

TEEN RECOVERY SOLUTIONS, INC.

FINANCIAL REPORT

DECEMBER 31, 2014

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of financial position	3
Statement of activities and changes in net assets	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7 - 9

Luton & Co., PLLC

CERTIFIED PUBLIC ACCOUNTANTS

One Broadway Executive Park
201 NW 63rd Street, Suite 100
P.O. Box 13120
Oklahoma City, OK 73113
(405)848-7313 FAX (405)848-7316

Bruce L. Van Huisen
David R. Brady

INDEPENDENT AUDITOR'S REPORT

Executive Committee and Board of Directors
Teen Recovery Solutions, Inc.

We have audited the accompanying financial statements of Teen Recovery Solutions, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, 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 risk 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 Recovery Solutions, Inc. as of December 31, 2014, 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.

Linton & Co., PLLC

Oklahoma City, Oklahoma
August 6, 2015

TEEN RECOVERY SOLUTIONS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2014

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 380,695
Accounts receivable	12,080
Prepaid insurance	<u>3,907</u>
Total current assets	<u>396,682</u>

PROPERTY AND EQUIPMENT

Furniture and equipment	16,837
Leasehold improvements	<u>12,972</u>
	29,809
Accumulated depreciation	<u>(23,720)</u>
	<u>6,089</u>
	<u>\$ 402,771</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ <u>6,682</u>
Total current liabilities	6,682

NET ASSETS

Unrestricted	288,609
Temporarily restricted	<u>107,480</u>
	<u>396,089</u>
	<u>\$ 402,771</u>

The Notes to Financial Statements are an integral part of this statement.

TEEN RECOVERY SOLUTIONS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Contributions and grants	\$ 40,728	\$ 170,000	\$ 210,728
Tuition, net of scholarships	25,387	-	25,387
After school program, net of scholarships	40,973	-	40,973
Investment income	695	-	695
Special events	311,363	-	311,363
In-kind	34,600	-	34,600
Net assets released from restriction	152,520	(152,520)	-
Total revenue and support	606,266	17,480	623,746
Expenses			
Program services	298,605	-	298,605
Management and administration	98,882	-	98,882
Fundraising	124,900	-	124,900
Total expenses	522,387	-	522,387
Change in net assets	83,879	17,480	101,359
Net assets, beginning of year	204,730	90,000	294,730
Net assets, end of year	\$ 288,609	\$ 107,480	\$ 396,089

The Notes to Financial Statements are an integral part of this statement.

TEEN RECOVERY SOLUTIONS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	Program Services					Total	
	APG	Mission	Total Program		Administration		Fundraising
		Academy	Services	Services			
Personnel costs	\$ 65,287	\$ 126,454	\$ 191,741	\$ 69,617	\$ 17,628	\$ 278,986	
Bad debts	2,134	2,100	4,234	-	-	4,234	
Bank charges	-	-	-	47	1,822	1,869	
Conferences and seminars	408	-	408	364	90	862	
Curriculum	-	5,122	5,122	-	-	5,122	
Depreciation	-	4,096	4,096	-	-	4,096	
Drug tests	750	2,466	3,216	-	-	3,216	
Dues and memberships	100	3,118	3,218	1,043	227	4,488	
Food and meals	2,295	3,381	5,676	398	27	6,101	
Insurance	-	-	-	2,291	-	2,291	
Postage	-	-	-	18	817	835	
Printing and reproduction	659	1,957	2,616	723	-	3,339	
Professional fees	-	5,538	5,538	20,100	7,700	33,338	
Rent	8,643	28,638	37,281	746	438	38,465	
Repairs and maintenance	-	358	358	-	-	358	
Special events	-	-	-	-	88,141	88,141	
Student events and field trips	13,541	184	13,725	-	-	13,725	
Supplies	3,154	8,674	11,828	2,000	50	13,878	
Telephone and internet	908	2,206	3,114	1,291	5,460	9,865	
Travel	1,319	-	1,319	-	-	1,319	
Utilities	1,252	3,412	4,664	-	-	4,664	
Recognition and appreciation	188	263	451	244	2,500	3,195	
Total expenses	\$ 100,638	\$ 197,967	\$ 298,605	\$ 98,882	\$ 124,900	\$ 522,387	

The Notes to Financial Statements are an integral part of this statement.

