>23,553</u>	<u>25,891</u>
Total expenses	<u>349,594</u>	<u>-</u>	<u>349,594</u>	<u>379,252</u>
Change in net assets	49,368	539	49,907	7,293
Net assets at beginning of year	<u>99,233</u>	<u>-</u>	<u>99,233</u>	<u>91,940</u>
Net assets at end of year	<u>\$ 148,601</u>	<u>539</u>	<u>149,140</u>	<u>99,233</u>

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Statement of Functional Expenses  
Year Ended September 30, 2013

	2013			Total	2012 Total ( For Comparative Purposes Only)
	Program	General and Administrative	Fundraising		
Salaries and wages	\$ 146,860	5,720	14,679	167,259	185,258
Contributed use of facilities	35,000	-	-	35,000	35,000
Donated services	38,400	-	-	38,400	38,400
Depreciation	-	1,896	-	1,896	805
Fundraising events	4,943	-	4,227	9,170	8,832
Office supplies	-	3,428	-	3,428	3,617
Postage	685	-	-	685	531
Payroll taxes	11,651	454	1,164	13,269	15,945
Counseling fees	19,690	-	-	19,690	18,295
Printing	32	43	-	75	233
Scholarships and awards	11,965	-	-	11,965	8,300
Insurance	15,162	1,172	1,694	18,028	28,119
Computer	4,270	-	-	4,270	8,530
Telephone	3,007	95	63	3,165	4,105
Accounting fees	4,238	7,217	-	11,455	11,140
Travel	-	-	1,726	1,726	1,436
Seminars and workshops	-	179	-	179	291
Volunteer recognition	63	-	-	63	1,100
Drug tests/drug screen	4,416	-	-	4,416	4,410
Food and beverages	770	-	-	770	532
Dues and licensing	1,226	-	-	1,226	1,395
Bad debt	-	-	-	-	2,735
Other	-	3,459	-	3,459	243
<b>Total expenses</b>	<b>\$ 302,378</b>	<b>23,663</b>	<b>23,553</b>	<b>349,594</b>	<b>379,252</b>

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Statement of Cash Flows  
Year Ended September 30, 2013

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total ( For Comparative Purposes Only)
<b>Cash flows from operating activities:</b>				
Cash received from County ordinance assessment	\$ 135,015	-	135,015	140,028
Cash received from grants and contributions	23,159	75,180	98,339	83,133
Cash received from fundraising events	24,780	-	24,780	24,129
Other income received	63,665	-	63,665	48,014
Cash paid to employees and suppliers	(210,469)	(74,641)	(285,110)	(289,304)
Net cash flows from operating activities	<u>36,150</u>	<u>539</u>	<u>36,689</u>	<u>6,000</u>
<b>Cash flows from investing activities:</b>				
Purchase of furniture and equipment	-	-	-	(4,907)
Net increase in cash and cash equivalents	36,150	539	36,689	1,093
Beginning cash and cash equivalents	<u>74,067</u>	<u>-</u>	<u>74,067</u>	<u>72,974</u>
Ending cash and cash equivalents	<u>\$ 110,217</u>	<u>539</u>	<u>110,756</u>	<u>74,067</u>
<b>Reconciliation of change in net assets to net cash flows from operating activities:</b>				
Change in net assets	\$ 49,368	539	49,907	7,293
Depreciation	1,896	-	1,896	805
Bad Debt	-	-	-	2,735
(Increase) decrease in:				
Accounts receivable	(343)	-	(343)	(17,258)
Grants receivable	(3,959)	-	(3,959)	(583)
Prepaid expenses	(1,186)	-	(1,186)	1,025
Increase (decrease) in:				
Accounts payable	387	-	387	1,252
Accrued payroll and taxes	1,034	-	1,034	(669)
Restitution payable	(11,047)	-	(11,047)	11,400
Net cash flows from operating activities	<u>\$ 36,150</u>	<u>539</u>	<u>36,689</u>	<u>6,000</u>

See accompanying notes to the financial statements.



Teen Court of Sarasota, Inc.

Notes to Financial Statements

September 30, 2013

**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, 2013.

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, 2013

**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.

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, 2013.

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 \$38,400 for the year ended September 30, 2013.

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, 2013. The Organization's federal income tax returns for fiscal years ended September 30, 2012, 2011 and 2010 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, 2013

**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, 2012, from which the summarized information was derived.

**Note 2 – Accounts Receivable:**

At September 30, 2013, accounts receivable consist of the following:

Accounts receivable	\$ 29,083
Allowance for doubtful accounts	<u>(2,735)</u>
Accounts receivable, net	<u>\$ 26,348</u>

**Note 3 - Furniture and Equipment:**

Furniture and equipment consist of the following:

Furniture and equipment	\$ 19,165
Less accumulated depreciation	<u>(16,396)</u>
Net furniture and equipment	<u>\$ 2,769</u>

**Note 4 – Concentrations:**

The Organization received approximately 51% of its support and revenue from the County for the year ended September 30, 2013. The support and revenue consists of:

County ordinance assessment	\$ 137,405
County grant-in-aid	32,500
Contributed use of facilities	<u>35,000</u>
Total County support and revenue	<u>\$ 204,905</u>

**Teen Court of Sarasota, Inc.**

**Notes to Financial Statements**

September 30, 2013

**Note 5 – 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 6 – Temporarily Restricted Net Assets**

At September 30, 2013, the Organization's temporarily restricted net assets are available for the following:

Back2School	\$ 539
-------------	--------

**Note 7 – Subsequent Events:**

Subsequent events have been evaluated through December 2, 2013, which is the date the financial statements were available to be issued.