



TeenWorks[™]
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FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2020 and 2019

TEENWORKS, INC.

CONTENTS

	Page
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-12

Independent Auditors' Report

Board of Directors
TeenWorks, Inc.

We have audited the accompanying financial statements of TeenWorks, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 TeenWorks, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
August 4, 2021

TEENWORKS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash	\$ 1,258,503	\$ 610,373
Grants receivable, net	40,000	43,800
Promises to give, net	52,435	65,989
Promise to give - in-kind rent	79,170	79,170
Prepaid expenses and other assets	25,090	21,713
Total Current Assets	1,455,198	821,045
PROPERTY AND EQUIPMENT		
Vehicles	130,181	130,181
Office equipment	91,307	91,307
	221,488	221,488
Less: Accumulated depreciation	176,683	151,344
Total Property and Equipment	44,805	70,144
PROMISE TO GIVE - IN-KIND RENT, net	534,917	596,201
TOTAL ASSETS	\$ 2,034,920	\$ 1,487,390

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 13,591	\$ 19,829
Accrued payroll	10,718	24,326
PPP loan	120,000	
Total Current Liabilities	144,309	44,155
NET ASSETS		
Without donor restrictions	1,121,524	594,479
With donor restrictions	769,087	848,756
Total Net Assets	1,890,611	1,443,235
TOTAL LIABILITIES AND NET ASSETS	\$ 2,034,920	\$ 1,487,390

See accompanying notes.

TEENWORKS, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants	\$ 1,624,590	\$ 337,545	\$ 1,962,135	\$ 1,691,476	\$ 377,473	\$ 2,068,949
Contributions	79,610		79,610	102,226		102,226
In-kind contributions	800	17,886	18,686		19,671	19,671
Other revenue	65,066		65,066	43,940		43,940
	<u>1,770,066</u>	<u>355,431</u>	<u>2,125,497</u>	<u>1,837,642</u>	<u>397,144</u>	<u>2,234,786</u>
Special event revenue	92,402		92,402	65,040		65,040
Less: Direct donor benefits				(3,507)		(3,507)
Net special events revenue	<u>92,402</u>		<u>92,402</u>	<u>61,533</u>		<u>61,533</u>
Net assets released from restrictions	<u>435,100</u>	<u>(435,100)</u>		<u>567,156</u>	<u>(567,156)</u>	
Total Support and Revenue	<u>2,297,568</u>	<u>(79,669)</u>	<u>2,217,899</u>	<u>2,466,331</u>	<u>(170,012)</u>	<u>2,296,319</u>
EXPENSES						
Program services	1,416,655		1,416,655	1,404,509		1,404,509
Management and general	165,942		165,942	285,580		285,580
Fundraising	187,926		187,926	156,432		156,432
Total Expenses	<u>1,770,523</u>		<u>1,770,523</u>	<u>1,846,521</u>		<u>1,846,521</u>
Increase (Decrease) in Net Assets	527,045	(79,669)	447,376	619,810	(170,012)	449,798
NET ASSETS						
Beginning of Year	<u>594,479</u>	<u>848,756</u>	<u>1,443,235</u>	<u>(25,331)</u>	<u>1,018,768</u>	<u>993,437</u>
End of Year	<u>\$ 1,121,524</u>	<u>\$ 769,087</u>	<u>\$ 1,890,611</u>	<u>\$ 594,479</u>	<u>\$ 848,756</u>	<u>\$ 1,443,235</u>

See accompanying notes.

