

Audited Financial Statements

Michigan Organization
on Adolescent Sexual Health

*Year Ended September 30, 2020
with Report of Independent Auditors
and Summarized Comparative
Financial Information for the
Year Ended September 30, 2019*

Michigan Organization on Adolescent Sexual Health

Audited Financial Statements

Year Ended September 30, 2020 and 2019

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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, 2020, 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, 2020, 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, on October 1, 2019, the Michigan Organization on Adolescent Sexual Health implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter

Report on Summarized Comparative Information

We have previously audited Michigan Organization on Adolescent Sexual Health's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Andrews Hooper Pavlik PLC

Okemos, Michigan
May 4, 2021

Michigan Organization on Adolescent Sexual Health

Statement of Financial Position

September 30, 2020
(with Comparative Totals for 2019)

	September 30	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 413,556	\$ 173,722
Grants receivable	225,616	40,970
Prepaid expenses	8,456	6,367
Total current assets	<u>647,628</u>	<u>221,059</u>
Total assets	<u>\$ 647,628</u>	<u>\$ 221,059</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 11,066	\$ 41,803
Accrued payroll and payroll taxes payable	37,850	23,720
Deferred revenue	27,225	56,969
Funds held in agency capacity	14,986	-
Total current liabilities	<u>91,127</u>	<u>122,492</u>
Other liabilities	6,008	11,508
Total liabilities	<u>97,135</u>	<u>134,000</u>
Net assets:		
Without donor restrictions	166,892	87,059
With donor restrictions	383,601	-
Total net assets	<u>550,493</u>	<u>87,059</u>
Total liabilities and net assets	<u>\$ 647,628</u>	<u>\$ 221,059</u>

See accompanying notes.

Michigan Organization on Adolescent Sexual Health

Statement of Activities

For the Year Ended September 30, 2020
(with Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			Year Ended September 30	
			2020	2019
Support and revenue:				
Contributions	\$ 40,314	\$ -	\$ 40,314	\$ 19,834
Federal and state grants	723,176	180,621	903,797	475,918
Other grants	81,791	202,980	284,771	114,060
Fees for service	16,628	-	16,628	-
In-kind donations	26,919	-	26,919	29,062
Total support and revenue	\$ 888,828	\$ 383,601	1,272,429	638,874
Expenses:				
Program services	698,385	-	698,385	545,823
Supporting services:				
Management and general	106,832	-	106,832	82,575
Fundraising	3,778	-	3,778	-
Total supporting services	110,610	-	110,610	82,575
Total expenses	808,995	-	808,995	628,398
Change in net assets	79,833	383,601	463,434	10,476
Net assets, beginning of year	87,059	-	87,059	76,583
Net assets, end of year	\$ 166,892	\$ 383,601	\$ 550,493	\$ 87,059

See accompanying notes.

Michigan Organization on Adolescent Sexual Health

Statement of Functional Expenses

For the Year Ended September 30, 2020
(with Comparative Totals for 2019)

	<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>2020</u>	<u>2019</u>
Salaries and wages	\$ 341,758	\$ 5,343	\$ -	\$ 5,343	\$ 347,101	\$ 270,955
Payroll taxes and benefits	49,429	896	-	896	50,325	38,406
Accounting fees	-	63,046	-	63,046	63,046	30,586
Project expenses	268,711	33,353	-	33,353	302,064	252,754
Marketing	6,336	791	-	791	7,127	3,198
Insurance	6,356	232	-	232	6,588	5,355
Office expenses	3,842	757	-	757	4,599	4,811
Board expenses	1,672	247	-	247	1,919	337
Repairs and maintenance	1,959	11	-	11	1,970	720
Travel	6,930	1,341	-	1,341	8,271	16,903
Professional development	10,666	808	-	808	11,474	4,192
Miscellaneous	726	7	3,778	3,785	4,511	181
Total expenses	\$ 698,385	\$ 106,832	\$ 3,778	\$ 110,610	\$ 808,995	\$ 628,398

See accompanying notes.

