

YOUNG PEOPLE IN RECOVERY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

YOUNG PEOPLE IN RECOVERY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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September 29, 2021

Independent Auditors' Report

Board of Directors
Young People in Recovery
Denver, Colorado

We have audited the accompanying financial statements of Young People in Recovery (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Young People in Recovery as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Young People in Recovery's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021, on our consideration of Young People in Recovery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Young People in Recovery's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Young People in Recovery's internal control over financial reporting and compliance.

Taylor R Roth and Company P/C

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

YOUNG PEOPLE IN RECOVERY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<u>Assets</u>		
Cash and cash equivalents	\$ 1,397,057	\$ 1,277,960
Contracts receivable	334,224	332,312
Grants receivable (Note 3)	132,000	337,500
Prepaid expenses	5,222	4,864
Total assets	\$ 1,868,503	\$ 1,952,636
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 26,668	\$ 7,721
Accrued payroll liabilities	109,504	77,254
Deferred revenue	49,092	330,888
Paycheck Protection Program loan (Note 4)	226,519	-
Total liabilities	411,783	415,863
 <u>Net assets</u>		
Without donor restrictions	1,299,320	1,405,134
With donor restrictions (Note 5)	157,400	131,639
Total net assets	1,456,720	1,536,773
Total liabilities and net assets	\$ 1,868,503	\$ 1,952,636

The accompanying notes are an integral part of these financial statements

YOUNG PEOPLE IN RECOVERY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Program grants and contracts (Note 6)	\$ 1,106,418	\$ 25,000	\$ 1,131,418	\$1,402,928
Foundation grants	630,328	165,458	795,786	1,019,027
Corporate sponsorships and contributions	138,330	-	138,330	99,909
Board member contributions	48,269	25,000	73,269	87,727
Individual contributions	39,777	-	39,777	53,131
Chapter donations	-	13,010	13,010	16,901
Other income	3,234	-	3,234	4,184
Interest income	209	-	209	253
In-kind contributions (Note 7)	22,660	-	22,660	78,172
Net assets released from restrictions (Note 8)	202,707	(202,707)	-	-
Total revenue and other support	2,191,932	25,761	2,217,693	2,762,232
<u>Expense</u>				
Program services				
National operations	1,767,583	-	1,767,583	1,234,331
Chapter operations	117,149	-	117,149	111,653
Total program services	1,884,732	-	1,884,732	1,345,984
Supporting services				
Management and general	280,886	-	280,886	275,955
Fund-raising	132,128	-	132,128	109,332
Total expense	2,297,746	-	2,297,746	1,731,271
Change in net assets	(105,814)	25,761	(80,053)	1,030,961
Net assets, beginning of year	1,405,134	131,639	1,536,773	505,812
Net assets, end of year	\$ 1,299,320	\$ 157,400	\$ 1,456,720	\$1,536,773

The accompanying notes are an integral part of these financial statements

YOUNG PEOPLE IN RECOVERY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

<u>Description</u>	2020					2019	
	Program			Supporting Services		Total	Total
	National Operations	Chapter Operations	Total Program	Management and General	Fund- raising		
Salaries	\$ 1,243,648	\$ 81,460	\$1,325,108	\$ 130,240	\$ 111,636	\$ 1,566,984	\$ 1,066,585
Payroll taxes and benefits	158,706	11,056	169,762	17,136	13,219	200,117	142,000
Subcontractors - other	89,109	-	89,109	27,000	-	116,109	82,870
Subcontractors - social media and marketing	87,158	-	87,158	-	-	87,158	65,956
Payroll processing and administration fees	65,145	3,740	68,885	12,227	3,657	84,769	50,099
Legal and accounting services	-	-	-	70,800	-	70,800	101,222
Advertising, marketing, and social media	31,852	184	32,036	879	-	32,915	39,826
Information technology	20,261	26	20,287	4,907	24	25,218	12,366
Dues and subscriptions	8,524	125	8,649	5,717	2,699	17,065	13,418
Chapter expenses	14,041	1,764	15,805	-	-	15,805	9,040
Rent and occupancy	14,200	-	14,200	200	-	14,400	12,650
Sponsorships	1,676	12,396	14,072	-	-	14,072	3,520
Travel and lodging	11,463	1,043	12,506	1,019	57	13,582	67,142
Other program costs	9,891	1,004	10,895	-	-	10,895	11,718
Insurance	-	801	801	9,684	-	10,485	3,476
Postage and printing	6,589	361	6,950	145	708	7,803	13,486
Meetings	2,667	1,788	4,455	73	-	4,528	17,333
Office	1,967	1,401	3,368	859	128	4,355	7,328
Training costs	661	-	661	-	-	661	2,355
Conference fees and costs	25	-	25	-	-	25	8,839
Interest and bank fees	-	-	-	-	-	-	42
Total expenses	<u>\$ 1,767,583</u>	<u>\$ 117,149</u>	<u>\$1,884,732</u>	<u>\$ 280,886</u>	<u>\$ 132,128</u>	<u>\$ 2,297,746</u>	<u>\$ 1,731,271</u>