TEENWORKS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2020 and 2019

	2020				2019				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Direct Benefits to Donors	Total
Salaries and wages	\$ 899,331	\$ 60,285	\$ 108,081	\$ 1,067,697	\$ 870,131	\$ 92,369	\$ 103,029		\$ 1,065,529
Employee benefits and payroll taxes	180,379	11,958	38,093	230,430	144,578	17,274	19,267		181,119
Total salaries, wages and related expenses	1,079,710	72,243	146,174	1,298,127	1,014,709	109,643	122,296		1,246,648
Professional fees	32,742	34,460	15,058	82,260	43,512	132,649	11,245		187,406
Transportation	55,755	1,431	8	57,194	58,757	281			59,038
Advertising and promotion	869	1,676	1,737	4,282	44	740	1,246		2,030
Meals, supplies, and materials	90,791	8,361	675	99,827	93,465	3,045	792	\$ 3,507	100,809
Telephone	3,917	2,178	445	6,540	3,577	359	459		4,395
Travel and meetings	12,627	1,401	354	14,382	17,586	2,669	308		20,563
Training	500	2,579	35	3,114	620	220	1,763		2,603
Insurance	50,199	5,188	4,687	60,074	43,122	5,640	3,966		52,728
In-kind rent expense	60,961	9,088	9,122	79,171	64,919	7,125	7,125		79,169
Depreciation expense	22,462	1,432	1,445	25,339	26,764	2,938	2,938		32,640
Other expenses	6,122	25,905	8,186	40,213	37,434	20,271	4,294		61,999
TOTAL EXPENSES BY FUNCTION	1,416,655	165,942	187,926	1,770,523	1,404,509	285,580	156,432	3,507	1,850,028
Less: Expenses included with revenue and support on the statement of activities:									
Cost of direct benefits to donors								(3,507)	(3,507)
TOTAL EXPENSES	<u>\$ 1,416,655</u>	<u>\$ 165,942</u>	<u>\$ 187,926</u>	<u>\$ 1,770,523</u>	<u>\$ 1,404,509</u>	<u>\$ 285,580</u>	<u>\$ 156,432</u>	<u>\$ -</u>	<u>\$ 1,846,521</u>

See accompanying notes.

TEENWORKS, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING ACTIVITIES		
Increase in net assets	\$ 447,376	\$ 449,798
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	25,339	32,640
(Increase) decrease in certain assets:		
Grants receivable	3,800	163,953
Promises to give	13,554	(28,689)
Promise to give - in-kind rent	61,284	59,499
Accounts receivable		21,841
Prepaid expenses and other assets	(3,377)	128
Decrease in certain liabilities:		
Accounts payable	(6,238)	(56,021)
Accrued payroll	(13,608)	(11,690)
Net Cash Provided by Operating Activities	<u>528,130</u>	<u>631,459</u>
INVESTING ACTIVITIES		
Purchases of property and equipment		(9,337)
Net Cash Used by Investing Activities		<u>(9,337)</u>
FINANCING ACTIVITIES		
Net repayments on line of credit		(50,000)
Receipt of PPP loan proceeds	120,000	
Net Cash Provided (Used) by Financing Activities	<u>120,000</u>	<u>(50,000)</u>
NET INCREASE IN CASH	648,130	572,122
CASH		
Beginning of Year	<u>610,373</u>	<u>38,251</u>
End of Year	<u>\$1,258,503</u>	<u>\$ 610,373</u>
SUPPLEMENTAL DISCLOSURES		
Noncash operating activities:		
In-kind rental contribution	\$ 17,886	\$ 19,671
In-kind goods and other contribution	800	
In-kind rental expense	79,170	79,170

See accompanying notes.

TEENWORKS, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: TeenWorks, Inc. (TeenWorks) is an Indiana not-for-profit corporation which was formed in 2013. TeenWorks' mission is to empower teens to achieve excellence in college, career, and community. TeenWorks' programs offer teens free post-secondary success planning and services, summer and year-round employment opportunities, career and college preparatory services, mentoring experiences and scholarships. TeenWorks' primary sources of revenue are foundation, governmental and corporate grants and donor contributions.

Basis of Presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require TeenWorks to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** are not subject to donor-imposed restrictions and may be used at the discretion of TeenWorks' management and Board of Directors.
- **Net Assets With Donor Restrictions** are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TeenWorks or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. TeenWorks had no net assets with donor restrictions that were perpetual in nature at December 31, 2020 and 2019.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, and when a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash: TeenWorks maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. TeenWorks has not experienced any losses from its bank accounts.

