

VOX TEEN COMMUNICATIONS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

With Independent Auditor's Report Thereon

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
VOX Teen Communications, Inc.

We have audited the accompanying financial statements of VOX Teen Communications, Inc. ("VOX") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

Auditor's 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 audits 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 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 VOX as of June 30, 2019 and 2018, 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.



Morrow, Georgia
October 15, 2019

VOX TEEN COMMUNICATIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS		
	2019	2018
CURRENT ASSETS		
Cash	\$ 49,765	\$ 137,146
Contributions receivable	131,040	48,438
Prepays	<u>839</u>	<u>515</u>
TOTAL CURRENT ASSETS	181,644	186,099
FIXED ASSETS, NET	25,447	7,638
OTHER ASSETS		
Security deposit	<u>7,669</u>	<u>7,669</u>
TOTAL ASSETS	<u>\$ 214,760</u>	<u>\$ 201,406</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,055	\$ 1,634
Line of credit	<u>21,114</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	27,169	1,634
LONG TERM LIABILITIES		
Accrued rent expense	<u>15,609</u>	<u>25,779</u>
TOTAL LIABILITIES	<u>42,778</u>	<u>27,413</u>
NET ASSETS		
Without donor restrictions		
Undesignated	146,535	142,100
Investment in fixed assets, net	<u>25,447</u>	<u>7,638</u>
Total net assets without donor restrictions	171,982	149,738
With donor restrictions		
Restricted for purpose	<u>-</u>	<u>24,255</u>
Total net assets with donor restrictions	<u>-</u>	<u>24,255</u>
TOTAL NET ASSETS	<u>171,982</u>	<u>173,993</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 214,760</u>	<u>\$ 201,406</u>

The accompanying notes are an integral part of these financial statements.

VOX TEEN COMMUNICATIONS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenues and other support			
Contributions	\$ 202,806	\$ -	\$ 202,806
Government grants	158,077	-	158,077
Fee for service	125,684	-	125,684
Foundation grants	58,500	-	58,500
Fundraisers	36,981	-	36,981
Less direct benefit to donors	(12,740)	-	(12,740)
In-kind donations	25,071	-	25,071
United Way	8,974	-	8,974
Revenues, losses, and other support	603,353	-	603,353
Net assets released from restriction	24,255	(24,255)	-
Total revenues, losses, and other support	627,608	(24,255)	603,353
Expenses			
Program activities	494,177	-	494,177
Management and general	51,671	-	51,671
Fundraising	59,516	-	59,516
Total expenses	605,364	-	605,364
Total change in net assets	22,244	(24,255)	(2,011)
Net assets at beginning of year	149,738	24,255	173,993
Net assets at end of year	\$ 171,982	\$ -	\$ 171,982

The accompanying notes are an integral part of these financial statements.

VOX TEEN COMMUNICATIONS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
Revenues, losses, and other support			
Contributions	\$ 221,293	\$ 24,255	\$ 245,548
Government grants	145,735	-	145,735
Fee for service	23,554	-	23,554
Foundation grants	149,379	-	149,379
Fundraisers	47,236	-	47,236
Less direct benefit to donors	(17,047)	-	(17,047)
In-kind donations	24,531	-	24,531
United Way	21,604	-	21,604
Loss on disposal of asset	(370)	-	(370)
Revenues, losses, and other support	615,915	24,255	640,170
Net assets released from restriction	-	-	-
Total revenues, losses, and other support	615,915	24,255	640,170
Expenses			
Program activities	459,409	-	459,409
Management and general	46,205	-	46,205
Fundraising	60,102	-	60,102
Total expenses	565,716	-	565,716
Total change in net assets	50,199	24,255	74,454
Net assets at beginning of year	99,539	-	99,539
Net assets at end of year	\$ 149,738	\$ 24,255	\$ 173,993

The accompanying notes are an integral part of these financial statements.

