

ONE N TEN
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**ONE N TEN
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INDEPENDENT AUDITORS' REPORT

Board of Directors
one n ten
Phoenix, Arizona

We have audited the accompanying financial statements of one n ten (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows 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.

Auditors' 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 auditors' 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.

Board of Directors
one n ten

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of one n ten as of December 31, 2017 and 2016, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
September 17, 2018

**ONE N TEN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 218,904	\$ 390,720
Accounts Receivable	39,417	21,318
Pledges Receivable	40,645	79,609
Prepaid Expenses and Deposits	28,711	25,085
Total Current Assets	327,677	516,732
PROPERTY AND EQUIPMENT, Net	395,989	18,484
Total Assets	\$ 723,666	\$ 535,216
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 27,503	\$ 16,469
Accrued Payroll and Related Liabilities	49,843	38,774
Deferred Revenues	55,300	80,550
Deferred Rent	5,489	2,980
Total Liabilities	138,135	138,773
NET ASSETS		
Unrestricted	470,562	167,470
Temporarily Restricted	114,969	228,973
Total Net Assets	585,531	396,443
Total Liabilities and Net Assets	\$ 723,666	\$ 535,216

See accompanying Notes to Financial Statements.

**ONE N TEN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE, SUPPORT, AND GAINS			
Contributions and Donations, Including			
In-Kinds of \$195,003	\$ 889,268	\$ 40,645	\$ 929,913
Special Events, Net of Direct Donor Benefit			
Expenses of \$138,085	303,469	-	303,469
Grants and Contract Fees	214,153	-	214,153
Other Income	15,361	-	15,361
Contributions in Response of Youth Center Fire	111,001		111,001
Gain on Asset Disposal	41,604		41,604
Net Assets Released from Restriction	154,649	(154,649)	-
Total Revenue, Support, and Gains	<u>1,729,505</u>	<u>(114,004)</u>	<u>1,615,501</u>
EXPENSES			
Program Services	1,028,108	-	1,028,108
Support Services:			
Management and General	244,160	-	244,160
Fundraising	154,145	-	154,145
Total Program and Support Services Expense	<u>1,426,413</u>	<u>-</u>	<u>1,426,413</u>
CHANGE IN NET ASSETS	303,092	(114,004)	189,088
Net Assets - Beginning of Year	<u>167,470</u>	<u>228,973</u>	<u>396,443</u>
NET ASSETS - END OF YEAR	<u>\$ 470,562</u>	<u>\$ 114,969</u>	<u>\$ 585,531</u>

See accompanying Notes to Financial Statements.

**ONE N TEN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Total
REVENUE, SUPPORT, AND GAINS			
Contributions and Donations, Including			
In-Kinds of \$259,927	\$ 648,491	\$ 20,000	\$ 668,491
Special Events, Net of Direct Donor Benefit			
Expenses of \$153,533	252,802	-	252,802
Grants and Contract Fees	296,046	-	296,046
Other Income	6,284	-	6,284
Net Assets Released from Restriction	290,232	(290,232)	-
Total Revenue, Support, and Gains	1,493,855	(270,232)	1,223,623
 EXPENSES			
Program Services	1,195,433	-	1,195,433
Support Services:			
Management and General	165,337	-	165,337
Fundraising	85,689	-	85,689
Total Program and Support Services Expense	1,446,459	-	1,446,459
 CHANGE IN NET ASSETS	47,396	(270,232)	(222,836)
Net Assets - Beginning of Year	120,074	499,205	619,279
 NET ASSETS - END OF YEAR	\$ 167,470	\$ 228,973	\$ 396,443

See accompanying Notes to Financial Statements.

**ONE N TEN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries and Wages	\$ 472,658	\$ 124,906	\$ 98,032	\$ 695,596
Employee Related Expenses	81,500	35,529	14,222	131,251
Professional Fees	51,668	39,361	28,789	119,818
Travel	10,036	656	54	10,746
Communications	24,051	11,131	4,834	40,016
Facilities and Occupancy	207,413	24,971	4,214	236,598
Community Support	847	548	1,354	2,749
Group Support Costs	173,264	177	811	174,252
Meals and Entertainment	391	394	1,835	2,620
Depreciation	6,280	6,487	-	12,767
Special Event Expenses	-	-	138,085	138,085
	<u>1,028,108</u>	<u>244,160</u>	<u>292,230</u>	<u>1,564,498</u>
Less: Expenses Netted Against Revenues on the Statement of Activities				
Special Event Expenses	-	-	(138,085)	(138,085)
	<u>-</u>	<u>-</u>	<u>(138,085)</u>	<u>(138,085)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,028,108</u>	<u>\$ 244,160</u>	<u>\$ 154,145</u>	<u>\$ 1,426,413</u>

See accompanying Notes to Financial Statements.