Promises to Give and Grants Receivable: Unconditional promises to give and grants receivable expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions and grants in the statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Promises to give and grants receivable are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors and grantors, historical experience, economic conditions, and other relevant factors. Management recorded an allowance of \$18,981 at December 31, 2019. Management determined that no allowance was necessary at December 31, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment: Expenditures for property and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of five to ten years.

TeenWorks' property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required in 2020 and 2019.

Contributions and Grants are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. The Organization had no outstanding conditional contributions as of December 31, 2020 and 2019.

TeenWorks receives a significant amount of financial assistance from government grants and contracts. Grants and contracts normally provide for the recovery of direct costs. Entitlement to the recovery of the direct costs is conditional upon compliance with the terms and conditions of the grant agreements and with applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance reviews and audits by the grantors. Management believes an adverse material outcome from those reviews and audits is unlikely.

In-kind Contributions: Contributions of services, which consisted primarily of discounted or free professional services, are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Volunteers contribute significant amounts of time to TeenWorks' activities that do not meet the recognition criteria, and the value of these contributed services is not reflected in the financial statements. Contributions of rent, food, equipment, and other goods are recorded at estimated fair value when pledged or received.

Special Event Revenue, including related sponsorship revenue and other contributions, are considered unconditional contributions, except for the portion related to the direct benefit being provided to the donors that is considered an exchange transaction. The contribution portion of the revenue is recognized when received or unconditionally pledged, and the exchange transaction portion of the revenue is recognized when the event occurs.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural classification. All remaining indirect costs have been allocated to program and supporting services benefited. The expenses that are allocated include the following:

Expense	Method of Allocation
Depreciation	Time and effort
Rent	Time of staff in the office
Salaries, wages, and benefits	Time and effort
Telephone	Time of staff in the office
Insurance	Time and effort

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes: TeenWorks is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. In addition, TeenWorks has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC. There was no unrelated business income tax for 2020 and 2019.

TeenWorks files U.S. federal and Indiana information tax returns. TeenWorks is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2017. Management believes that TeenWorks' income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in a material change.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through August 4, 2021, the date the financial statements were available to be issued. See Note 5.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The following reflects TeenWorks' financial assets and liquidity resources available for general expenditure within one year of the statement of financial position date:

	2020	2019
Cash	\$1,258,503	\$610,373
Grants receivable, net	40,000	43,800
Promises to give, net	<u>52,435</u>	<u>65,989</u>
Total Financial Assets Available Within One Year	1,350,938	720,162
Line of credit availability	<u>250,000</u>	<u>250,000</u>
Total Financial Assets and Liquidity Resources Available to Meet General Expenditures Within One Year	<u>\$1,600,938</u>	<u>\$970,162</u>

TeenWorks maintains all of its liquid assets in an interest-bearing checking account so all such assets are available as its general expenditures, liabilities, and other obligations come due. As described in Note 5, Teenworks also has a committed line of credit in the amount of \$250,000, which it could draw upon in the event of an unanticipated liquidity need.

TeenWorks receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended December 31, 2020 and 2019, restricted contributions of \$155,000 and \$173,385, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

TeenWorks regularly monitors liquidity required to meet its operating needs and other contractual commitments.

NOTE 3 - PROMISES TO GIVE AND GRANTS RECEIVABLE

Promises to give and grants receivable were estimated to be collected as follows as of December 31, 2020 and 2019:

	2020	2019
Within one year	\$72,435	\$ 99,213
In one to five years	<u>20,000</u>	<u>30,000</u>
	92,435	129,213
Unamortized discounts		(443)
Allowance for uncollectible accounts	<u> </u>	<u>(18,981)</u>
Total Promises to Give and Grants Receivable, net	<u>\$92,435</u>	<u>\$109,789</u>

There were no discounted promises to give at December 31, 2020. The discount rate used for promises to give was 1.5% at December 31, 2019. The promises to give and grants receivable balance consisted of \$7,500 and \$62,781 that was classified as net assets with donor restrictions at December 31, 2020 and 2019, respectively, and \$84,935 and \$66,432 that was classified as net assets without donor restrictions at December 31, 2020 and 2019, respectively.