VOX TEEN COMMUNICATIONS, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Program		Management and general		Fundraising		Totals	
	2019	2018	2019	2018	2019	2018	2019	2018
Salaries	\$ 268,500	\$ 252,713	\$ 27,538	\$ 25,919	\$ 48,192	\$ 45,359	\$ 344,230	\$ 323,991
Rent	71,421	67,860	5,376	5,108	-	-	76,797	72,968
Payroll taxes and benefits	35,779	34,033	3,669	3,490	6,422	6,108	45,870	43,631
Contracted services	23,132	19,456	3,105	928	4,091	8,509	30,328	28,893
Legal and professional	20,299	18,727	4,761	4,393	-	-	25,060	23,120
Teen stipends	12,715	10,790	-	-	-	-	12,715	10,790
Parking	8,345	8,623	1,810	1,619	-	-	10,155	10,242
Printing	9,868	9,043	-	-	-	-	9,868	9,043
Administrative and general	6,400	5,136	1,253	1,347	357	-	8,010	6,483
Telephone	5,986	3,246	665	323	-	-	6,651	3,569
Equipment expense	5,153	5,292	1,042	904	-	-	6,195	6,196
Teen transportation / field trips	5,195	7,734	-	-	-	-	5,195	7,734
Teen snacks and meals	4,855	3,845	-	-	-	-	4,855	3,845
Supplies	4,448	3,933	364	194	-	-	4,812	4,127
Depreciation	3,817	1,059	273	76	454	126	4,544	1,261
Postage and shipping	4,269	3,765	182	249	-	-	4,451	4,014
Insurance	3,072	3,575	542	631	-	-	3,614	4,206
Advertising	-	-	1,091	1,024	-	-	1,091	1,024
Volunteers	923	579	-	-	-	-	923	579
TOTAL EXPENSES	\$ 494,177	\$ 459,409	\$ 51,671	\$ 46,205	\$ 59,516	\$ 60,102	\$ 605,364	\$ 565,716

The accompanying notes are an integral part of these financial statements.

VOX TEEN COMMUNICATIONS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,011)	\$ 74,454
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	4,544	1,261
Loss on disposal of asset	-	370
(Increase) decrease in operating assets		
Contributions receivable	(82,602)	(38,178)
Prepaid expenses	(324)	324
Increase (decrease) in operating liabilities:		
Accounts payable	4,421	(768)
Accrued rent expenses	<u>(10,170)</u>	<u>(8,334)</u>
NET CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES	(86,142)	29,129
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(22,353)</u>	<u>(2,020)</u>
NET CASH USED IN INVESTING ACTIVITIES	(22,353)	(2,020)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of line of credit	<u>21,114</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	21,114	-
NET CHANGE IN CASH	(87,381)	27,109
CASH AT THE BEGINNING OF THE YEARS	<u>137,146</u>	<u>110,037</u>
CASH AT THE END OF THE YEARS	<u>\$ 49,765</u>	<u>\$ 137,146</u>

The accompanying notes are an integral part of these financial statements.

VOX TEEN COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. NATURE OF BUSINESS

VOX Teen Communications, Inc. (“VOX”) was organized in 1993 as a non-profit corporation. VOX provides after school programs for Atlanta area teenagers focusing on skill development and community building. VOX’s mission is to VOX’s main sources of revenue are contributions from fee for service, foundations, corporations government and individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

• **Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

VOX classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of VOX and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of VOX’s management and the board of directors.

Investment in fixed assets, net- Assets invested by VOX in property, plant and equipment, net of accumulated depreciation

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. All donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

VOX TEEN COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Cash and cash equivalents**

For financial statement purposes, highly liquid investments with original maturities of three months or less when purchased are reported as cash and cash equivalents. For the years ended June 30, 2019 and 2018, VOX had no cash equivalents.

- **Financial instruments**

The financial instruments shown as assets and liabilities on the statements of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables and payables, approximate their fair value.

- **Fixed assets**

Fixed assets are stated on the basis of cost with the exception of donated items, which are stated at fair market value at the date of donation. Expenditures for renewals and improvements are charged to the property accounts. Expenditures such as maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to operations. The cost and related accumulated depreciation are removed from the accounts for equipment sold or retired. Acquisitions that have an estimated useful life greater than one year are capitalized and are depreciated on the straight-line basis using useful lives ranging from five to ten years. VOX currently uses a capitalization threshold policy of \$1,000.

- **Donated materials and services**

Contributed services are reflected on the financial statements at the fair value of the services received. The contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing such skills and would typically be purchased if not provided by the donation.

