

Audited Financial Statements

Michigan Organization
on Adolescent Sexual Health

*Years Ended September 30, 2019 and 2018
with Report of Independent Auditors*



ANDREWS HOOPER PAVLIK PLC

Michigan Organization on Adolescent Sexual Health

Audited Financial Statements

Years Ended September 30, 2019 and 2018

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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, 2019, 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, 2019, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Michigan Organization on Adolescent Sexual Health implemented FASB Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update changes terminology used for net asset classifications and requires additional disclosures related to liquidity, availability of resources, and expenses. The ASU has been applied retrospectively to all periods presented, as applicable. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The 2018 financial statements were reviewed by us and our report thereon, dated May 29, 2019, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Andrews Hooper Pavlik PLC

Okemos, Michigan
April 29, 2020

Michigan Organization on Adolescent Sexual Health

Statements of Financial Position

	September 30	
	2019	2018
		(Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 173,722	\$ 103,812
Grants receivable	40,970	10,602
Prepaid expenses	6,367	2,995
Total current assets	<u>221,059</u>	<u>117,409</u>
 Total assets	 <u>\$ 221,059</u>	 <u>\$ 117,409</u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 41,803	\$ 6,163
Accrued payroll and payroll taxes payable	23,720	12,206
Deferred revenue	56,969	10,949
Total current liabilities	<u>122,492</u>	<u>29,318</u>
 Other liabilities	 <u>11,508</u>	 <u>11,508</u>
Total liabilities	<u>134,000</u>	<u>40,826</u>
 Net assets without donor restrictions	 <u>87,059</u>	 <u>76,583</u>
 Total liabilities and net assets	 <u>\$ 221,059</u>	 <u>\$ 117,409</u>

Michigan Organization on Adolescent Sexual Health

Statements of Activities

	Year Ended September 30	
	2018	
	2019	(Unaudited)
Support and revenue:		
Contributions	\$ 19,834	\$ 27,189
Federal and state grants	475,918	213,862
Other grants	114,060	97,740
In-kind donations	29,062	-
Total support and revenue	<u>638,874</u>	338,791
Expenses:		
Program services	545,823	274,136
Supporting services:		
Management and general	82,575	43,731
Fundraising	-	5,440
Total supporting services	<u>82,575</u>	49,171
Total expenses	<u>628,398</u>	323,307
Change in net assets	10,476	15,484
Net assets without donor restrictions, beginning of year	<u>76,583</u>	61,099
Net assets without donor restrictions, end of year	<u><u>\$ 87,059</u></u>	<u><u>\$ 76,583</u></u>

See accompanying notes.

Michigan Organization on Adolescent Sexual Health

Statement of Functional Expenses

For the Year Ended September 30, 2019

	<u>Supporting Services</u>			<u>Total</u>	<u>Total</u>
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries and wages	\$ 257,263	\$ 13,692	\$ -	\$ 13,692	\$ 270,955
Payroll taxes and benefits	36,569	1,837	-	1,837	38,406
Accounting fees	-	30,586	-	30,586	30,586
Project expenses	224,937	27,817	-	27,817	252,754
Marketing	445	2,753	-	2,753	3,198
Insurance	5,074	281	-	281	5,355
Office expenses	4,292	519	-	519	4,811
Board expenses	6	331	-	331	337
Repairs and maintenance	649	71	-	71	720
Travel	13,645	3,258	-	3,258	16,903
Professional development	2,943	1,249	-	1,249	4,192
Advocacy	-	181	-	181	181
Total expenses	<u>\$ 545,823</u>	<u>\$ 82,575</u>	<u>\$ -</u>	<u>\$ 82,575</u>	<u>\$ 628,398</u>

See accompanying notes.

Michigan Organization on Adolescent Sexual Health

Statement of Functional Expenses

For the Year Ended September 30, 2018 (Unaudited)

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries and wages	\$ 144,871	\$ 18,937	\$ -	\$ 18,937	\$ 163,808
Payroll taxes and benefits	19,171	1,536	-	1,536	20,707
Accounting fees	-	11,282	-	11,282	11,282
Project expenses	93,782	5,757	-	5,757	99,539
Marketing	603	-	5,440	5,440	6,043
Insurance	3,385	489	-	489	3,874
Office expenses	1,019	791	-	791	1,810
Board expenses	294	291	-	291	585
Repairs and maintenance	953	102	-	102	1,055
Travel	8,865	2,319	-	2,319	11,184
Professional development	1,193	523	-	523	1,716
Miscellaneous	-	1,704	-	1,704	1,704
Total expenses	\$ 274,136	\$ 43,731	\$ 5,440	\$ 49,171	\$ 323,307

See accompanying notes.

