

Audited Financial Statements

Michigan Organization
on Adolescent Sexual Health

*Year Ended September 30, 2021 with Report
of Independent Auditors and Summarized
Comparative Financial Information for the Year
Ended September 30, 2020*

Michigan Organization on Adolescent Sexual Health

Audited Financial Statements

Year Ended September 30, 2021 and 2020

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Report of Independent Auditors

To the Board of Directors
of Michigan Organization on Adolescent Sexual Health
East Lansing, Michigan

We have audited the accompanying financial statements of Michigan Organization on Adolescent Sexual Health (a not-for-profit organization), which comprise the statement of financial position as of September 30, 2021, 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.

Auditors' 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 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 Michigan Organization on Adolescent Sexual Health as of September 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Michigan Organization on Adolescent Sexual Health's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Andrews Hooper Pavlik PLC

Okemos, Michigan
February 24, 2022

Michigan Organization on Adolescent Sexual Health

Statement of Financial Position

September 30, 2021
(with Comparative Totals for 2020)

	September 30	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 586,839	\$ 413,556
Grants receivable	45,532	225,616
Prepaid expenses	16,961	8,456
Total current assets	<u>649,332</u>	<u>647,628</u>
 Total assets	 <u>\$ 649,332</u>	 <u>\$ 647,628</u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable and other liabilities	\$ 18,785	\$ 11,066
Accrued payroll	10,606	37,850
Deferred revenue	110,744	27,225
Funds held in agency capacity	33,604	14,986
Total current liabilities	<u>173,739</u>	<u>91,127</u>
 Other liabilities	 -	 6,008
Total liabilities	<u>173,739</u>	<u>97,135</u>
 Net assets:		
Without donor restrictions	215,064	166,892
With donor restrictions	260,529	383,601
Total net assets	<u>475,593</u>	<u>550,493</u>
 Total liabilities and net assets	 <u>\$ 649,332</u>	 <u>\$ 647,628</u>

See accompanying notes.

Michigan Organization on Adolescent Sexual Health

Statement of Activities

For the Year Ended September 30, 2021
(with Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			Year Ended September 30	
			2021	2020
Support and revenue:				
Contributions	\$ 25,541	\$ -	\$ 25,541	\$ 40,314
Federal and state grants	747,245	6,500	753,745	903,797
Other grants	102,219	81,375	183,594	284,771
Fees for service	29,562	-	29,562	16,628
In-kind donations	2,268	-	2,268	26,919
Net assets released from restrictions	210,947	(210,947)	-	-
Total support and revenue	1,117,782	(123,072)	994,710	1,272,429
Expenses:				
Program services	954,592	-	954,592	698,385
Supporting services:				
Management and general	114,146	-	114,146	106,832
Fundraising	872	-	872	3,778
Total supporting services	115,018	-	115,018	110,610
Total expenses	1,069,610	-	1,069,610	808,995
Change in net assets	48,172	(123,072)	(74,900)	463,434
Net assets, beginning of year	166,892	383,601	550,493	87,059
Net assets, end of year	\$ 215,064	\$ 260,529	\$ 475,593	\$ 550,493

See accompanying notes.

Michigan Organization on Adolescent Sexual Health

Statement of Functional Expenses

For the Year Ended September 30, 2021
(with Comparative Totals for 2020)

	<u>Supporting Services</u>				<u>Total Expenses</u>	
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>2021</u>	<u>2020</u>
Salaries and wages	\$ 433,555	\$ 4,337	\$ -	\$ 4,337	\$ 437,892	\$ 347,101
Payroll taxes and benefits	63,638	560	-	560	64,198	50,325
Accounting fees	-	98,347	-	98,347	98,347	63,046
Project expenses	407,713	6,690	-	6,690	414,403	302,064
Marketing	6,796	896	-	896	7,692	7,127
Insurance	7,257	264	-	264	7,521	6,588
Office expenses	13,601	582	-	582	14,183	4,599
Board expenses	4,709	179	-	179	4,888	1,919
Repairs and maintenance	1,503	44	-	44	1,547	1,970
Travel	2,047	78	-	78	2,125	8,271
Professional development	13,773	453	-	453	14,226	11,474
Miscellaneous	-	1,716	872	2,588	2,588	4,511
Total expenses	\$ 954,592	\$ 114,146	\$ 872	\$ 115,018	\$ 1,069,610	\$ 808,995

See accompanying notes.

