



**TeenWorks**<sup>™</sup>  
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FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2021 and 2020

# TEENWORKS, INC.

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## *Independent Auditors' Report*

Board of Directors  
TeenWorks, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Teenworks, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Teenworks, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Teenworks, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Teenworks, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Teenworks, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
July 27, 2022

**TEENWORKS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2021 and 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 662,514	\$ 1,258,503
Investments	819,793	
Promises to give and grants receivable	259,338	72,435
Promise to give - in-kind rent	79,170	79,170
Prepaid expenses and other assets	13,617	25,090
Total Current Assets	1,834,432	1,435,198
<b>PROPERTY AND EQUIPMENT</b>		
Vehicles	130,181	130,181
Office equipment	91,307	91,307
	221,488	221,488
Less: Accumulated depreciation	191,416	176,683
Total Property and Equipment	30,072	44,805
<b>OTHER ASSETS</b>		
Promises to give and grants receivable		20,000
Promise to give - in-kind rent, net	471,794	534,917
Total Other Assets	471,794	554,917
<b>TOTAL ASSETS</b>	<b>\$ 2,336,298</b>	<b>\$ 2,034,920</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 26,794	\$ 13,591
Accrued payroll	19,272	10,718
PPP loan		120,000
Total Current Liabilities	46,066	144,309
<b>NET ASSETS</b>		
Without donor restrictions	1,549,268	1,121,524
With donor restrictions	740,964	769,087
Total Net Assets	2,290,232	1,890,611
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,336,298</b>	<b>\$ 2,034,920</b>

*See accompanying notes.*

**TEENWORKS, INC.**

**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Grants	\$ 1,654,222	\$ 544,545	\$ 2,198,767	\$ 1,624,590	\$ 337,545	\$ 1,962,135
Contributions	125,484		125,484	79,610		79,610
In-kind contributions	29,361	16,047	45,408	800	17,886	18,686
Investment return	46,473		46,473			
Other revenue	4,385		4,385	65,066		65,066
	<u>1,859,925</u>	<u>560,592</u>	<u>2,420,517</u>	<u>1,770,066</u>	<u>355,431</u>	<u>2,125,497</u>
Special event revenue	124,962		124,962	92,402		92,402
Less: Direct donor benefits	(4,314)		(4,314)			
Net special events revenue	<u>120,648</u>		<u>120,648</u>	<u>92,402</u>		<u>92,402</u>
Net assets released from restrictions	<u>588,715</u>	<u>(588,715)</u>		<u>435,100</u>	<u>(435,100)</u>	
Total Support and Revenue	<u>2,569,288</u>	<u>(28,123)</u>	<u>2,541,165</u>	<u>2,297,568</u>	<u>(79,669)</u>	<u>2,217,899</u>
<b>EXPENSES</b>						
Program services	1,910,839		1,910,839	1,416,655		1,416,655
Management and general	117,953		117,953	165,942		165,942
Fundraising	232,752		232,752	187,926		187,926
Total Expenses	<u>2,261,544</u>		<u>2,261,544</u>	<u>1,770,523</u>		<u>1,770,523</u>
<b>CHANGE IN NET ASSETS BEFORE GAIN ON PPP LOAN FORGIVENESS</b>	307,744	(28,123)	279,621	527,045	(79,669)	447,376
<b>GAIN ON PPP LOAN FORGIVENESS</b>	<u>120,000</u>		<u>120,000</u>			
<b>CHANGE IN NET ASSETS</b>	427,744	(28,123)	399,621	527,045	(79,669)	447,376
<b>NET ASSETS</b>						
Beginning of Year	1,121,524	769,087	1,890,611	594,479	848,756	1,443,235
End of Year	<u>\$ 1,549,268</u>	<u>\$ 740,964</u>	<u>\$ 2,290,232</u>	<u>\$ 1,121,524</u>	<u>\$ 769,087</u>	<u>\$ 1,890,611</u>

See accompanying notes.

