

**MYHEALTH FOR TEENS AND
YOUNG ADULTS, INC.**
AUDITED FINANCIAL STATEMENTS
December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
myHealth for Teens and Young Adults, Inc.
Hopkins, 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, 2016 and 2015, 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of myHealth for Teens and Young Adults, Inc. as of December 31, 2016 and 2015, 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.

Hannigan Langer & Associates

April 26, 2017

MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 174,954	\$ 159,336
Grants and accounts receivable	91,923	73,703
Prepaid expenses	19,741	12,358
Inventory	25,764	16,865
TOTAL CURRENT ASSETS	312,382	262,262
PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment	165,552	136,485
Leasehold improvements	325,599	324,845
	491,151	461,330
Accumulated depreciation	(203,739)	(165,731)
TOTAL PROPERTY AND EQUIPMENT, net	287,412	295,599
OTHER ASSETS		
Deposits	5,000	5,000
TOTAL ASSETS	\$ 604,794	\$ 562,861

	<u>2016</u>	<u>2015</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 36,024	\$ 17,781
Accrued expenses	69,171	60,637
	<u>105,195</u>	<u>78,418</u>
NET ASSETS		
Unrestricted	449,619	454,543
Temporarily restricted	49,980	29,900
	<u>499,599</u>	<u>484,443</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 604,794</u></u>	<u><u>\$ 562,861</u></u>

MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016
(with comparative totals for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
SUPPORT AND REVENUE				
Foundations	\$ 138,179	\$ -	\$ 138,179	\$ 127,550
Government grants and fees	657,737	-	657,737	523,267
Individual contributions	32,219	45,000	77,219	67,341
Client service fees	453,274	-	453,274	466,411
Special event, net of expenses of \$28,964 and \$18,921, respectively	53,937	-	53,937	42,016
Other earned income	21,230	-	21,230	9,885
Net assets released from restrictions	24,920	(24,920)	-	-
TOTAL SUPPORT AND REVENUE	<u>1,381,496</u>	<u>20,080</u>	<u>1,401,576</u>	<u>1,236,470</u>
EXPENSES				
Program services	1,160,672	-	1,160,672	1,150,086
Management and general	106,931	-	106,931	105,305
Fundraising	118,817	-	118,817	117,009
TOTAL EXPENSES	<u>1,386,420</u>	<u>-</u>	<u>1,386,420</u>	<u>1,372,400</u>
CHANGE IN NET ASSETS	(4,924)	20,080	15,156	(135,930)
NET ASSETS, BEGINNING	<u>454,543</u>	<u>29,900</u>	<u>484,443</u>	<u>620,373</u>
NET ASSETS, ENDING	<u>\$ 449,619</u>	<u>\$ 49,980</u>	<u>\$ 499,599</u>	<u>\$ 484,443</u>

MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Foundations	\$ 127,550	\$ -	\$ 127,550
Government grants and fees	523,267	-	523,267
Individual contributions	67,341	-	67,341
Client service fees	466,411	-	466,411
Special event, net of expenses of \$18,921	42,016	-	42,016
Other earned income	9,885	-	9,885
Net assets released from restrictions	37,500	(37,500)	-
	<u>1,273,970</u>	<u>(37,500)</u>	<u>1,236,470</u>
TOTAL SUPPORT AND REVENUE			
EXPENSES			
Programs	1,150,086	-	1,150,086
Management and general	105,305	-	105,305
Fundraising	117,009	-	117,009
	<u>1,372,400</u>	<u>-</u>	<u>1,372,400</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	(98,430)	(37,500)	(135,930)
NET ASSETS, BEGINNING	<u>552,973</u>	<u>67,400</u>	<u>620,373</u>
NET ASSETS, ENDING	<u>\$ 454,543</u>	<u>\$ 29,900</u>	<u>\$ 484,443</u>

MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,156	\$ (135,930)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	38,008	40,470
(Increase) decrease in:		
Grants and accounts receivable	(18,220)	14,182
Prepaid expenses	(7,383)	8,811
Inventory	(8,899)	(1,882)
Increase (decrease) in:		
Accounts payable	18,243	(6,312)
Accrued expenses	8,534	2,494
	45,439	(78,167)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	45,439	(78,167)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(29,821)	(43,145)
	15,618	(121,312)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	15,618	(121,312)
CASH AND CASH EQUIVALENTS, BEGINNING	159,336	280,648
	159,336	159,336
CASH AND CASH EQUIVALENTS, ENDING	\$ 174,954	\$ 159,336

MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016
(with comparative totals for 2015)

	Program Services	Management and General	Fundraising	Total 2016	Total 2015
Salaries	\$ 657,485	\$ 72,539	\$ 80,598	\$ 810,622	\$ 803,622
Payroll taxes	50,643	5,584	6,205	62,432	64,408
Employee benefits	49,531	5,126	5,697	60,354	56,965
Total personnel expenses	757,659	83,249	92,500	933,408	924,995
Contract services	35,511	3,945	4,384	43,840	36,019
Insurance	13,466	1,496	1,663	16,625	15,142
Travel	9,230	1,025	1,139	11,394	12,115
Other expenses	7,486	832	926	9,244	7,148
Occupancy	65,072	7,230	8,033	80,335	86,371
Office expenses	30,943	3,438	3,821	38,202	41,577
Medical supplies	189,861	-	-	189,861	202,326
Marketing	20,658	2,295	2,550	25,503	6,237
Depreciation	30,786	3,421	3,801	38,008	40,470
Total Expenses	\$ 1,160,672	\$ 106,931	\$ 118,817	\$ 1,386,420	\$ 1,372,400

MYHEALTH FOR TEENS AND YOUNG ADULTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 650,558	\$ 72,504	\$ 80,560	\$ 803,622
Payroll taxes	52,546	5,619	6,243	64,408
Employee benefits	46,142	5,126	5,697	56,965
 Total personnel expenses	 749,246	 83,249	 92,500	 924,995
 Contract services	 29,175	 3,242	 3,602	 36,019
Insurance	12,265	1,363	1,514	15,142
Travel	9,813	1,090	1,212	12,115
Other expenses	5,790	643	715	7,148
Occupancy	69,961	7,773	8,637	86,371
Office expenses	33,677	3,742	4,158	41,577
Medical supplies	202,326	-	-	202,326
Marketing	5,052	561	624	6,237
Depreciation	32,781	3,642	4,047	40,470
 Total Expenses	 <u>\$ 1,150,086</u>	 <u>\$ 105,305</u>	 <u>\$ 117,009</u>	 <u>\$ 1,372,400</u>

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. (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 to 23. All of the medical services are offered at the clinic located in Hopkins. Licensed staff members provide reproductive, basic and mental health care. A majority of the Organization's clients are uninsured or under-insured and depend on the Organization as their only source of affordable and safe health care.

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.

Mental Health Counseling:

The Organization's mental health programs provide low-cost or no-cost counseling, education and outreach services to youth and young adults ages 12-26 in the clinics, in schools and in community settings, by licensed therapists. The individual and family therapy offered by the organization is provided through a systemic approach in order to encompass all of the components impacting a client's mental health.

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 purposes. As of December 31, 2016 and 2015, the Organization had \$49,980 and \$29,900, respectively, in temporarily restricted net assets.

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, 2016 and 2015, the Organization had uninsured cash balances of \$0 and \$26,306, respectively.

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, 2016 and 2015, 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 \$38,008 and \$40,470 for the years ended December 31, 2016 and 2015, 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. The Organization did not recognize any amounts for donated services or materials.

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)

Marketing:

Marketing costs are charged to expense as incurred. During the years ended December 31, 2016 and 2015, the Organization incurred marketing expenses of \$25,503 and \$6,237, 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.

Subsequent Events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 26, 2017, the date the financial statements were available to be issued.

NOTE 2. 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 3. EMPLOYEE BENEFITS PLANS

The Organization has adopted a 401(k) retirement plan. The plan is available to all employees, regardless of full time equivalent status or length of employment. Employees are fully vested for all contributions. During the years ended December 31, 2016 and 2015, the Organization contributed \$12,514 and \$15,063, respectively, to this plan.

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

NOTE 4. OPERATING LEASES

The Organization leases office equipment under non-cancelable operating leases expiring through March 2018. Rent expense on these leases was \$9,204 for the years ended December 31, 2016 and 2015. During 2010, the Organization entered into a lease for a facility in Hopkins that will expire December 2017, with an absolute option to renew the lease for an additional three-year term. Rent expense on this lease was \$68,414 and \$74,711 for the years ended December 31, 2016 and 2015, respectively.

Future minimum rental payments under non-cancelable operating leases and the additional renewal period as of December 31, 2016 were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 50,843
2018	50,402
2019	51,220
2020	<u>52,372</u>
	<u>\$ 204,837</u>