

VOX TEEN COMMUNICATIONS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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, 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.

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, 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.



Morrow, Georgia
February 17, 2021

VOX TEEN COMMUNICATIONS, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2020 AND 2019

ASSETS		
	2020	2019
CURRENT ASSETS		
Cash	\$ 167,430	\$ 49,765
Contributions receivable	72,855	131,040
Prepays	<u>1,995</u>	<u>839</u>
TOTAL CURRENT ASSETS	242,280	181,644
FIXED ASSETS, NET	24,942	25,447
OTHER ASSETS		
Security deposit	<u>7,669</u>	<u>7,669</u>
TOTAL ASSETS	<u>\$ 274,891</u>	<u>\$ 214,760</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 6,055
Line of credit	-	21,114
Deferred revenue	<u>3,240</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	3,240	27,169
LONG TERM LIABILITIES		
Accrued rent expense	<u>3,470</u>	<u>15,609</u>
TOTAL LIABILITIES	<u>6,710</u>	<u>42,778</u>
NET ASSETS		
Without donor restrictions	197,132	171,982
With donor restrictions	<u>71,049</u>	<u>-</u>
TOTAL NET ASSETS	<u>268,181</u>	<u>171,982</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 274,891</u>	<u>\$ 214,760</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, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenues and other support			
Contributions	\$ 214,026	\$ 71,049	\$ 285,075
Government grants	142,437	-	142,437
Foundation grants	130,356	-	130,356
Fee for service	128,988	-	128,988
Fundraisers	18,654	-	18,654
Less direct benefit to donors	(5,971)	-	(5,971)
United Way	10,769	-	10,769
In-kind donations	7,313	-	7,313
Interest income	<u>89</u>	<u>-</u>	<u>89</u>
Total revenues and other support	<u>646,661</u>	<u>71,049</u>	<u>717,710</u>
Expenses			
Program services	519,729	-	519,729
Supporting services:			
Management and general expenses	48,236	-	48,236
Fundraising expenses	<u>53,546</u>	<u>-</u>	<u>53,546</u>
Total supporting services	101,782	-	101,782
Total expenses	<u>621,511</u>	<u>-</u>	<u>621,511</u>
Total change in net assets	25,150	71,049	96,199
Net assets at beginning of year	<u>171,982</u>	<u>-</u>	<u>171,982</u>
Net assets at end of year	<u>\$ 197,132</u>	<u>\$ 71,049</u>	<u>\$ 268,181</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

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenues and other support			
Contributions	\$ 202,806	\$ -	\$ 202,806
Government grants	158,077	-	158,077
Foundation grants	58,500	-	58,500
Fee for service	125,684	-	125,684
Fundraisers	36,981	-	36,981
Less direct benefit to donors	(12,740)	-	(12,740)
United Way	8,974	-	8,974
In-kind donations	<u>25,071</u>	<u>-</u>	<u>25,071</u>
Revenues and other support	603,353	-	603,353
Net assets released from restriction	<u>24,255</u>	<u>(24,255)</u>	<u>-</u>
Total revenues and other support	<u>627,608</u>	<u>(24,255)</u>	<u>603,353</u>
Expenses			
Program services	494,177	-	494,177
Supporting services:			
Management and general expenses	51,671	-	51,671
Fundraising expenses	<u>59,516</u>	<u>-</u>	<u>59,516</u>
Total supporting services	111,187	-	111,187
Total expenses	<u>605,364</u>	<u>-</u>	<u>605,364</u>
Total change in net assets	22,244	(24,255)	(2,011)
Net assets at beginning of year	<u>149,738</u>	<u>24,255</u>	<u>173,993</u>
Net assets at end of year	<u>\$ 171,982</u>	<u>\$ -</u>	<u>\$ 171,982</u>

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, 2020 AND 2019

	Program		Management and general		Fundraising		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019
Salaries	\$ 288,808	\$ 268,500	\$ 28,881	\$ 27,538	\$ 43,321	\$ 48,192	\$ 361,010	\$ 344,230
Rent	77,114	71,421	5,804	5,376	-	-	82,918	76,797
Payroll taxes and benefits	32,917	35,779	3,292	3,669	4,937	6,422	41,146	45,870
Contracted services	19,321	23,132	2,338	3,105	4,443	4,091	26,102	30,328
Teen stipends	22,585	12,715	-	-	-	-	22,585	12,715
Equipment expense	12,494	5,153	726	1,042	-	-	13,220	6,195
Supplies	9,480	4,448	435	364	-	-	9,915	4,812
Administrative and general	8,034	6,400	1,518	1,253	166	357	9,718	8,010
Legal and professional	7,472	20,299	1,753	4,761	-	-	9,225	25,060
Parking	7,572	8,345	1,357	1,810	-	-	8,929	10,155
Depreciation	5,691	3,817	405	273	679	454	6,775	4,544
Printing	5,205	9,868	-	-	-	-	5,205	9,868
Postage and shipping	4,588	4,269	395	182	-	-	4,983	4,451
Teen transportation / field trips	4,874	5,195	-	-	-	-	4,874	5,195
Telephone	4,248	5,986	472	665	-	-	4,720	6,651
Teen snacks and meals	4,448	4,855	-	-	-	-	4,448	4,855
Insurance	3,047	3,072	860	542	-	-	3,907	3,614
Volunteers	1,831	923	-	-	-	-	1,831	923
Advertising	-	-	-	1,091	-	-	-	1,091
TOTAL EXPENSES	\$ 519,729	\$ 494,177	\$ 48,236	\$ 51,671	\$ 53,546	\$ 59,516	\$ 621,511	\$ 605,364