**TEENWORKS, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2021 and 2020**

	2021				2020				
	Program Services	Management and General	Fundraising	Direct Benefits to Donors	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,188,675	\$ 69,440	\$ 158,589		\$ 1,416,704	\$ 899,331	\$ 60,285	\$ 108,081	\$ 1,067,697
Employee benefits and payroll taxes	211,390	16,979	31,824		260,193	180,379	11,958	38,093	230,430
Total salaries, wages and related expenses	1,400,065	86,419	190,413		1,676,897	1,079,710	72,243	146,174	1,298,127
Professional fees	77,322	10,193	9,613		97,128	32,742	34,460	15,058	82,260
Transportation	89,413	59			89,472	55,755	1,431	8	57,194
Advertising and promotion	10,571	1,258	4,746		16,575	869	1,676	1,737	4,282
Meals, supplies, and materials	165,895	1,553	4,729	\$ 3,274	175,451	90,791	8,361	675	99,827
Telephone	4,545	120	1,375		6,040	3,917	2,178	445	6,540
Travel and meetings	18,695	2,454	1,048		22,197	12,627	1,401	354	14,382
Training	288	72	1,119		1,479	500	2,579	35	3,114
Insurance	49,793	3,656	2,047		55,496	50,199	5,188	4,687	60,074
In-kind rent expense	66,243	6,334	6,594		79,171	60,961	9,088	9,122	79,171
Depreciation expense	13,943	390	400		14,733	22,462	1,432	1,445	25,339
Other expenses	14,066	5,445	10,668	1,040	31,219	6,122	25,905	8,186	40,213
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>1,910,839</b>	<b>117,953</b>	<b>232,752</b>	<b>4,314</b>	<b>2,265,858</b>	<b>1,416,655</b>	<b>165,942</b>	<b>187,926</b>	<b>1,770,523</b>
Less: Expenses included with revenue and support on the statements of activities:									
Cost of direct benefits to donors				(4,314)	(4,314)				
<b>TOTAL EXPENSES</b>	<b>\$ 1,910,839</b>	<b>\$ 117,953</b>	<b>\$ 232,752</b>	<b>\$ -</b>	<b>\$ 2,261,544</b>	<b>\$ 1,416,655</b>	<b>\$ 165,942</b>	<b>\$ 187,926</b>	<b>\$ 1,770,523</b>

See accompanying notes.

**TEENWORKS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 399,621	\$ 447,376
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,733	25,339
Net unrealized and realized gains on investments	(38,168)	
Gain on PPP loan forgiveness	(120,000)	
(Increase) decrease in certain assets:		
Promises to give and grants receivable	(166,903)	17,354
Promise to give - in-kind rent	63,123	61,284
Prepaid expenses and other assets	11,473	(3,377)
Increase (decrease) in certain liabilities:		
Accounts payable	13,203	(6,238)
Accrued payroll	8,554	(13,608)
Net Cash Provided by Operating Activities	<u>185,636</u>	<u>528,130</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of investments	(795,131)	
Proceeds from sales of investments	33,109	
Net Cash Used by Investing Activities	<u>(762,022)</u>	
<b>FINANCING ACTIVITIES</b>		
Borrowings on PPP loan		120,000
Net Cash Provided by Financing Activities		<u>120,000</u>
<b>NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS</b>	(576,386)	648,130
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>1,258,503</u>	<u>610,373</u>
End of Year	<u>\$ 682,117</u>	<u>\$ 1,258,503</u>
<b>CASH AND EQUIVALENTS</b>		
Cash	\$ 662,514	\$ 1,258,503
Cash equivalents included in investments	19,603	
<b>TOTAL CASH AND EQUIVALENTS</b>	<u>\$ 682,117</u>	<u>\$ 1,258,503</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash operating and financing activities:		
In-kind rental contribution	\$ 16,047	\$ 17,886
In-kind goods and other contribution	29,361	800
In-kind rental expense	79,170	79,170
Forgiveness of PPP loan	120,000	

See accompanying notes.