Michigan Organization on Adolescent Sexual Health

Statement of Cash Flows

Year Ended September 30, 2020
(with Comparative Totals for 2019)

	Year Ended September 30	
	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 463,434	\$ 10,476
Adjustments to reconcile change in net assets to net cash from operating activities:		
Changes in assets and liabilities:		
Grants receivable	(184,646)	(30,368)
Prepaid expenses	(2,089)	(3,372)
Accounts payable	(30,737)	35,640
Accrued payroll and payroll taxes payable	14,130	11,514
Deferred revenue	(29,744)	46,020
Funds held in agency capacity	14,986	-
Other liabilities	(5,500)	-
Net cash from operating activities	<u>239,834</u>	<u>69,910</u>
Net change in cash and cash equivalents	239,834	69,910
Cash and cash equivalents at beginning of year	<u>173,722</u>	<u>103,812</u>
Cash and cash equivalents at end of year	<u><u>\$ 413,556</u></u>	<u><u>\$ 173,722</u></u>

See accompanying notes.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2020

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 Parent Awareness Day.

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.

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.

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.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2020

1. Nature of Activities (continued)

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.

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.

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.

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, 2020

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.

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 financial position, 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, 2019, from which it was derived.

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.

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, 2020

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 statements of activities as net assets released from restriction.

Grants Receivable

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.

Fees for Service

Fees for service revenue is recognized when earned, determined by the completion of activities stated within the agreements.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

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.

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:

Expense	Method of Allocation
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

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

Income Tax Status

MOASH is exempt from income tax under section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Accordingly, no provision for income taxes is included in the accompanying financial statements.

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.

Adopted Accounting Pronouncement

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. MOASH adopted the provisions of ASU 2018-08 effective October 1, 2019. The ASU clarifies and improves the scope and accounting guidance to assist entities in evaluating whether contributions of cash should be accounted for as contributions under the scope of Topic 958 or as an exchange transaction subject to other guidance. The provisions of this standard were applied on a modified retrospective basis (applied to agreements that are not completed as of the effective date and entered into after the effective date). There are no changes to the previously issued audited financial statements and no cumulative effect adjustment to the opening balance of net assets. The adoption of this standard resulted in MOASH classifying additional grants as contributions that were previously classified as exchange revenue, which resulted in increased balances of grant revenue and unconditional promises to give (within grants receivable) and a lesser balance of deferred revenue related to grant funds received in cash but not yet earned as of year end. In addition, the adoption of this standard resulted in balances of net assets with donor restrictions as of September 30, 2020 and the classification of certain grant agreements as fees for service on the statement of activities.

Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 presentation.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

Management has evaluated subsequent events through May 4, 2021, the date the financial statements were available to be issued.

3. Concentrations

In fiscal year 2020, revenue from two agencies of the State of Michigan represented approximately 48% of total recorded support and revenue (51% for fiscal year 2019). Amounts receivable from two State of Michigan agencies represented approximately 32% of total grants receivable as of September 30, 2020 (amounts receivable from one State of Michigan agency represented approximately 12% of total grants receivable as of September 30, 2019).

4. In-kind Donations

During the year ended September 30, 2020, MOASH received in-kind donations totaling \$26,919 (\$29,062 during the year ended September 30, 2019). These in-kind donations are recorded in the statement 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, 2020 or 2019.

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.

Michigan Organization on Adolescent Sexual Health

Notes to Financial Statements

September 30, 2020

6. Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose (as outlined in grant agreements)	<u>\$ 383,601</u>	<u>\$ -</u>
Total net assets with donor restrictions	<u>\$ 383,601</u>	<u>\$ -</u>

7. 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 unforgiven portion, if any, of the PPP loan is payable over 2 years at an interest rate of 1%, with a deferral of payments until either the date the SBA remits the borrower's loan forgiveness amount to the lender or, if the entity does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period.

MOASH believes that its use of the loan proceeds met the conditions for forgiveness of the loan. Therefore, 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). However, MOASH could not assure that it did not take actions that could have caused MOASH to be ineligible for forgiveness of the loan, in whole or in part.

In April 2021, MOASH received a final determination letter indicating the full amount of the PPP loan was forgiven.

8. Subsequent Events

As more fully disclosed in the Risk and Uncertainties section in Note 2, 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.