

TEEN SUCCESS, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

**IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

TEEN SUCCESS, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
TEEN SUCCESS, INC.
Milpitas, California

Report on Financial Statements

We have audited the accompanying financial statements of Teen Success, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, 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 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 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 risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 Success, Inc. as of June 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.



San Francisco, California
December 12, 2013

TEEN SUCCESS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

Assets:

Cash and Cash Equivalents	\$ 225,601
Accounts Receivable	138,490
Other Assets	1,325
Property and Equipment (net of accumulated depreciation of \$0)	<u>6,394</u>

TOTAL ASSETS \$ 371,810

Liabilities and Net Assets

Liabilities:

Accounts Payable	\$ 1,170
Accrued Expenses	<u>12,409</u>

Total Liabilities 13,579

Net Assets:

Unrestricted Net Assets	348,231
Temporarily Restricted	<u>10,000</u>

Total Net Assets 358,231

TOTAL LIABILITIES AND NET ASSETS \$ 371,810

See notes to financial statements

TEEN SUCCESS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<u>SUPPORT AND REVENUE</u>			
Public Support:			
Contributions:			
Foundations	\$ 855,065	\$ 10,000	\$ 865,065
In-Kind	8,040	0	8,040
Individuals	95,040	0	95,040
Total Support	958,145	10,000	968,145
Net Assets released from:			
Satisfaction of restrictions	0	0	0
Total Support and Revenue	958,145	10,000	968,145
 <u>EXPENSES</u>			
Program Services	806,859	0	806,859
Supporting Services			
Management and General	94,705	0	94,705
Fundraising	50,555	0	50,555
Total Expenses	952,119	0	952,119
CHANGES IN NET ASSETS	6,026	10,000	16,026
Net Assets, Beginning of Year	342,205	0	342,205
NET ASSETS - AT END OF YEAR	\$ 348,231	\$ 10,000	\$ 358,231

See notes to financial statements

TEEN SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries	\$ 240,129	\$ 57,335	\$ 33,971	\$ 331,435
Employee benefits	22,752	5,372	3,476	31,600
Payroll Taxes	18,208	4,299	2,782	25,289
Professional Services	8,529	2,500	0	11,029
Advertising	3,933	0	0	3,933
Conference, Convention, and Meeting	5,333	0	0	5,333
Database	5,500	0	0	5,500
Fundraising Expenses	0	0	1,752	1,752
Inkind Rent	0	8,040	0	8,040
Insurance	0	5,450	0	5,450
Partner Funding	489,723	0	0	489,723
Occupancy	0	6,451	0	6,451
Office Expenses	2,938	2,142	1,040	6,120
Travel	3,310	0	7,034	10,344
Telephone	3,194	1,000	500	4,694
Other Expenses	3,310	2,116	0	5,426
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	\$ <u>806,859</u>	\$ <u>94,705</u>	\$ <u>50,555</u>	\$ <u>952,119</u>

See notes to financial statements

TEEN SUCCESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in Net Assets	\$	16,026
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation		0
<i>Decrease/(increase) in assets:</i>		
Accounts Receivable		(138,490)
Other Assets		(650)
<i>Increase/(decrease) in liabilities:</i>		
Accounts Payable		1,170
Accrued Expenses		12,409
		<u> </u>
Net Cash Provided by Operating Activities		<u>(109,535)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Property and Equipment		<u>(6,394)</u>
Net Cash Used by Investing Activities		<u>(6,394)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Net Increase/(Decrease) in Cash and Cash Equivalents		(115,929)
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CASH AND CASH EQUIVALENTS:

Beginning of Year		<u>341,530</u>
END OF YEAR	\$	<u><u>225,601</u></u>

See notes to financial statements

TEEN SUCCESS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Note 1: ORGANIZATION

The mission of Teen Success, Inc. is to transform the lives of teen mothers and their children by helping them become educated, self-sufficient, valued members of society. Teen Success, Inc. (TSI) helps teen moms find and get on a path to success, which includes having a strong social support network, staying in school, and waiting to have more children until emotionally and financially ready. Through weekly support group meetings, teen moms receive guidance from professional facilitators and develop positive peer relationships, which together inspire and empower them to reach their potential.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Teen Success, Inc. prepares its financial statements using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when they are incurred.

Basis of Presentation

Teen Success, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2013, Teen Success, Inc. did not have any permanently restricted net assets.

Income Tax Status

Teen Success, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service Code and therefore has made no provisions for federal income taxes in the accompanying financial statements. Teen Success, Inc. is also exempt from state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Management believes Teen Success, Inc. has no uncertain tax positions as of June 30, 2013.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses as of the date and for the period presented. Actual results could differ from these estimates.

TEEN SUCCESS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Teen Success, Inc. considers all accounts receivable to be fully collectable; accordingly no allowance for doubtful accounts is required. If amounts become uncollectable, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment consists of furniture and office equipment. Teen Success, Inc. records property and equipment at cost or fair value when purchased or donated, respectively, when the cost or fair value exceeds \$500. Teen Success, Inc. computes depreciation using the straight-line method over the estimated useful lives of the property and equipment ranging from three to five years.

Revenue Recognition

Contributions receivable are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing Teen Success, Inc.'s various programs and other activities have been allocated on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

In-kind Support

Teen Success, Inc. records contributions of goods and services at their fair market value only if they create or enhance a non-financial asset or require specialized skills, are provided by entities or persons possessing those skills and Teen Success, Inc. would have purchased the goods or services if they did not receive them as contributions.

Advertising Costs

The production costs of advertising are expensed as incurred. During the year ended June 30, 2013, advertising costs charged to expense totaled \$3,933.

TEEN SUCCESS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2013 consists of the following:

Morgan Family Foundation Matching Grant	\$	138,490
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Note 4: PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated using the straight-line method over estimated useful lives. Property and equipment as of June 30, 2013 are as follows:

Furniture and Equipment	\$	6,394
Less: Accumulated Depreciation		<u>(0)</u>
Total	\$	<u><u>6,394</u></u>

Note 5: TEMPORARILY RESTRICTED NET ASSETS

For the year ended June 30, 2013, temporarily restricted net assets consists of the following:

The Reis Foundation	\$	10,000
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Note 6: CONCENTRATION OF SUPPORT

During the fiscal year ended June 30, 2013, Teen Success, Inc. received 75% of support from the Morgan Family Foundation.

Note 7: IN-KIND SUPPORT

Teen Success, Inc. received in-kind contributions for office space. During the year ended June 30, 2013, Teen Success, Inc. recorded in-kind rent of \$8,040.

Note 8: RETIREMENT PLAN

Teen Success, Inc. has adopted a 401(k) plan for its employees. The Plan allows participating employees to defer a portion of their compensation into income tax-deferred investments. During the year ended June 30, 2013, employee contributions to the Plan totaled \$9,900.

Note 9: SUBSEQUENT EVENTS

The Organization's management has evaluated its subsequent events through December 12, 2013, the date the financial statements were available to be issued.