



INSIDE/OUT YOUTH SERVICES

Financial Statements

For The Year Ended December 31, 2022

And

Independent Auditors' Report

INSIDE/OUT YOUTH SERVICES

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inside/Out Youth Services
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of Inside/Out Youth Services (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan + Co. LLP

December 20, 2023

INSIDE/OUT YOUTH SERVICES

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2022 (with comparative totals for 2021)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,960,419	\$ 1,202,147
Grants receivable	197,072	47,236
Contributions receivable	26,397	41,933
Prepaid expenses	<u>5,542</u>	<u></u>
Total current assets	2,189,430	1,291,316
INVESTMENTS	82,801	98,197
PROPERTY AND EQUIPMENT, NET	<u>3,752</u>	<u>9,880</u>
TOTAL ASSETS	<u>\$ 2,275,983</u>	<u>\$ 1,399,393</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 42,718	\$ 45,130
Deferred revenue	<u>10,000</u>	<u>20,671</u>
TOTAL LIABILITIES	<u>52,718</u>	<u>65,801</u>
NET ASSETS		
Without donor restrictions	1,677,355	785,593
With donor restrictions	<u>545,910</u>	<u>547,999</u>
TOTAL NET ASSETS	<u>2,223,265</u>	<u>1,333,592</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,275,983</u>	<u>\$ 1,399,393</u>

See notes to financial statements.

INSIDE/OUT YOUTH SERVICES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND SUPPORT				
Grant revenue	\$ 767,687	\$ 645,848	\$ 1,413,535	\$ 978,737
Contributions	773,546	26,397	799,943	288,556
Fundraising revenue	27,367		27,367	72,286
In-kind contributions	51,722		51,722	14,582
Investment income (loss), net	(13,307)		(13,307)	8,737
Other revenue	17,814		17,814	15,362
Net assets released from restriction	674,334	(674,334)		
Total revenues and support	2,299,163	(2,089)	2,297,074	1,378,260
EXPENSES				
Program services	1,132,593		1,132,593	708,729
General and administrative	133,154		133,154	167,285
Fundraising	141,654		141,654	46,813
Total expenses	1,407,401	—	1,407,401	922,827
CHANGE IN NET ASSETS	891,762	(2,089)	889,673	455,433
NET ASSETS, Beginning of year	785,593	547,999	1,333,592	878,159
NET ASSETS, End of year	\$ 1,677,355	\$ 545,910	\$ 2,223,265	\$ 1,333,592

See notes to financial statements.

INSIDE/OUT YOUTH SERVICES

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022				2021 Total
	Program Services	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 807,267	\$ 84,392	\$ 55,427	\$ 947,086	\$ 663,815
Professional fees	180,970	19,470	825	201,265	77,361
Occupancy	55,242	993		56,235	54,038
In-kind event expense	3,165		48,557	51,722	14,582
Event expense	13,038	2,352	35,497	50,887	4,426
Training	28,714	456		29,170	35,169
Supplies	25,608		971	26,579	40,984
Insurance	14,696	384		15,080	10,902
Bad debt		12,628		12,628	
Depreciation		6,128		6,128	3,611
Bank and consulting fees		5,260	377	5,637	4,513
Postage and printing	1,598	790		2,388	3,438
Advertising and advocacy	863	91		954	1,752
Volunteer expenses	456	210		666	161
Other	976			976	8,075
TOTAL	\$ 1,132,593	\$ 133,154	\$ 141,654	\$ 1,407,401	
Percent of total	80%	10%	10%	100%	
TOTAL - 2021	\$ 708,729	\$ 167,285	\$ 46,813		\$ 922,827
Percent of total - 2021	77%	18%	5%		100%

See notes to financial statements.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022 (with comparative totals for 2021)

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	\$ 889,673	\$ 455,433
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,128	3,611
Net realized and unrealized loss (gain) on investments	15,396	(7,638)
Change in operating assets and liabilities:		
Grants receivable	(149,836)	(14,687)
Contributions receivable	15,536	(18,274)
Prepaid expenses	(5,542)	363
Accounts payable and accrued liabilities	(2,412)	35,712
Deferred revenue	(10,671)	20,671
Net cash provided by operating activities	<u>758,272</u>	<u>475,191</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	758,272	475,191
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,202,147</u>	<u>726,956</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,960,419</u>	<u>\$ 1,202,147</u>

See notes to financial statements.

INSIDE/OUT YOUTH SERVICES

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inside/Out Youth Services (the Organization) was incorporated in January of 1997. The Organization was established for the purpose of providing a safe place where lesbian, gay, transgender, intersex and questioning youth can express their feelings, build their self-reliance and connect to trusted adults for support and advocacy. The Organization's mission is to educate, empower and advocate for lesbian, gay, transgender, intersex and questioning youth. The Organization has one location in Colorado Springs, Colorado.

Basis of Accounting — The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation — The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time.

The accompanying financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Cash and Equivalents — For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions and Grants Receivable — Contributions and grants receivable are stated at the invoice amount. Management provides for probable uncollectible amounts through a provision for bad debts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. As of December 31, 2022 and 2021, management believes all contributions and grants receivable are fully collectible and accordingly, no allowance for doubtful accounts has been recorded. The Organization had conditional promises of approximately \$843,000 and \$481,000 at June 30, 2023 and 2022, respectively, representing grants to be recognized in future periods as the Organization incurs outlays eligible for reimbursement under the grant agreements.

Investments and Investment Return — Investments are carried at fair value in the statement of financial position. Net investment return consists of interest and dividend income, and the realized and unrealized gains and losses on the investments, less investment management and custodial fees. See Note 6 for additional information on fair value measurements.