Donated materials and equipment are reflected as contributions on the accompanying financial statements at their estimated fair values at the date of receipt. In-kind materials donated were \$4,711 and \$4,211 for the years ended June 30, 2019 and 2018, respectively. In-kind services donated were \$20,360 and \$20,320 for the years ended June 30, 2019 and 2018, respectively. These donations are included in In-kind donations on the statement of activities. The corresponding costs are included among the functional expenses.

- **Use of estimates**

Management of VOX makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

VOX TEEN COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Functional allocation of expenses**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of VOX. Those expenses including salaries, payroll taxes and benefits, rent, contracted services, legal and professional, parking, administrative and general, telephone, equipment expense, supplies, insurance, postage and depreciation, which are allocated on the basis of estimates of time and effort.

- **Unconditional promises to give**

All unconditional promises to give are considered to be available for unrestricted use unless specifically restricted by the donor. Promises to give with payment dates in future periods, promises to give restricted by the donor for specific purposes, or amounts received that are designated for future periods are reported as temporarily restricted net support that increases that net asset class.

Unconditional promises to give are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenues.

VOX considers all of the pledges to be collectible at June 30, 2019 and 2018. Accordingly, no provision is made for uncollectible amounts.

- **Income taxes**

VOX qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. VOX had no income from unrelated activities and has no income taxes due as of June 30, 2019 and 2018.

VOX's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes VOX has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. VOX would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. VOX is no longer subject to examination by federal, state or local tax authorities for periods before 2016.

- **Reclassifications**

Certain reclassifications have been made to the prior year's financial statements to conform them to the current year's presentation.

VOX TEEN COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **New accounting pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. VOX has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

• **Subsequent events**

Subsequent events have been evaluated through October 15, 2019, which is the date the financial statements were available to be issued.

3. FIXED ASSETS, NET

Fixed assets at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Leasehold improvements	\$ 113,552	\$ 91,199
Equipment	26,311	26,311
	139,863	117,510
Less: accumulated depreciation	(114,416)	(109,872)
Total fixed assets – net	\$ 25,447	\$ 7,638

4. COMMITMENTS AND CONTIGENCIES

VOX has a lease for office space in downtown Atlanta. The lease expires August 31, 2020. The future minimum lease payments under the terms of the agreement are as follows:

2020	\$ 80,251
2021	14,822
Total	\$ 95,073

VOX's rent expense was \$76,797 and \$72,968 for the years ended June 30, 2019 and 2018, respectively.

5. LINE OF CREDIT

In the current year, VOX continued using their line of credit with Wells Fargo with a credit limit of \$32,000 and increased interest rate of 12.25%. The outstanding balances on this line of credit as of June 30, 2019 and 2018 were \$21,114 and \$0, respectively.

VOX TEEN COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

6. AVAILABILITY AND LIQUIDITY

The following represents VOX’s financial assets at June 30, 2019 and 2018, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2019	2018
Financial assets:		
Cash	\$ 49,765	\$ 137,146
Contributions receivable	131,040	48,438
Financial assets available to meet cash needs for general expenditures within one year	\$ 180,805	\$ 185,584

As part of VOX’s liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. Another part of this policy is the Board’s approval of the annual budget typically in June each year. In addition, VOX transfers cash in excess of daily requirements in their liquid reserve account. VOX has a line of credit of \$32,000, with available funds of \$10,886 and \$32,000 as of June 30, 2019 and 2018, respectively, which it could draw upon in the event of an unanticipated liquidity need.

7. NET ASSETS

There are donor restrictions on VOX’s net assets. At June 30, 2019 and 2018, VOX’s net assets were restricted temporarily for the following purposes:

	2019	2018
Subject to expenditures for specific purpose:		
25 th Anniversary – Website Rebuild & Podcast Studio	\$ -	\$ 24,255
Total net assets with donor restrictions	\$ -	\$ 24,255

Net assets with donor restrictions released from restrictions were as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Subject to expenditures for specific purpose:		
25 th Anniversary – Website Rebuild & Podcast Studio	\$ 24,255	\$ -
Total released from restrictions	\$ 24,255	\$ -