Michigan Organization on Adolescent Sexual Health

Statement of Cash Flows

Year Ended September 30, 2021
(with Comparative Totals for 2020)

	Year Ended September 30	
	2021	2020
Cash flows from operating activities		
Change in net assets	\$ (74,900)	\$ 463,434
Adjustments to reconcile change in net assets to net cash from operating activities:		
Changes in assets and liabilities:		
Grants receivable	180,084	(184,646)
Prepaid expenses	(8,505)	(2,089)
Accounts payable and other liabilities	7,719	(30,737)
Accrued payroll	(27,244)	14,130
Deferred revenue	83,519	(29,744)
Funds held in agency capacity	18,618	14,986
Other liabilities	(6,008)	(5,500)
Net cash from operating activities	<u>173,283</u>	<u>239,834</u>
Net change in cash and cash equivalents	173,283	239,834
Cash and cash equivalents at beginning of year	<u>413,556</u>	<u>173,722</u>
Cash and cash equivalents at end of year	<u><u>\$ 586,839</u></u>	<u><u>\$ 413,556</u></u>

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2021

1. Nature of Activities

Michigan Organization on Adolescent Sexual Health (MOASH) is an independent 501(c)(3) not-for-profit that mobilizes youth voices, engages community partners, and informs decision-makers to advance sexual health, identities, and rights. Activities include:

MHEF

MOASH is working closely with the Michigan Department of Education (MDE) on the LGBTQ students project, funded by Michigan Health Endowment Fund (MHEF). MOASH supports MDE on 1) implementing introductory and advanced day-long workshops offered regionally throughout the state; 2) implementing multi-day in-depth Training-of-Trainers (TOT) to increase the capacity of school leaders; and 3) partnering with youth-serving organizations to implement a statewide summit to build the capacity of Gender and Sexuality Alliance (GSA) advisors and student leaders.

MHEF 2

MOASH is implementing the project A Systems Approach to Address Critical Behavioral Health Needs of LGBTQ+ Students Impacted by Unprecedented Times. The goal of the project is to meet the urgent and increased demand from school personnel to support the behavioral health needs of lesbian, gay, bisexual, transgender, questioning, and other non-heterosexual and/or non-cisgender (LGBTQ+) students. The one-year project, implemented in partnership with the MDE, employs a three-pronged sustainable approach that includes statewide coalition building, training of facilitators and leaders, and resource development and dissemination.

Sexual Violence Prevention (SVP)

MY Consent Culture is a program that works to shift the culture and climate around consent in Michigan K-12 schools. This program aims to impact across state, regional, district, building, and classroom levels through 1) running a Michigan Youth Girls Advisory Board; 2) coordinating a statewide sexual violence prevention team; 3) providing training, technical assistance, and support to health coordinators and sex educators around issues of consent and sexual violence; and 4) engaging in advocacy efforts at all levels.

Taking Pride in Prevention (TPIP)

TPIP is Michigan's federally funded, Personal Responsibility Education Program (PREP) unintended teen pregnancy prevention initiative. MOASH is subcontracted through MDHHS to coordinate training and technical assistance for ten organizations receiving grants from MDHHS under the program, including training staff and organizing youth outreach statewide.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2021

1. Nature of Activities (continued)

Wellness

The Michigan Youth Advisory Council on HIV/AIDS (YACHA), a project of MOASH and Wellness Services, Inc., is a youth-driven leadership and advocacy group for young people living with HIV/AIDS and their allies. Council members participate in and facilitate workshops/trainings and plan events focused on HIV awareness/prevention, inclusive and affirming sexual health education, policy reform, mental health, suicide prevention, and more. Members inform local, regional, and statewide HIV resources, programming, and policies that impact young people living with HIV.

YEN

MOASH's YAC Collective, funded by the Education, Training, and Research Associates' (ETR) Youth Engagement Network (YEN), is a group of four different youth advisory councils (YAC). YACs are youth-driven, with support from adult MOASH staff facilitators and youth co-facilitators. While each YAC has its own focus of work and individual projects, all work in tandem throughout the year to increase statewide impact, build youth relationships and cultures of support among youth and facilitators, optimize collective capacity, and provide a structured and consistent experience for youth development. The YEN project funds refining of the YAC Collective to ensure it operates in line with best practices.