The accompanying notes are an integral part of these financial statements

YOUNG PEOPLE IN RECOVERY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (80,053)	\$ 1,030,961
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(1,912)	(256,480)
(Increase)decrease in grants receivable	205,500	(327,500)
(Increase)decrease in prepaid expenses	(358)	(3,852)
(Increase)decrease in accounts payable	18,947	(3,798)
(Increase)decrease in accrued payroll liabilities	32,250	43,287
(Increase)decrease in deferred revenues	(281,796)	330,888
Net cash provided(used) by operating activities	(107,422)	813,506
<u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan	226,519	-
Net increase(decrease) in cash and cash equivalents	119,097	813,506
Cash and cash equivalents, beginning of year	1,277,960	464,454
Cash and cash equivalents, end of year	\$ 1,397,057	\$ 1,277,960

The accompanying notes are an integral part of these financial statements

YOUNG PEOPLE IN RECOVERY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - NATURE OF ACTIVITIES

Young People in Recovery (YPR or the Organization) is a Colorado non-profit corporation organized in 2013. The Organization focuses on peer recovery support, life skills programming, and community enrichment through service and public policy participation, creating recovery-ready communities throughout the nation for people of all ages in, or seeking, recovery. The Organization envisions a world where all young people have access to the resources they need to thrive in recovery.

The Organization's mission is "to provide life skills and peer support to help people recover from substance use disorder and reach their full potential." The Organization aims to improve access to treatment, education and employment opportunities; expand access to recovery housing; as well as other initiatives on the local, state, and national levels. By creating a national network of individuals in recovery, the Organization empowers people to get involved in their communities by providing them with the tools, support, and pro-social engagement to take charge of their futures.

The Organization operates the following major programs:

National Program Operations – Young People in Recovery is a national, grassroots organization focused on peer-to-peer services for young people in, or seeking, recovery from substance use disorders. YPR's National operations work to enhance recovery support services for youth and young adults; give a voice to young people in recovery; and to improve access to treatment, education, employment, and housing for all people in recovery. The Organization's life skills curriculum programming is offered to teach young people how to manage their recovery through competencies such as seeking education, safe housing, employment opportunities, and other life skills.

Chapter Operations – Each Young People in Recovery chapter offers an exciting calendar of pro-social activities, advocacy events, public outreach, education programming, community workshops, and All Recovery Meetings. All Recovery Meetings honor the many pathways to recovery. Chapters focus on grassroots organizing, leadership development, advocacy, volunteer management and recruitment, public policy, media messaging, and friendship through pro-social engagement. Chapter leads also attend in-person training at annual national leadership conferences.

During the COVID pandemic, YPR was able to continue its operations through shifting its work onto the digital realm, through platforms like Zoom and Google Hangouts. In 2020, YPR hosted 4,200 online pro-social events, All Recovery Meetings, life-skills workshops, and provided over 37,000 individual services. Through a capacity-building grant from a funder, YPR upgraded its website to host more events online and to have these activities listed prominently on its homepage so more people could access services.

The Organization is supported primarily by government contracts and foundation grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES – (Continued)

1. Basis of Accounting

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

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report 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 the Organization'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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$5,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES - (Concluded)

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

9. Functional Reporting of Expenses

For the year ended December 31, 2020, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to program services or a supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated include salaries, payroll taxes and benefits, and subcontractor fees which are allocated based on time and effort. Other expenses are allocated based upon the program or supporting service benefited.

10. Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include enough detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through September 29, 2021, the date the financial statements were available for distribution.