Property and Equipment — Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. The Organization's policy is to capitalize acquisitions of property and equipment costing in excess of \$2,500 and having a useful life exceeding one year.

Depreciation is provided using the straight-line method over estimated useful lives as follows:

Automobiles	3 – 5 years
Leasehold improvements	10 – 40 years
Office furniture and equipment	3 – 7 years

Contributions — Contributions are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without restriction and reported in the statement of activities as net assets released from restrictions.

Contributed Services — Contributed services and materials are recorded as both a revenue and expenditure in the accompanying statements of activities at their estimated values. Contributions of services are recognized if the services received create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

A substantial number of volunteers donated time to the Organization's program services and its fundraising activities; however, the estimated value was not recorded because it did not meet the criteria for recognition.

Use of Estimates — 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status — The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

Change in Accounting Principle — On September 17, 2020, FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Notfor-Profit Entities for Contributed Nonfinancial Assets. The update addresses the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. We have implemented ASU 2020-07 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

A key change required by ASU 2020-07 is the presentation of contributed non-financial assets recognized within the Statement of Activities and disclosure about qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period, a description of donor-imposed restrictions (if any), a description of the valuation techniques and inputs used to arrive at a fair value measure, and the principal market used to arrive at a fair value measure.

Subsequent Events — Management has evaluated subsequent events through the date of the Independent Auditors’ Report, the date on which the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The Organization’s financial assets available with one year of the balance sheet date for general expenditure were as follows at December 31:

	2022	2021
Cash and cash equivalents	\$ 1,960,419	\$ 1,202,147
Grants receivable	197,072	47,236
Contributions receivable	26,397	41,933
Investments	<u>82,801</u>	<u>98,197</u>
Total financial assets	<u>2,266,689</u>	<u>1,389,513</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	519,513	506,066
Restricted by donors with time restrictions	<u>26,397</u>	<u>41,933</u>
Total unavailable for general expenditures within one year	<u>545,910</u>	<u>547,999</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 1,720,779</u>	<u>\$ 841,514</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization’s policy to manage an emergency cash flow need is evaluate monthly expenses and compare with amounts forecasted to determine if other measures should be taken, including obtaining outside financing and sale of assets. The Organization manages its cash flow for a one-year cycle from the balance sheet date.

3. FUNCTIONAL EXPENSES ALLOCATION METHODS

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee expenses, occupancy, supplies, and insurance, which are allocated on the basis of usage, square footage, or estimates of time and effort.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	2022	2021
Subject to expenditure for a specified purpose:		
Queering wellness (therapy)	\$ 334,934	\$ 115,269
Advocacy	72,485	54,535
Staff and youth well-being	49,709	96,075
Violence and substance prevention	47,626	73,156
Other	14,759	23,880
Peer support		113,151
Clinician		<u>30,000</u>
Total	519,513	506,066
Subject to the passage of time:		
Contributions receivable	<u>26,397</u>	<u>41,933</u>
Total net assets with donor restrictions	<u>\$ 545,910</u>	<u>\$ 547,999</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2022	2021
Automobiles	\$ 11,500	\$ 11,500
Office furniture and equipment	24,344	24,344
Leasehold improvements	<u>1,880</u>	<u>1,880</u>
Total	37,724	37,724
Less accumulated depreciation	<u>33,972</u>	<u>27,844</u>
Property and equipment, net	<u>\$ 3,752</u>	<u>\$ 9,880</u>

6. INVESTMENTS

The Organization's investments of \$82,801 and \$98,197 as of December 31, 2022 and 2021, respectively, consist of a pooled investment vehicle held by the Pikes Peak Community Foundation (PPCF). The investments are valued at fair value using the net asset value of the portfolio provided by the PPCF. The investments underlying the pooled investment vehicle consist primarily of actively traded debt and equity securities. There are no redemption restrictions.

7. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, contributed nonfinancial assets recognized within the statement of activities included:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restriction	Valuation Techniques/ Inputs
2022				
Events				
Services	\$ 32,247	Events	None	Fair market value
Auction items	14,560	N/A – Monetized	None	Sales price
Facilities	<u>1,750</u>	Events	None	Fair market value
Total events	48,557			
Merchandise	2,656	Program services	None	Fair market value
Services	<u>509</u>	Program services	None	Fair market value
Total	<u>\$ 51,722</u>			
2021				
Events				
Services	\$ 8,055	Events	None	Fair market value
Facilities	3,000	Events	None	Fair market value
Auction items	<u>1,270</u>	N/A – Monetized	None	Sales price
Total events	12,325			
Facilities	1,200	Administrative	None	Fair market value
Merchandise	<u>1,057</u>	Program services	None	Fair market value
Total	<u>\$ 14,582</u>			

8. CONCENTRATIONS, RISKS AND UNCERTAINTIES

The Organization received grants from two funders comprising 15% and 13% of revenue during the year ended December 31, 2022.

As of December 31, 2022, 75% of grants receivable were due from two organizations. As of December 31, 2022, contributions receivable are due from one organization.

The Organization received grants from one funder comprising 15% of revenue during the year ended December 31, 2021.

As of December 31, 2021, 94% of grants receivable were due from two organizations. As of December 31, 2021, contributions receivable are due from one organization.

The Organization has cash accounts that periodically exceed the FDIC insurance limits, however, has not experienced any losses in such accounts.

The Organization invests in a pooled investment fund of PPCF. The pooled investment fund holds investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the recorded amount of investments in the Organization's financial statements.