JDJ

MOASH's advocacy work, including the organization's Advocacy Director, are funded by the Jamie and Denise Jacob Family Foundation. This work includes raising awareness through position statements, legislative trackers, advocacy days, and other activities centered on issues that are relevant to adolescent sexual health and education in Michigan.

Title V-GSA

MOASH supports community and statewide programming efforts around anti-LGBTQIA+ youth bullying and GSAs. This includes support of at least six schools with LGBTQIA+ inclusivity and bullying prevention efforts, including GSA establishment and sustainability.

Other Programs

MOASH assists with various other programs designed to support adolescent sexual health in the areas of 1) sexual health services, 2) sexual health education, 3) expectant and parenting youth, 4) consent and gender-based discrimination, and 5) sexual orientation and gender identity (LGBTQIA).

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2021

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of MOASH have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require MOASH to report information regarding its financial position and activities according to the following net asset classifications:

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 objectives of the organization. These net assets may be used at the discretion of MOASH's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of MOASH or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Summarized Comparative Information

The financial statements include certain prior year summarized information. With respect to the statement of activities, the prior year information is presented in total, but not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with MOASH's financial statements for the year ended September 30, 2020, from which it was derived.

Cash and Cash Equivalents

Cash and cash equivalents includes deposits in a financial institution. At times during the year, deposits with financial institutions may be in excess of federally insured limits.

Capitalization of Assets

MOASH capitalizes all expenses in excess of \$2,500 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. Routine repairs and maintenance are expensed as incurred.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2021

2. Summary of Significant Accounting Policies (continued)

Grants and Contributions

Grants and contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Grants and contributions that are restricted by the donor or grantor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the grant or contribution revenue is recognized. All other donor or grantor restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Grants Receivable and Deferred Revenue

Grants receivable are comprised of unconditional promises to give and conditional promises to give where the condition has been met. Conditional contributions and promises to give are not included as support until the conditions are met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value when the promise is made by the donor or grantor. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value. Management has reviewed grants receivable and determined an allowance for doubtful accounts is not necessary. Receivables are considered past due when not collected in accordance with the contractual terms and are written off when they are determined to be uncollectible.

Deferred revenue is recorded for conditional contributions received by MOASH for which the conditions have not been met.

The activities of MOASH relating to certain grants are subject to review or audit by the responsible governmental agency to determine compliance with award documents, and may be subject to possible adjustment based on negotiations with the funding agencies. MOASH has not provided allowances in the financial statements for potential adjustments since such amounts, if any, are not expected to be significant.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2021

2. Summary of Significant Accounting Policies (continued)

Revenue from Contracts with Customers

Revenue from contracts with customers consists of fees for service revenue totaling \$29,652 for the year ended September 30, 2021 and \$16,628 for the year ended September 30, 2020. Revenue from contracts with customers is predominantly earned at a point in time, determined by the completion of performance obligations stated within the agreements, and consists of service fees for providing educational and other services to various organizations. Performance obligations generally consist of a one-time service, typically performed within one day. The transaction price is the agreed-upon fee amount stated in the contract. Payment for services is generally due within 30 days after an invoice is sent to a customer upon completion of services. None of MOASH's contracts have a significant financing component.

In most cases, consideration paid for services that customers purchase from MOASH is nonrefundable. Therefore, at the time revenue is recognized, MOASH does not estimate expected refunds for services nor does MOASH exclude any such amounts from revenue.

In-kind Contributions

In-kind contributions are recorded at their estimated fair value determined on the date of contribution and are reported as in-kind donations on the accompanying statement of activities.

Project Expenses

Project expenses consist of contract services, trainings, supplies, printing, communications, and other expenses.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2021

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and effort
Payroll taxes and benefits	Time and effort
Project expenses	Percent of total revenue and direct
Marketing	Percent of total revenue and direct
Insurance	Percent of total revenue
Office expenses	Percent of total revenue and direct
Travel	Percent of total revenue and direct
Miscellaneous	Percent of total revenue and direct

Income Tax Status

MOASH is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. However, income from certain activities not directly related to MOASH's tax-exempt purpose may be subject to taxation as unrelated business income (UBI). Since MOASH is exempt from federal income taxes, no provision for income taxes is included in the accompanying financial statements.