NOTE 3 - GRANTS RECEIVABLE

At year-end, the Organization has received commitments from two foundations for future funding. Management has evaluated each commitment and does not believe an allowance for doubtful accounts is necessary. Under the terms of the commitments, grant payments are anticipated to be received during the upcoming year.

NOTE 4 - PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization received a \$226,519 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, this loan could be partially or fully forgiven if certain eligibility requirements were met, including that 60% of the loan must be spent on payroll. The loan was treated as a refundable advance of a conditional contribution until such time the loan was forgiven by the SBA. In 2021, the SBA forgave the entire loan and the Organization will recognize the revenue.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Chapter programs	\$ 77,555
Chapter expansion	47,845
Program and chapter expansion	<u>32,000</u>
Total	<u>\$ 157,400</u>

NOTE 6 - PROGRAM GRANTS AND CONTRACTS

Program grants and contracts primarily represent state and local governmental agency grants for the Organization's life-skills programs and also to support local chapters. The Organization typically seeks reimbursement in 30 days from the invoice date. The grants generally are initially a year in length and may be subject to extension.

NOTE 7 - IN-KIND CONTRIBUTIONS

Donated goods and services are reflected in the accompanying financial statements at their estimated value at date of receipt. For the year, in-kind contributions consisted of:

<u>Description</u>	<u>Amount</u>
Legal services – governance	<u>\$ 22,660</u>

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions are as follows:

<u>Description</u>	<u>Amount</u>
Program and chapter expansion	\$ 97,738
Chapter expansion	87,825
Chapter programs	<u>17,144</u>
Total	<u>\$ 202,707</u>

NOTE 9 - CONCENTRATION OF FUNDING SOURCE

For the year ended December 31, 2020, the Organization recognized program grant income of approximately \$520,000 or 23% of its revenue and other support from one state governmental agency. Without this support, the Organization would have to curtail its program within that state.

NOTE 10 - CONTINGENT GRANTS

The Organization received grants from two foundations during the year which contained terms for payments in future years. The receipt of future payments under the grants are contingent upon the grantor's acceptance of the Organization's progress towards meeting the grants' purposes and objectives. Upon the foundation's future acceptance of progress under the grants, the Organization anticipates receiving remaining payments of \$10,000 and \$42,000 during 2021 and 2022, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

During 2018 the Organization entered into a consulting agreement with a company to put the Organization's EPIC program online. An individual who stepped down from the Organization's board of directors during 2020 is a shareholder and board member of the company. The company was paid \$53,496 during the year for consulting services, digital case management services, and expense reimbursements under the agreement.

During 2019 the Organization entered into consulting agreement with a company owned by a member of the board of directors to receive healthcare consulting. The company was paid \$25,000 during the year for services under the agreement.

NOTE 12 - CONCENTRATION OF CREDIT RISK

The Organization keeps its available cash in one financial institution. At year-end the institution had a deposit balance of approximately \$1,397,000. Amounts over \$250,000 are not insured by the Federal Deposit Insurance Corporation or other entities. Management has evaluated its banking needs and the strength of the financial institution and believes it is in the Organization's best interest to continue its existing banking relationship.

NOTE 13 - RETIREMENT PLAN

The Organization adopted a retirement plan (the Plan) during the year. The Plan covers all eligible employees. Employees may elect to make contributions to the plan up to the maximum permitted. The Plan allows for discretionary contributions by the Organization. The Organization made no contributions to the Plan during 2020.

NOTE 14 - AVAILABILITY AND LIQUIDITY

The following table represents financial assets available for general expenditures within one year on December 31, 2020:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 1,397,057
Contracts receivable	334,224
Grants receivable	<u>132,000</u>
	1,863,281
Less: amounts not available for general expenditures within one year due to:	
Donor purpose restrictions	<u>(8,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,855,281</u>

The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term plans will be achieved. The Organization's anticipated general expenditures are approximately \$2,300,000 to \$2,400,000 during the upcoming year.

NOTE 15 - SUBSEQUENT EVENTS

Subsequent to year-end, the Organization applied for a second draw under the PPP and in May 2021 received additional PPP funding in the amount of \$327,807. This loan may also be partially or fully forgiven if certain eligibility and documentation requirements are met, including that 60% of the loan must be spent on eligible payroll.