

**MYHEALTH FOR TEENS AND  
YOUNG ADULTS, INC.**  
AUDITED FINANCIAL STATEMENTS  
December 31, 2013 and 2012

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
myHealth for Teens and Young Adults, Inc.  
Excelsior, Minnesota

We have audited the accompanying financial statements of myHealth for Teens and Young Adults, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, cash flows and functional expenses 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 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 of 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 myHealth for Teens and Young Adults, Inc. as of December 31, 2013 and 2012, 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.

*Harrington Langer & Associates*

May 20, 2014

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 80,125	\$ 67,173
Grants and accounts receivable	95,619	108,793
Prepaid expenses	7,421	5,420
Inventory	13,990	39,492
<b>TOTAL CURRENT ASSETS</b>	<b>197,155</b>	<b>220,878</b>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Building	201,861	201,861
Building and improvements	214,583	214,583
Land	33,311	33,311
Furniture and equipment	206,474	205,252
Leasehold improvements	278,976	278,386
Accumulated depreciation	935,205 (371,059)	933,393 (323,101)
<b>TOTAL PROPERTY AND EQUIPMENT, net</b>	<b>564,146</b>	<b>610,292</b>
<b>OTHER ASSETS</b>		
Deposits	5,000	5,000
<b>TOTAL ASSETS</b>	<b>\$ 766,301</b>	<b>\$ 836,170</b>

	<u>2013</u>	<u>2012</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 7,789	\$ -
Accounts payable	41,835	44,682
Line of credit	-	75,000
Accrued payroll	<u>56,833</u>	<u>58,835</u>
TOTAL CURRENT LIABILITIES	106,457	178,517
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current maturities	<u>239,386</u>	<u>-</u>
TOTAL LIABILITIES	<u>345,843</u>	<u>178,517</u>
<b>NET ASSETS</b>		
Unrestricted	415,458	641,642
Temporarily restricted	<u>5,000</u>	<u>16,011</u>
TOTAL NET ASSETS	<u>420,458</u>	<u>657,653</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 766,301</u>	<u>\$ 836,170</u>

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

(with comparative totals for 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
<b>SUPPORT AND REVENUE</b>				
Foundations	\$ 138,367	\$ 5,000	\$ 143,367	\$ 64,894
Government grants and fees	590,974	-	590,974	678,625
Individual contributions	41,150	-	41,150	53,865
In-kind contributions	-	-	-	13,422
Investment income	468	-	468	1,091
Client service fees	694,492	-	694,492	802,145
Special event, net of expenses of \$18,042 and \$18,365, respectively	20,844	-	20,844	18,820
Other income	15,848	-	15,848	15,270
Net assets released from restrictions	16,011	(16,011)	-	-
	<u>1,518,154</u>	<u>(11,011)</u>	<u>1,507,143</u>	<u>1,648,132</u>
<b>TOTAL SUPPORT AND REVENUE</b>				
	<u>1,518,154</u>	<u>(11,011)</u>	<u>1,507,143</u>	<u>1,648,132</u>
<b>EXPENSES</b>				
Program services	1,572,240	-	1,572,240	1,629,990
Management and general	86,049	-	86,049	96,547
Fundraising	86,049	-	86,049	96,547
	<u>1,744,338</u>	<u>-</u>	<u>1,744,338</u>	<u>1,823,084</u>
<b>TOTAL EXPENSES</b>				
	<u>1,744,338</u>	<u>-</u>	<u>1,744,338</u>	<u>1,823,084</u>
<b>CHANGE IN NET ASSETS</b>	(226,184)	(11,011)	(237,195)	(174,952)
<b>NET ASSETS, BEGINNING</b>	641,642	16,011	657,653	832,605
<b>NET ASSETS, ENDING</b>	<u>\$ 415,458</u>	<u>\$ 5,000</u>	<u>\$ 420,458</u>	<u>\$ 657,653</u>

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Foundations	\$ 64,894	\$ -	\$ 64,894
Government grants and fees	678,625	-	678,625
Individual contributions	53,865	-	53,865
In-kind contributions	13,422	-	13,422
Investment income	1,091	-	1,091
Client service fees	802,145	-	802,145
Special event, net of expenses of \$18,365	18,820	-	18,820
Other income	15,270	-	15,270
Net assets released from restrictions	40,764	(40,764)	-
	<u>1,688,896</u>	<u>(40,764)</u>	<u>1,648,132</u>
<b>TOTAL SUPPORT AND REVENUE</b>			
<b>EXPENSES</b>			
Programs	1,629,990	-	1,629,990
Management and general	96,547	-	96,547
Fundraising	96,547	-	96,547
	<u>1,823,084</u>	<u>-</u>	<u>1,823,084</u>
<b>TOTAL EXPENSES</b>			
<b>CHANGE IN NET ASSETS</b>	(134,188)	(40,764)	(174,952)
<b>NET ASSETS, BEGINNING</b>	<u>775,830</u>	<u>56,775</u>	<u>832,605</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 641,642</u>	<u>\$ 16,011</u>	<u>\$ 657,653</u>