Generally, tax years from 2017 through the current year remain open to examination. MOASH does not believe that the results from the examination of any open years would have a material adverse effect on MOASH.

Risk and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. While MOASH has not experienced a material adverse impact as of the date of these financial statements, the extent of the ultimate impact of the pandemic on MOASH's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on donors, grantors, vendors, employees, and others, all of which cannot be reasonably predicted at this time.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2021

2. Summary of Significant Accounting Policies (continued)

Adopted Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued new guidance that created *Topic 606, Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, the new Topic 606 and Subtopic 340-40 is referred to as the “new guidance”.

MOASH adopted the requirements of the new guidance as of October 1, 2020, utilizing the modified retrospective method of transition. There was no impact adopting the new guidance and a cumulative adjustment to retained earnings as of October 1, 2020, was not required to reflect the effect of the new guidance. The new guidance was applied using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of October 1, 2020. Adoption of the new guidance did not result in changes to accounting policies for revenue recognition.

Subsequent Events

Management has evaluated subsequent events through February 24, 2022, the date the financial statements were available to be issued.

3. Concentrations

In fiscal year 2021, revenue from one agency of the State of Michigan represented approximately 46% of total recorded support and revenue (revenue from two State of Michigan agencies represented approximately 48% of total recorded support and revenue for fiscal year 2020). Amounts receivable from State of Michigan agencies represented 0% of total grants receivable as of September 30, 2021 (amounts receivable from two State of Michigan agencies represented approximately 32% of total grants receivable as of September 30, 2020).

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2021

4. In-kind Donations

During the year ended September 30, 2021, MOASH received in-kind donations totaling \$2,268 (\$26,919 during the year ended September 30, 2020). These in-kind donations are recorded in the statement of activities and are reflected as project expenses in the accompanying statement of functional expenses. No in-kind donations were capitalized during the years ended September 30, 2021 and 2020.

5. Liquidity and Availability of Financial Resources

MOASH's financial assets consist of cash and cash equivalents and grants receivable. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

MOASH is substantially supported by restricted grants. Because a grantor's restriction requires resources to be used in a particular manner or in a future period, MOASH must maintain sufficient resources to meet those responsibilities to its grantors. Grantor restrictions on financial assets are expected to be fulfilled in the normal course of business within one year of the statement of financial position date. Grants receivable are subject to implied time restrictions but are expected to be collected within one year. As part of its liquidity management, MOASH structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of September 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose (as outlined in grant agreements)	<u>\$ 260,529</u>	<u>\$ 383,601</u>
Total net assets with donor restrictions	<u>\$ 260,529</u>	<u>\$ 383,601</u>

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2021

7. 403(b) Retirement Plan

Beginning June 1, 2021, MOASH offers a defined contribution 403(b) plan covering all non-student employees who work 20 hours or more per week. Employees that work under 20 hours per week are eligible to participate in the Plan upon attaining one year of service. Each year, participants may contribute up to the maximum amounts allowed (including catch-up contributions) by the Internal Revenue Service. Plan participants direct the investment of their contributions into various options offered by the plan. MOASH will contribute matching contributions of 100% of the first 1% of the participant's eligible compensation. MOASH may also make a discretionary contribution to the Plan. For the year ended September 30, 2021 a discretionary contribution of 1% was made by MOASH. Contributions for the year ended September 30, 2021 were \$2,054.

8. Paycheck Protection Program

MOASH received Paycheck Protection Program (PPP) loan proceeds in the amount of \$64,801 in April 2020. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for an amount up to 2.5 times of their average monthly payroll expenses. The loans and accrued interest are forgivable by the Small Business Administration (SBA) after either an eight or twenty-four week covered period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The PPP proceeds were recorded as grant revenue during the year ended September 30, 2020 (included in federal and state grants on the statement of activities). In April 2021, MOASH received a final determination letter indicating the full amount of the PPP loan was forgiven.