# TEENWORKS, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2021 and 2020

### 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, whereby 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, 2021 and 2020.

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 and Equivalents** consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less for the purposes of the statements of cash flows. Cash and equivalents included in investment accounts are reflected in investments on the statements of financial position. 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 determined that no allowance was necessary as of December 31, 2021 and 2020.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Investment Valuation and Income Recognition:** Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the statements of activities consists of interest and dividends and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

**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 2021 and 2020.

**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. Cash received prior to when conditions are substantially met are recognized as refundable advances.

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. At December 31, 2021, TeenWorks had outstanding promises to give of \$50,000, which are conditional on requirements in accordance with the respective grant agreement and applicable regulations. At December 31, 2020, there were no conditional outstanding promises to give.

**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 unconditionally promised 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 promised, and the exchange transaction portion of the revenue is recognized upon occurrence of the event. The value of the exchange element of these transactions was \$4,314 in 2021. There were no exchange transactions during 2020. Funds received for the exchange transaction portion of the revenue for events occurring subsequent to the statement of financial position date are reflected as deferred revenue.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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

**Advertising Costs** are expensed as incurred and totaled \$16,575 in 2021 and \$4,282 in 2020.

**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 2021 and 2020.

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 2018. 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.

**Upcoming Accounting Pronouncement:** ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU No. 2020-07) requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. ASU No. 2020-07 also requires enhanced disclosures, including disaggregation of the amount of contributed nonfinancial assets by category and information, by category, regarding the sale or use of such assets, donor-imposed restrictions, and valuation techniques and inputs used in measurement. ASU No. 2020-07 is effective for Teenworks as of January 1, 2022. Teenworks is assessing the impact ASU No. 2020-07 will have on its financial statements, including the related disclosures.

**Reclassifications:** Certain amounts in the 2020 financial statements have been reclassified to conform to the presentation of the 2021 financial statements.

**Subsequent Events:** Management has evaluated the financial statements for subsequent events occurring through July 27, 2022, the date the financial statements were available to be issued.

## 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:

	2021	2020
Cash	\$ 662,514	\$1,258,503
Investments	819,793	
Promises to give and grants receivable	259,338	92,435
Total Financial Assets	1,741,645	1,350,938
Promises to give and grants receivable scheduled to be collected in more than one year		(20,000)
Total Financial Assets Available Within One Year	1,741,645	1,330,938

## NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

	2021	2020
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>\$1,991,645</u>	<u>\$1,580,938</u>

TeenWorks maintains its cash in an interest-bearing checking account so all such funds are available as its general expenditures, liabilities, and other obligations come due. In addition, TeenWorks invests cash in excess of daily requirements in short-term investments and money market funds. As described in Note 7, 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, 2021 and 2020, restricted contributions of \$190,000 and \$135,000, 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 - FAIR VALUE MEASUREMENTS

TeenWorks has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that TeenWorks has the ability to access.

**Level 2** – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, TeenWorks makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by TeenWorks for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2021 and 2020.

**Money Market Fund Shares:** Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and transact at that price.

**Exchange-traded Funds:** Valued at the closing price reported on the active market on which the individual securities are traded.

### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of TeenWorks' assets that are measured at fair value on a recurring basis as of December 31, 2021:

	Level 1	Total
<b>Assets</b>		
Investments:		
Money market fund shares	\$ 19,603	\$ 19,603
Exchange-traded funds:		
Large-cap	442,704	442,704
Mid-cap	70,317	70,317
Small-cap	48,118	48,118
Fixed income	<u>239,051</u>	<u>239,051</u>
Total Assets at Fair Value	<u>\$819,793</u>	<u>\$819,793</u>

### NOTE 4 - INVESTMENTS

TeenWorks' investments consisted of the following as of December 31, 2021:

Money market fund shares	\$ 19,603
Exchange-traded funds	<u>800,190</u>
	<u>\$819,793</u>