TEEN RECOVERY SOLUTIONS, INC.

STATEMENT OF CASH FLOWS
Year Ended December 31, 2014

Cash flows from operating activities:	
Change in net assets	\$ 101,359
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	4,096
(Increase) decrease in receivables	1,543
(Increase) decrease in prepaid expenses	(3,907)
Increase (decrease) in accounts payable	2,664
Net cash provided (used) by operating activities	<u>105,755</u>
Net increase (decrease) in cash	105,755
Cash and cash equivalents, beginning of year	<u>274,940</u>
Cash and cash equivalents, end of year	<u><u>\$ 380,695</u></u>
Supplemental disclosures:	
In-kind contributions	<u><u>\$ 34,600</u></u>

The Notes to Financial Statements are an integral part of this statement.

TEEN RECOVERY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

Note 1. Organization and Summary of Significant Accounting Policies

Organization

Teen Recovery Solutions, Inc. was formed in 2000 to support treatment and recovery for teens experiencing chemical dependency on alcohol and other drugs.

Effective September 21, 2012, the Organization changed its name from Oklahoma Outreach Foundation to Teen Recovery Solutions, Inc.

In 2006, the Organization opened the Oklahoma Outreach Sober School as a continuum of care for teens who have attended treatment for addictions and who have a true desire to actively commit to a sober lifestyle. In 2011, the school was renamed Mission Academy. The Organization also has an after school program (APG) that started in 2012. APG offers a comprehensive recovery support community to our teens and families. This includes individual and group counseling, recovery groups, prosocial weekend activities and recovery retreats. Current capacity of APG equals twenty-five teens plus parents.

Basis of presentation

The Organization reports 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. The Organization had no permanently restricted net assets as of December 31, 2014.

Revenue recognition

Revenues, gains, and other support are reported as increases in unrestricted net assets. Amounts received that are restricted by the donor for specific purposes or periods of time are reported as temporarily restricted support that increases the temporarily restricted net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets only. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Property and equipment

Fixed assets are recorded at cost, or fair value if donated, and depreciated using the straight-line method over an estimated useful life of five to seven years.

Maintenance and repairs which do not improve or extend the useful lives of the assets are expensed as incurred. It is the Organization's policy to capitalize additions and betterments costing more than \$1,000. Upon retirement or replacement, the costs and accumulated depreciation are removed from the respective accounts and the differences are included in changes in net assets.

TEEN RECOVERY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

Note 1. Organization and Summary of Significant Accounting Policies, continued

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Allowance for uncollectible accounts

Management charges income with doubtful accounts when they are considered uncollectible. As the amount is not material, no provision for doubtful accounts has been made in these statements.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and activities benefited. The program expense consists of the after school program and Mission Academy.

Income tax status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax provision has been included in the financial statements.

In-kind donations

In-kind donations of goods and services are recorded in the financial statements at the estimated value of such goods and services.

Note 2. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 were as follows:

Project Focus/Kirkpatrick Foundation	\$ 15,000
Tuition Scholarships/Sarkeys Foundation	32,480
Mission Academy/Inasmuch Foundation	30,000
Mission Academy/Anschutz Foundation	<u>30,000</u>
	<u>\$107,480</u>

TEEN RECOVERY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

Note 3. Contributed Rent

The use of the building for the Mission Academy is contributed to the Organization. The estimated rental value of \$33,600 is included in the financial statements as in-kind revenue and rent expense.

Note 4. Concentration of Credit Risk

The Organization's cash balances in its financial institution at times may exceed federally insured limits. At December 31, 2014, the Organization had approximately \$132,000 in a financial institution that exceeded federally insured limits.

Note 5. Subsequent Events

Management has evaluated subsequent events, if any, through the report date of August 6, 2015, which is the date the report was available to be issued and has determined there are none requiring disclosure.