**ONE N TEN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries and Wages	\$ 475,340	\$ 66,271	\$ 71,185	\$ 612,796
Employee Related Expenses	75,228	20,984	8,123	104,335
Professional Fees	84,032	52,539	2,376	138,947
Travel	17,178	1,643	147	18,968
Communications	22,458	12,855	2,104	37,417
Facilities and Occupancy	252,204	7,265	451	259,920
Community Support	1,485	364	31	1,880
Group Support Costs	263,036	92	459	263,587
Meals and Entertainment	269	203	813	1,285
Depreciation	4,203	3,121	-	7,324
Special Event Expenses	-	-	153,533	153,533
	<u>1,195,433</u>	<u>165,337</u>	<u>239,222</u>	<u>1,599,992</u>
Less: Expenses Netted Against Revenues on the Statement of Activities				
Special Event Expenses	-	-	(153,533)	(153,533)
	<u>-</u>	<u>-</u>	<u>(153,533)</u>	<u>(153,533)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,195,433</u>	<u>\$ 165,337</u>	<u>\$ 85,689</u>	<u>\$ 1,446,459</u>

See accompanying Notes to Financial Statements.

**ONE N TEN
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 189,088	\$ (222,836)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	12,767	7,324
Gain on Asset Disposal	(41,604)	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(18,099)	(11,818)
Pledges Receivable	38,964	202,156
Prepaid Expenses and Deposits	(3,626)	13,226
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	11,034	4,486
Accrued Payroll and Related Benefits	11,069	17,568
Deferred Revenues	(25,250)	42,400
Deferred Rent	2,509	(4,782)
Net Cash Provided by Operating Activities	176,852	47,724
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(398,668)	(4,015)
Proceeds from Insurance Claims	50,000	-
Net Cash Used by Investing Activities	(348,668)	(4,015)
NET INCREASE (DECREASE) IN CASH	(171,816)	43,709
Cash - Beginning of Year	390,720	347,011
CASH - END OF YEAR	\$ 218,904	\$ 390,720

See accompanying Notes to Financial Statements.

ONE N TEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 NATURE OF ORGANIZATION

one n ten (Organization) was incorporated in 1993 as a nonprofit 501(c)(3) community-based agency dedicated to serving and assisting lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth in the metropolitan Phoenix area. The Organization's mission is "to serve LGBTQ youth and young adults; enhancing their lives by providing empowering social and service programs that promote self-expression, self-acceptance, leadership development and healthy life choices." The Organization provides services ranging from providing weekly discussion groups designed to cover a wide range of social, educational, health, and community issues to offering social networking opportunities appropriate for developing leadership skills. The services are delivered in a variety of formats. The Organization derives program funding from both private donations and contracts and fees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with American Institute of Certified Public Accountants (AICPA) Not-for-Profit Industry Guidance within the Financial Accounting Standards Board (FASB) Codification (Guidance). Under the Guidance, the Organization is required to report information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

Unrestricted

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Grants from governmental agencies which are restricted are reflected as unrestricted revenue since these funds are received and spent during the same year as permitted by accounting standards related to Accounting for Contributions Received and Contributions Made.

As of December 31, 2017 and 2016, the Organization only had unrestricted and temporarily restricted net assets.

ONE N TEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Support

Support is recognized when received. Support that is restricted by the donor/grantor is reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the support is recognized. All other donor-restricted support is reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Support that is permanently restricted by the donor/grantor is reported as increases in permanently restricted net assets.

Cash

The Organization places its cash with high credit quality financial institutions with an FDIC insurance coverage limit of \$250,000. Throughout the year, the Organization's cash balances may exceed the amount of the FDIC insurance coverage limit.

Accounts Receivable and Pledges Receivable

The Organization uses the allowance method to account for uncollectible accounts receivable. The allowance is sufficient to cover both current and anticipated future losses. Uncollectible amounts are charged against the allowance account. Management estimated an allowance of \$-0- as of December 31, 2017 and 2016 based upon the Organization's experience.