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2013 and 2012

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (237,195)	\$ (174,952)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	47,958	50,090
Dividends and interest reinvested	-	(672)
Realized and unrealized (gain) loss on investments, net	-	(419)
Donated securities	-	(1,455)
(Increase) decrease in:		
Grants and accounts receivable	13,174	93,643
Prepaid expenses	(2,001)	(46)
Inventory	25,502	(25,786)
Increase (decrease) in:		
Accounts payable	(2,847)	26,195
Accrued payroll	(2,002)	971
Contract advance, Positive Alternatives	-	(14,237)
	<u>(157,411)</u>	<u>(46,668)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	-	82,845
Purchase of property and equipment	(1,812)	(41,137)
	<u>(1,812)</u>	<u>41,708</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	-	20,000
Payments on line of credit	(75,000)	-
Issuance of long-term debt	250,000	-
Payments on long-term debt	(2,825)	-
	<u>172,175</u>	<u>20,000</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,952	15,040
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>67,173</u>	<u>52,133</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 80,125</u>	<u>\$ 67,173</u>
<b>SUPPLEMENTAL CASH FLOWS DISCLOSURES</b>		
Interest paid	\$ 11,636	\$ -



**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2013  
(with comparative totals for 2012)

	Program Services	Management and General	Fundraising	Total 2013	Total 2012
Salaries	\$ 867,003	\$ 59,114	\$ 59,114	\$ 985,231	\$ 1,146,200
Payroll taxes	64,951	4,429	4,429	73,809	88,487
Employee benefits	56,223	3,833	3,833	63,889	65,509
Total personnel expenses	988,177	67,376	67,376	1,122,929	1,300,196
Contract services	73,760	5,029	5,029	83,818	56,782
Insurance	13,309	908	908	15,125	19,570
Travel	12,591	859	859	14,309	15,545
Other expenses	15,480	1,056	1,056	17,592	30,987
Occupancy	66,752	4,551	4,551	75,854	85,994
Office expenses	46,724	3,186	3,186	53,096	43,580
Program supplies	298,568	-	-	298,568	213,956
Advertising	3,039	207	207	3,453	6,384
Depreciation	42,204	2,877	2,877	47,958	50,090
Interest	11,636	-	-	11,636	-
Total Expenses	<u>\$ 1,572,240</u>	<u>\$ 86,049</u>	<u>\$ 86,049</u>	<u>\$ 1,744,338</u>	<u>\$ 1,823,084</u>

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2012

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,008,656	\$ 68,772	\$ 68,772	\$ 1,146,200
Payroll taxes	77,869	5,309	5,309	88,487
Employee benefits	57,647	3,931	3,931	65,509
<b>Total personnel expenses</b>	<b>1,144,172</b>	<b>78,012</b>	<b>78,012</b>	<b>1,300,196</b>
Contract services	49,968	3,407	3,407	56,782
Insurance	17,222	1,174	1,174	19,570
Travel	13,679	933	933	15,545
Other expenses	27,269	1,859	1,859	30,987
Occupancy	75,676	5,159	5,159	85,994
Office expenses	38,350	2,615	2,615	43,580
Program supplies	213,956	-	-	213,956
Advertising	5,618	383	383	6,384
Depreciation	44,080	3,005	3,005	50,090
<b>Total Expenses</b>	<b>\$ 1,629,990</b>	<b>\$ 96,547</b>	<b>\$ 96,547</b>	<b>\$ 1,823,084</b>

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:**

MyHealth for Teens and Young Adults, Inc. (formerly West Suburban Teen Clinic)(the Organization) is a Minnesota nonprofit 501(c)(3) tax-exempt corporation. The purpose of the Organization is to provide health care services, counseling and health education for young people in the southern and western suburbs of Minneapolis. The Organization is primarily supported by grants from government agencies and private foundations, contributions, and service fees.

The Organization's mission is to provide health care and information services that are comprehensive, confidential and non-judgmental. Their vision is that one day all young people will be educated and empowered to make responsible decisions regarding their health and relationships. The programs through which the Organization operates are as follows:

**Medical Services:**

Since 1972, the Organization has provided high quality reproductive health care to young people ages 12-23. All of our medical services are offered at two clinic sites located in Hopkins and Excelsior. Our licensed staff members provide reproductive, basic and mental health care. Almost 90% of the Organization's clients are uninsured or under-insured and depend on us as their only source of affordable and safe health care, and 99% of our clients live under 250% of the Federal Poverty Guidelines.

**Youth Development and Community Outreach Education:**

The Organization's outreach educators provide health education presentations in school and community locations to young people, parents, and community members. In addition to providing one-time or short term educational presentations, staff members provide long-term youth development groups for young people that are experiencing academic and social barriers and may need extra behavioral, social, and emotional health support.

**Becoming:**

The Becoming Program provides education, support, and assistance to pregnant and parenting teens and young adults age 12 to 23 through case management and home visiting by the Organization's public health nurses. The goal of the program is to increase positive child outcomes and parental self-sufficiency skills through comprehensive case management.