TeenWorks' investment return consisted of the following for the year ended December 31, 2021:

Interest and dividends	\$11,037
Realized and unrealized gains	38,168
Broker expenses	<u>(2,732)</u>
Total Investment Return	<u>\$46,473</u>

Teenworks' investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

### NOTE 5 - PROMISES TO GIVE AND GRANTS RECEIVABLE

Promises to give and grants receivable were estimated to be collected as follows as of December 31, 2021 and 2020:

	2021	2020
Within one year	\$259,338	\$72,435
In one to five years	<u>                    </u>	<u>20,000</u>
Total Promises to Give and Grants Receivable	<u>\$259,338</u>	<u>\$92,435</u>

There were no discounted promises to give at December 31, 2021 and 2020. The promises to give and grants receivable balance consisted of \$130,000 and \$7,500 that was classified as net assets with donor restrictions at December 31, 2021 and 2020, respectively, and \$129,338 and \$84,935 that was classified as net assets without donor restrictions at December 31, 2021 and 2020, respectively.

## NOTE 6 - 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, 2021:

Expected to be collected in:	
Less than one year	\$ 79,170
One to five years	395,850
More than five years	<u>131,950</u>
	606,970
Unamortized discounts	<u>(56,006)</u>
Total Promise to Give - In-kind Rent	<u>\$550,964</u>

Promise to give - in-kind rent was discounted at 3% at December 31, 2021 and 2020.

## NOTE 7 - 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 4.0% (4.0% at December 31, 2021). The line of credit allows for maximum borrowings of \$250,000 and expires August 26, 2022. There were no borrowings outstanding at December 31, 2021 and 2020. The line of credit is secured by substantially all assets of TeenWorks. Management expects the line of credit to be extended under similar terms.

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 has received forgiveness from the bank. TeenWorks recognized a gain on loan forgiveness upon legal release of the obligation by the bank on April 23, 2021. At December 31, 2020, the loan was classified as a current liability based on the expectation of forgiveness during 2021.

## NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 and 2020 consisted of the following:

	2021	2020
Subject to expenditure for specified purpose:		
Summer work and Pro programs	\$ 60,000	\$ 50,000
COVID-19 resources		35,000
Promises to give which are unavailable for expenditure until due	<u>680,964</u>	<u>684,087</u>
Total Net Assets with Donor Restrictions	<u>\$740,964</u>	<u>\$769,087</u>

## NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions:		
Summer work and Pro programs	\$354,545	\$325,930
COVID-19 resources	35,000	
Expiration of time restrictions	<u>199,170</u>	<u>109,170</u>
Total Net Assets Released from Restrictions	<u>\$588,715</u>	<u>\$435,100</u>

## NOTE 9 - RETIREMENT PLAN

TeenWorks offers a Simple IRA plan for all of its qualified employees. Under the Plan, qualified employees may have a percentage of gross wages withheld and contributed to the Plan. TeenWorks matches 100% of the first 3% that the employees contribute each pay period. Simple IRA expenses were \$21,354 in 2021 and \$17,636 in 2020.

## NOTE 10 - 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 2021 or 2020.

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 \$1,510,000 in 2021 and \$1,505,000 in 2020 to TeenWorks.

TeenWorks recognized contributions from members of its Board of Directors of \$161,108 in 2021 and \$6,900 in 2020. TeenWorks had promises to give from members of its Board of Directors of \$42,370 at December 31, 2021 and \$3,150 at December 31, 2020.

## NOTE 11 - CONCENTRATIONS

Grants provided 87% and 88% of total support and revenue for the years ended December 31, 2021 and 2020, respectively. As part of grants, the Foundation accounted for 59% and 68% of total support and revenue for the years ended December 31, 2021 and 2020, respectively.

Three donors represented approximately 66% of TeenWorks' promises to give and grants receivable at December 31, 2021, while two donors represented approximately 76% of TeenWorks' promises to give and grants receivable at December 31, 2020.