Property and Equipment

Property and equipment with a cost greater than \$1,000 are capitalized at historical cost, or estimated historical cost if actual historical cost is not available. Assets donated to the Organization are recorded at their estimated fair value at the time received. Depreciation on property and equipment is computed using the straight-line method over their estimated useful lives, which ranges from five to seven years. Depreciation on leasehold improvements is computed using the straight-line method over the shorter of the estimated life of the assets or the lease term.

Deferred Rent

The Organization accounts for rent expense evenly over the term of the lease using the straight-line method. Unamortized deferred rent as of December 31, 2017 and 2016, was \$5,489 and \$2,980, respectively.

Functional Allocation of Expenses

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

ONE N TEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributed goods and services consisted of the following for the years ended December 31:

	2017			
	Programs	Management and General	Fundraising	Total
Professional Fees	\$ 5,640	\$ 1,130	\$ -	\$ 6,770
Printing	7,500	-	-	7,500
Facilities and Occupancy	29,995	-	-	29,995
Food	18,092	-	-	18,092
Group Support Cost	102,046	-	-	102,046
Computer Expenses	17,700	2,950	2,950	23,600
Total Program and Support				
Service Expenses	<u>\$ 180,973</u>	<u>\$ 4,080</u>	<u>\$ 2,950</u>	188,003
Direct Donor Benefit Expenses, Netted with Special Event Revenue				7,000
Total				<u>\$ 195,003</u>
	2016			
	Programs	Management and General	Fundraising	Total
Professional Fees	\$ 6,915	\$ -	\$ -	\$ 6,915
Printing	5,525	-	-	5,525
Facilities and Occupancy	43,089	-	-	43,089
Food	25,694	-	-	25,694
Group Support Cost	171,204	-	-	171,204
Total Program and Support				
Service Expenses	<u>\$ 252,427</u>	<u>\$ -</u>	<u>\$ -</u>	252,427
Direct Donor Benefit Expenses, Netted with Special Event Revenue				7,500
Total				<u>\$ 259,927</u>

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

The Organization follows the accounting standard for uncertain tax positions. For the years ended December 31, 2017 and 2016, the Organization recognized no liability for uncertain tax positions.

**ONE N TEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 17, 2018, the date the financial statements were available to be issued.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2017 and 2016 was \$40,645 and \$79,609, respectively. All pledges receivable are due within the next twelve months. Management determined that all pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2017 and 2016

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2017	2016
Leasehold Improvements	\$ 391,647	\$ 18,023
Furniture & Equipment	15,134	19,824
Construction in Progress	-	4,015
Less: Accumulated Depreciation	(10,792)	(23,378)
Total	\$ 395,989	\$ 18,484

ONE N TEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following uses as of December 31:

	<u>2017</u>	<u>2016</u>
Promise of a New Day (POND)	\$ 74,324	\$ 211,671
Homeless Youth Collaborative	-	2,302
Time Restricted Pledges	<u>40,645</u>	<u>15,000</u>
Total	<u>\$ 114,969</u>	<u>\$ 228,973</u>

Net assets released from restrictions were \$154,649 and \$290,232 for the years ended December 31, 2017 and 2016, respectively.

NOTE 6 COMMITMENTS

Operating Leases

The Organization leases various equipment, program facilities, and office space under the provisions of noncancelable operating leases expiring through August 2029. Rental expenses under the terms of the operating leases were \$46,732 and \$55,816 for the years ended December 31, 2017 and 2016, respectively, which includes the cost of utilities and applicable taxes.

The future minimum rental payments required under the operating leases at December 31, 2017, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 77,253
2019	80,456
2020	79,026
2021	79,026
2022	81,529
Thereafter	<u>642,243</u>
Total Minimum Payments Required	<u>\$ 1,039,533</u>

Contracts

During December 31, 2017, the Organization has entered into a contract for their 2018 Fresh event. Under the terms of the contract, the Organization committed to paying \$32,300 for venue, food, and beverage costs. Of this amount, \$12,816 was prepaid at December 31, 2017.

ONE N TEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 7 REVENUE AND RECEIVABLE CONCENTRATION

The Organization received approximately 16% of revenues from one donor for the year ended December 31, 2017. Approximately 25% of the pledges receivable balance was due from one donor as of December 31, 2017. The accounts receivable balance as of December 31, 2017 was due from two grantors.

Approximately 31% of the pledges receivable balance was due from two donors as of December 31, 2016. The accounts receivable balance as of December 31, 2016 was due from two grantors. There were no revenue concentrations for the year ended December 31, 2016.



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Wealth Advisors, LLC, an SEC-registered investment advisor.