NOTE 4 - PROMISE TO GIVE - IN-KIND RENT

TeenWorks leases office space under a long-term operating lease through August 2029. The lease includes two five-year extension options, subject to approval by TeenWorks and the lessor, subsequent to the initial fifteen-year term. Under the lease, there are no rental payments. Accordingly, TeenWorks recognized the fair value of promised in-kind rent upon the lease commencement. The related discount is amortized over the course of the initial lease term and recognized as in-kind contributions. In-kind rent expense is recognized on the straight-line basis in the amount of \$79,170 per year over the term of the initial lease.

Promise to give - in-kind rent is classified as net assets with donor restrictions due to time restrictions, and is as follows at December 31, 2020:

Expected to be collected in:	
Less than one year	\$ 79,170
One to five years	395,850
More than five years	<u>211,120</u>
	686,140
Unamortized discounts	<u>(72,053)</u>
Total Promise to Give - In-kind Rent	<u>\$614,087</u>

Promise to give - in-kind rent was discounted at 3% at December 31, 2020 and 2019.

NOTE 5 - DEBT AND CREDIT ARRANGEMENTS

TeenWorks has a revolving line of credit for short-term bank borrowings. Interest on these borrowings is computed at the bank's Prime rate plus 0.5%, subject to a floor of 4.00% (4.00% at December 31, 2020). The line of credit allows for maximum borrowings of \$250,000 and expires August 27, 2021. There were no borrowings outstanding at December 31, 2020 and 2019. The line of credit is secured by substantially all assets of TeenWorks.

NOTE 5 - DEBT AND CREDIT ARRANGEMENTS (CONTINUED)

On April 14, 2020, TeenWorks received loan proceeds of \$120,000 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans, including accrued interest, are forgivable as long as TeenWorks used the proceeds for eligible purposes, including payroll, benefits, rent and utilities. Under the PPP, the amount of forgiveness is reduced if the entity terminates employees or reduces salaries during the covered period. TeenWorks believes it used the proceeds for purposes consistent with the PPP and applied for forgiveness during 2020.

TeenWorks has classified the loan as a current liability based on the expectation of forgiveness during 2021. TeenWorks recognized a gain on loan forgiveness as government grant income upon legal release of the obligation by the bank on April 23, 2021.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 and 2019 consisted of the following:

	2020	2019
Subject to expenditure for specified purpose:		
Summer work and Pro programs	\$ 50,000	\$113,385
COVID-19 programming	35,000	
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>684,087</u>	<u>735,371</u>
Total Net Assets with Donor Restrictions	<u>\$769,087</u>	<u>\$848,756</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Satisfaction of purpose restrictions:		
Summer work and Pro programs	\$325,930	\$483,486
Expiration of time restrictions	<u>109,170</u>	<u>83,670</u>
Total Net Assets Released from Restrictions	<u>\$435,100</u>	<u>\$567,156</u>

NOTE 7 - RELATED PARTY TRANSACTIONS

TeenWorks is a public charity under section 509(a) as a supporting organization of the Glick Family Housing Foundation (the Housing Foundation), which approves the majority of TeenWorks' board members. There were no transactions with the Housing Foundation during 2020 or 2019.

Certain members of TeenWorks' board are also members of the Glick Family Foundation (the Foundation). The Foundation provides significant support and revenue for TeenWorks' program operations. The Foundation granted approximately \$1,505,000 in 2020 and \$1,706,000 in 2019 to TeenWorks.

TeenWorks recognized contributions from members of its Board of Directors of \$6,900 in 2020 and \$125,200 in 2019.

NOTE 8 - CONCENTRATIONS

Grants from the Foundation accounted for 68% and 74% of total support and revenue for the years ended December 31, 2020 and 2019, respectively.

NOTE 9 - UNCERTAINTY RELATED TO CORONAVIRUS

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The COVID-19 outbreak has caused management to reconfigure how Teenworks' programs and fundraising events are conducted. The ultimate impact of the outbreak to TeenWorks' financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to TeenWorks, including obtaining a PPP loan in April 2020. See Note 5.