Michigan Organization on Adolescent Sexual Health

Statements of Cash Flows

	Year Ended September 30	
	2018	
	2019	(Unaudited)
Cash flows from operating activities		
Change in net assets	\$ 10,476	\$ 15,484
Adjustments to reconcile change in net assets to net cash from operating activities:		
Changes in assets and liabilities:		
Grants receivable	(30,368)	21,905
Prepaid expenses	(3,372)	1,612
Accounts payable	35,640	(30,907)
Accrued payroll and payroll taxes payable	11,514	3,634
Deferred revenue	46,020	(12,903)
Net cash from operating activities	<u>69,910</u>	<u>(1,175)</u>
Net change in cash and cash equivalents	69,910	(1,175)
Cash and cash equivalents at beginning of year	<u>103,812</u>	<u>104,987</u>
Cash and cash equivalents at end of year	<u>\$ 173,722</u>	<u>\$ 103,812</u>

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2019

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:

Michigan Adolescent Pregnancy and Parenting Program (MI-APPP)

MOASH is subcontracted through the Michigan Department of Health and Human Services (MDHHS) to provide two learning initiatives per year for five agencies receiving grants under the program to serve expectant and parenting youth in Michigan. MOASH also leads the public awareness campaign for the program and coordinates the Michigan Young Parents Awareness Day.

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 Youth (MY) Voice

MOASH coordinates MY Voice, a youth advisory council of young people ages 16-21 from around the state who provide youth perspective on MOASH programming and materials. MY Voice members are involved in various presentations, panels, and youth advocacy efforts and use their experiences to improve access to sexual health education and sexual health services for youth across the state.

Step Toward Equity Program

MOASH designs and implements sexual health education and a health service access program designed to address the social detriments of adolescent health among African American youth ages 10-19 in Detroit.

Youth Advisory Council on HIV/AIDS (YACHA) and HIV and You(th) Summit

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. Members inform local, regional, and statewide HIV resources, programming, and policies that impact young people living with HIV. YACHA leads the coordination of the annual statewide HIV and You(th) Summit.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2019

1. Nature of Activities (continued)

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+).

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of MOASH have been prepared in accordance with U.S. generally accepted accounting principles (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. MOASH does not have any net assets with donor-imposed restrictions as of September 30, 2019 and 2018.

Cash and Cash Equivalents

Cash and cash equivalents includes deposits in a financial institution. Deposits in the financial institution do not exceed federally-insured limits.

Grants Receivable

Grants receivable are comprised primarily of amounts due from granting institutions for services rendered. 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.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2019

2. Summary of Significant Accounting Policies (continued)

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.

Grants and Contributions

Grants and contributions received 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 statements of activities as net assets released from restriction.

Revenue Recognition

MOASH enters into agreements with certain governmental and private agencies. Revenue under these agreements is recognized when earned. Recognition of revenue for cost-reimbursement agreements is based on expenses incurred. Recognition of revenue for other agreements is determined by the completion of activities stated within the agreements. Deferred revenue is recorded for grant amounts collected in advance and recognized in the period to which the revenue relates (the period over which the service is provided).

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.

Project Expenses

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

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2019

2. Summary of Significant Accounting Policies (continued)

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.

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

Adopted Accounting Pronouncement

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classifications, 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. MOASH has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, as applicable.

Subsequent Events

Management has evaluated subsequent events through April 29, 2020, the date the financial statements were available to be issued.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2019

3. Concentrations

In fiscal year 2019, revenue from two agencies of the State of Michigan represented approximately 51% of total recorded support and revenue (63% for fiscal year 2018). Amounts receivable from one State of Michigan agency represented approximately 12% of total grants receivable as of September 30, 2019 (approximately 88% as of September 30, 2018).

4. In-kind Donations

During the year ended September 30, 2019, MOASH received in-kind donations totaling \$29,062. These in-kind donations are recorded in the statement activities and are reflected as project expenses in the accompanying statement of functional expenses. During the year ended September 30, 2018, MOASH received no in-kind donations. No in-kind donations were capitalized during the years ended September 30, 2019 or 2018.

5. Liquidity and Availability of Financial Resources

MOASH has financial assets as follows as of September 30:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 173,722	\$ 103,812
Grants receivable	40,970	10,602
Total financial assets	<u>214,692</u>	114,414
Less amounts not available to be used within one year:		
Receivables subject to grantor purpose restrictions	<u>40,970</u>	10,602
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 173,722</u>	<u>\$ 103,812</u>

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. Thus, financial assets may not be available for general expenditures 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. Subsequent Events

The current Coronavirus pandemic has had an economic impact on the United States and the international community. While MOASH has not experienced a material adverse impact as of the date of these financial statements, the future impact, if any, cannot be determined.