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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 96,199	\$ (2,011)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	6,775	4,544
Decrease (Increase) in operating assets		
Contributions receivable	58,185	(82,602)
Prepaid expenses	(1,156)	(324)
(Decrease) Increase in operating liabilities:		
Accounts payable	(6,055)	4,421
Deferred revenue	3,240	-
Accrued rent expenses	<u>(12,139)</u>	<u>(10,170)</u>
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	145,049	(86,142)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(6,270)</u>	<u>(22,353)</u>
NET CASH USED IN INVESTING ACTIVITIES	(6,270)	(22,353)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of line of credit	(21,114)	-
Proceeds from line of credit	<u>-</u>	<u>21,114</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(21,114)</u>	<u>21,114</u>
NET CHANGE IN CASH	117,665	(87,381)
CASH AT THE BEGINNING OF THE YEARS	<u>49,765</u>	<u>137,146</u>
CASH AT THE END OF THE YEARS	<u>\$ 167,430</u>	<u>\$ 49,765</u>

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

VOX TEEN COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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.

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 net assets without donor restrictions 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 restrictions on net assets are reported as reclassifications between the applicable classes of net assets. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are reported.

- **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)

• **Revenue recognition**

Unconditional contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions and grant support are recognized when the conditions of the contribution or grant are substantially met. Any grant funds received in advance are recorded as refundable advances. Revenue from contracts is recognized as the service is completed.

• **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, 2020 and 2019, 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 \$4,371 and \$4,711 for the years ended June 30, 2020 and 2019, respectively. In-kind services donated were \$2,942 and \$20,360 for the years ended June 30, 2020 and 2019, respectively. These donations are included in In-kind donations on the statement of activities. The corresponding costs are included among the functional expenses..

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, 2020 and 2019. 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, 2020 and 2019.

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 2017.

- **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**

In June 2018, the FASB issued ASU 2018-08, Nonprofit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than nonprofits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Organization is a resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018. The Organization adopted the ASU for the year ended June 30, 2020. The adoption did not have a material impact on the financial statements.

- **Accounting pronouncement to be adopted**

In May 2014, the Financial Accounting Standards Board Issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replace most existing revenue recognition guidance in U.S. GAAP. The ASU may change amounts recognized as revenue when compared to prior revenue recognition guidance. The ASU also requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization will adopt the revenue recognition standard on July 1, 2020, in accordance with ASU 2020-05, *Revenue with Contracts with Customers (Topic 606)*. The Organization is reviewing Topic 606 to determine its future impact upon adoption.

- **Subsequent events**

Subsequent events have been evaluated through February 17, 2021, which is the date the financial statements were available to be issued.

3. FIXED ASSETS, NET

Fixed assets at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Leasehold improvements	\$ 113,552	\$ 113,552
Equipment	32,581	26,311
	146,133	139,863
Less: accumulated depreciation	(121,191)	(114,416)
Total fixed assets – net	\$ 24,942	\$ 25,447

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

4. OFFICE LEASE

VOX has a lease for office space in downtown Atlanta. On September 1, 2020, VOX amended their lease to reduce the size of the Premises and extend the lease through March 2028. The future minimum lease payments under the terms of the agreement are as follows:

2021	\$ 69,722
2022	68,747
2023	70,806
2024	72,920
2025	75,114
Thereafter	<u>239,115</u>
Total	<u>\$ 596,424</u>

VOX's rent expense was \$82,918 and \$76,797 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019 were \$- and \$21,114, respectively.

6. AVAILABILITY AND LIQUIDITY

The following represents VOX's financial assets at June 30, 2020, 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.

Financial assets:

Cash	\$ 167,430
Contributions receivable	<u>72,855</u>

Financial assets available to meet cash needs for
general expenditures within one year

\$ 240,285

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 \$32,000 as of June 30, 2020, which it could draw upon in the event of an unanticipated liquidity need.

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

7. NET ASSETS

There are donor restrictions on VOX’s net assets. At June 30, 2020 and 2019, VOX’s net assets were restricted temporarily for the following purposes:

	2020	2019
Subject to expenditures for specific purpose:		
Restricted for time	\$ 35,000	\$ -
Youth Civic Engagement	16,358	-
Youth and Community Development	16,358	-
VOX Media Cafe	<u>3,333</u>	<u>-</u>
 Total net assets with donor restrictions	 <u>\$ 71,049</u>	 <u>\$ -</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Subject to expenditures for specific purpose:		
25 th Anniversary – Website Rebuild & Podcast Studio	\$ <u>-</u>	\$ <u>24,255</u>
 Total released from restrictions	 <u>\$ -</u>	 <u>\$ 24,255</u>

8. COMMITMENT AND CONTINGENCY

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. VOX is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on VOX’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on VOX’s donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact VOX’s financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.