

Teen Court of Sarasota, Inc.

**Financial Statements
September 30, 2016**

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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, 2016, 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, 2016, 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 2015 financial statements, and our report dated November 12, 2015, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sarasota, Florida
December 14, 2016

A handwritten signature in black ink that reads "Cavanaugh & Co. LLP". The signature is written in a cursive, flowing style with a large initial 'C'.

Teen Court of Sarasota, Inc.

Statement of Financial Position

September 30, 2016

ASSETS

	2016			2015 Total (For Comparative Purposes Only)
	Unrestricted	Temporarily Restricted	Total	
Current assets:				
Cash and cash equivalents	\$ 231,756	-	231,756	214,814
Accounts receivable, net	4,660	-	4,660	7,810
Grants receivable	21,453	-	21,453	30,891
Prepaid expenses	<u>3,468</u>	-	<u>3,468</u>	<u>4,542</u>
Total current assets	261,337	-	261,337	258,057
Contribution receivable, use of facilities	-	163,830	163,830	187,822
Furniture and equipment, net	<u>3,746</u>	-	<u>3,746</u>	<u>5,556</u>
Total assets	<u>\$ 265,083</u>	<u>163,830</u>	<u>428,913</u>	<u>451,435</u>

LIABILITIES AND NET ASSETS

Liabilities:

Current liabilities:

Accounts payable	\$ 2,327	-	2,327	3,535
Accrued payroll and taxes	1,826	-	1,826	6,681
Restitution payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>267</u>
Total current liabilities	4,153	-	4,153	10,483
Net assets	<u>260,930</u>	<u>163,830</u>	<u>424,760</u>	<u>440,952</u>
Total liabilities and net assets	<u>\$ 265,083</u>	<u>163,830</u>	<u>428,913</u>	<u>451,435</u>

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Statement of Activities and Changes in Net Assets
Year Ended September 30, 2016

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total (For Comparative Purposes Only)
Support and Revenue:				
County ordinance assessment	\$ 117,500	-	117,500	122,364
Grants	9,500	62,476	71,976	66,500
Fundraising events	37,606	-	37,606	26,690
In-kind	43,600	-	43,600	38,800
Contributions	64,920	1,140	66,060	118,153
Client fees	36,020	-	36,020	48,285
Fee adjustments and waivers	(18,740)	-	(18,740)	(9,290)
Drug tests	9,535	-	9,535	11,932
Fee adjustments and waivers	(3,967)	-	(3,967)	(1,431)
Interest	61	-	61	49
Net assets released from restrictions	<u>87,608</u>	<u>(87,608)</u>	<u>-</u>	<u>-</u>
 Total support and revenue	 <u>383,643</u>	 <u>(23,992)</u>	 <u>359,651</u>	 <u>422,052</u>
Expenses:				
Program	224,175	-	224,175	355,198
General and administrative	66,985	-	66,985	37,381
Fundraising	<u>84,683</u>	<u>-</u>	<u>84,683</u>	<u>31,246</u>
 Total expenses	 <u>375,843</u>	 <u>-</u>	 <u>375,843</u>	 <u>423,825</u>
 Change in net assets	 7,800	 (23,992)	 (16,192)	 (1,773)
 Net assets at beginning of year	 <u>253,130</u>	 <u>187,822</u>	 <u>440,952</u>	 <u>442,725</u>
 Net assets at end of year	 <u>\$ 260,930</u>	 <u>163,830</u>	 <u>424,760</u>	 <u>440,952</u>

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Statement of Functional Expenses

Year Ended September 30, 2016

	2016				2015
	Program	General and Administrative	Fundraising	Total	Total (For Comparative Purposes Only)
Salaries and wages	\$ 67,251	43,522	54,632	165,405	224,335
Donated services	43,600	-	-	43,600	38,800
Lease expense	25,132	-	-	25,132	25,132
Depreciation	-	1,810	-	1,810	2,901
Fundraising events	8,345	-	7,137	15,482	12,658
Office supplies	-	6,858	-	6,858	5,481
Postage	576	-	-	576	718
Payroll taxes	4,753	3,089	4,040	11,882	17,151
Counseling fees	34,663	-	-	34,663	36,485
Printing	126	168	-	294	340
Scholarships and awards	7,377	-	-	7,377	11,400
Insurance	6,069	469	678	7,216	8,477
Computer	10,058	-	-	10,058	4,966
Telephone	85	3	1	89	1,273
Accounting fees	5,060	8,617	-	13,677	13,322
Consulting fees	-	-	18,195	18,195	9,000
Travel	5,981	-	-	5,981	3,395
Seminars and workshops	-	544	-	544	405
Drug tests/drug screen	3,103	-	-	3,103	3,654
Food and beverages	1,232	-	-	1,232	872
Dues and licensing	764	-	-	764	901
Other	-	1,905	-	1,905	2,159
Total expenses	<u>\$ 224,175</u>	<u>66,985</u>	<u>84,683</u>	<u>375,843</u>	<u>423,825</u>

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Statement of Cash Flows
Year Ended September 30, 2016

	<u>2016</u>	<u>2015 Total (For Comparative Purposes Only)</u>
Cash flows from operating activities:		
Cash received from County ordinance assessment	\$ 117,500	122,364
Cash received from grants and contributions	147,474	185,673
Cash received from fundraising events	37,606	26,690
Other income received	26,059	47,427
Cash paid to employees and suppliers	<u>(311,697)</u>	<u>(361,467)</u>
Net cash flows from operating activities	<u>16,942</u>	<u>20,687</u>
Net increase in cash and cash equivalents	16,942	20,687
Beginning cash and cash equivalents	<u>214,814</u>	<u>194,127</u>
Ending cash and cash equivalents	<u>\$ 231,756</u>	<u>214,814</u>
 Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ (16,192)	(1,773)
Depreciation	1,810	2,901
Contribution for use of facilities	(1,140)	(766)
Noncash lease expense	25,132	25,132
(Increase) decrease in:		
Accounts receivable	3,150	(2,118)
Grants receivable	9,438	1,020
Prepaid expenses	1,074	(1,524)
Increase (decrease) in:		
Accounts payable	(1,208)	(635)
Accrued payroll and taxes	(4,855)	(1,179)
Restitution payable	<u>(267)</u>	<u>(371)</u>
Net cash flows from operating activities	<u>\$ 16,942</u>	<u>20,687</u>

See accompanying notes to the financial statements.

Teen Court of Sarasota, Inc.

Notes to Financial Statements

September 30, 2016

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, 2016.

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, 2016

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 \$43,600 for the year ended September 30, 2016.

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, 2016. The Organization's federal income tax returns for fiscal years ended September 30, 2015, 2014 and 2013 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, 2016

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, 2015, 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>(24,010)</u>
Net furniture and equipment	<u>\$ 3,746</u>

Note 3 – Concentrations:

The Organization received approximately 42% of its support and revenue from the County for the year ended September 30, 2016. The support and revenue consists of:

County ordinance assessment	\$ 117,500
County grant-in-aid	<u>32,500</u>
Total County support and revenue	<u>\$150,000</u>

Teen Court of Sarasota, Inc.

Notes to Financial Statements

September 30, 2016

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, 2016, was \$25,132.

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

2017	\$ 25,132
2018	25,132
2019	25,132
2020	25,132
Thereafter	81,679

Note 6 – Temporarily Restricted Net Assets

The Organization's temporarily restricted net assets, \$163,830 at September 30, 2016, 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 December 14, 2016, which is the date the financial statements were available to be issued.