**Basis of Accounting and Presentation:**

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Classes of Net Assets:**

The financial statements report amounts separately by classes of net assets:

**Unrestricted**

Amounts are those currently available at the discretion of the Board for use in the Organization's operations.

**Temporarily Restricted**

Amounts are those that are restricted by donor stipulations for specific operating purposes.

**Cash and Cash Equivalents:**

For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash balances at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC). At December 31, 2013 and 2012, all of the Organization's cash balances were fully insured.

**Grants and Accounts Receivable:**

Bad debts are recorded on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. At December 31, 2013 and 2012, management considered all amounts to be fully collectible. Therefore, there was no allowance for doubtful accounts.

**Inventory:**

Inventory consists primarily of various contraceptives and prescription medications and is carried at the lower of cost or market value. Cost is determined using the first-in, first-out (FIFO) method.

**Property and Equipment:**

Property and equipment are stated at cost, if purchased. The Organization capitalizes all items purchased over \$3,000. Donated equipment is recorded at the fair market value as of the date of the donation. Expenditures for repairs and maintenance are charged to expense. Depreciation and amortization are computed using the straight-line method over estimated useful lives of three to forty years. Depreciation expense was \$47,958 and \$50,090 for the years ended December 31, 2013 and 2012, respectively.

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributions, Support and Expenses:**

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**Grants from Government Agencies:**

Government grants are typically designated for use by specific programs or conditional upon future events. Advances and revenue from such grants are deferred until such conditions are met or services rendered. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these contracts, the Organization, will record such disallowance at the time the disallowance is made.

**Donated Services and Materials:**

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair market values. Donated services are recognized as contributions if the services require specialized skills, are performed by persons with those skills and would otherwise be purchased.

**Functional Allocation of Expenses:**

Expenses are allocated to program and support services directly whenever possible and indirectly using predetermined percentages derived from payroll and occupancy statistics.

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Advertising:**

Advertising costs are charged to expense as incurred. During the years ended December 31, 2013 and 2012, the Organization incurred advertising expenses of \$3,453 and \$6,384, respectively.

**Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes:**

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to any extent it has taxable income that is not related to its tax exempt purpose.

Federal and state tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

**Reclassifications:**

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income.

**Subsequent Events:**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 20, 2014, the date the financial statements were available to be issued.

**NOTE 2. LINE OF CREDIT**

The Organization had a \$75,000 line of credit agreement with the Nonprofits Assistance Fund which expired December 31, 2013. Advances on the line of credit were subject to interest at 7.00% per annum. All accounts receivable of the organization secured the line. The Organization had outstanding balances of \$0 and \$75,000 at December 31, 2013 and 2012, respectively

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2013 and 2012, the Organization had \$5,000 and \$16,011, respectively, in temporarily restricted net assets. These amounts are restricted for general operations.

**NOTE 4. CONCENTRATIONS**

The Organization receives a substantial amount of its support from state and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

**NOTE 5. EMPLOYEE BENEFITS PLANS**

The Organization sponsors a Section 403(b)(7) salary reduction plan available to all employees. All employees working 20 hours or more per week are eligible for a match of up to 4% of earnings, not to exceed \$1,000 per calendar year. During the years ended December 31, 2013 and 2012, the Organization contributed \$13,517 and \$10,704, respectively, to this plan.

**NOTE 6. OPERATING LEASES**

The Organization leases office equipment under non-cancelable operating leases expiring through December 2014. Rent expense on these leases was \$9,204 for the years ended December 31, 2013 and 2012. During 2010, the Organization entered into a lease for a facility in Hopkins that will expire December 2017. Rent expense on this lease was \$52,597 and \$57,606 for the years ended December 31, 2013 and 2012, respectively.

Future minimum rental payments under non-cancelable operating leases as of December 31, 2013 were as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2014	53,394
2015	53,924
2016	48,010
2017	<u>48,990</u>
	<u>\$ 204,318</u>

**MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. DONATED SERVICES AND MATERIALS**

The Organization received donated services from volunteers who assist in special projects. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The amounts recognized for services donated are \$0 and \$1,190 for the years ended December 31, 2013 and 2012, respectively. The Organization also received donated supplies of \$0 and \$12,232 for the years ended December 31, 2013 and 2012, respectively.

**NOTE 8. LONG-TERM DEBT**

Long-term debt at December 31, 2013 consisted of the following:

	Amount
Note payable to Nonprofits Assistance Fund due in monthly installments of \$1,720 including interest at 5.5%, matures June 2018, secured by the Organization's assets	\$ 247,175
Less: current maturities	(7,789)
	\$ 239,386

Scheduled future principal maturities as of December 31, 2013 are as follows:

Year Ending December 31,	Amount
2014	\$ 7,789
2015	7,668
2016	8,099
2017	8,557
2018	215,062
	\$ 247,175

**NOTE 9. SUBSEQUENT EVENT**

On January 30, 2014 the Organization closed the Excelsior, MN clinic. The building is being held for sale.