



INSIDE/OUT YOUTH SERVICES

Financial Statements

For The Year Ended December 31, 2023

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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan + Co. LLP

May 22, 2024

INSIDE/OUT YOUTH SERVICES

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2023 (with comparative totals for 2022)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,190,175	\$ 1,960,419
Grants receivable	80,929	197,072
Contributions receivable	40,844	26,397
Prepaid expenses and other assets	<u>10,303</u>	<u>5,542</u>
Total current assets	2,322,251	2,189,430
INVESTMENTS	93,850	82,801
OPERATING LEASE RIGHT OF USE ASSET, NET	224,235	
PROPERTY AND EQUIPMENT, NET	<u> </u>	<u>3,752</u>
TOTAL ASSETS	<u>\$ 2,640,336</u>	<u>\$ 2,275,983</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 113,439	\$ 42,718
Deferred revenue	38,137	10,000
Current portion of operating lease obligation	<u>33,742</u>	<u> </u>
Total current liabilities	185,318	52,718
OPERATING LEASE OBLIGATION	<u>185,184</u>	<u> </u>
TOTAL LIABILITIES	<u>370,502</u>	<u>52,718</u>
NET ASSETS		
Without donor restrictions	1,938,235	1,677,355
With donor restrictions	<u>331,599</u>	<u>545,910</u>
TOTAL NET ASSETS	<u>2,269,834</u>	<u>2,223,265</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,640,336</u>	<u>\$ 2,275,983</u>

See notes to financial statements.

INSIDE/OUT YOUTH SERVICES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023 (with comparative totals for 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND SUPPORT				
Grant revenue	\$ 519,670	\$ 447,000	\$ 966,670	\$ 1,413,535
Contributions - financial assets	787,490	40,844	828,334	799,943
Investment income (loss), net	43,086		43,086	(13,307)
Fundraising revenue	40,844		40,844	27,367
Contributions - nonfinancial assets	36,022		36,022	51,722
Other revenue	13,817		13,817	17,814
Net assets released from restriction	<u>702,155</u>	<u>(702,155)</u>		
Total revenues and support	<u>2,143,084</u>	<u>(214,311)</u>	<u>1,928,773</u>	<u>2,297,074</u>
EXPENSES				
Program services	1,482,281		1,482,281	1,132,593
General and administrative	234,357		234,357	133,154
Fundraising	<u>165,566</u>		<u>165,566</u>	<u>141,654</u>
Total expenses	<u>1,882,204</u>	<u>—</u>	<u>1,882,204</u>	<u>1,407,401</u>
CHANGE IN NET ASSETS	260,880	(214,311)	46,569	889,673
NET ASSETS, Beginning of year	<u>1,677,355</u>	<u>545,910</u>	<u>2,223,265</u>	<u>1,333,592</u>
NET ASSETS, End of year	<u>\$ 1,938,235</u>	<u>\$ 331,599</u>	<u>\$ 2,269,834</u>	<u>\$ 2,223,265</u>

See notes to financial statements.

INSIDE/OUT YOUTH SERVICES

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023 (with comparative totals for 2022)

	2023			Total	2022 Total
	Program Services	General and Administrative	Fundraising		
Salaries and benefits	\$ 1,066,631	\$ 115,617	\$ 92,200	\$ 1,274,448	\$ 947,086
Professional fees	266,164	77,170	12,066	355,400	201,265
Occupancy	56,659	13,299	65	70,023	56,235
Supplies	43,582	3,547	91	47,220	26,579
Event expense	8,767	1,261	33,148	43,176	50,887
Donated event expense	2,399	6,000	27,623	36,022	51,722
Training	15,534			15,534	29,170
Insurance	9,947	3,020	176	13,143	15,080
Bank and consulting fees		6,956	197	7,153	5,637
Postage and printing	3,026	1,389		4,415	2,388
Depreciation		3,752		3,752	6,128
Volunteer expenses	1,918			1,918	666
Advertising and advocacy	808	110		918	954
Other	6,846	2,236		9,082	13,604
TOTAL	\$ 1,482,281	\$ 234,357	\$ 165,566	\$ 1,882,204	
Percent of total	79%	12%	9%	100%	
TOTAL - 2022	\$ 1,132,593	\$ 133,154	\$ 141,654		\$ 1,407,401
Percent of total - 2022	80%	10%	10%		100%

See notes to financial statements.

INSIDE/OUT YOUTH SERVICES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023 (with comparative totals for 2022)

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	\$ 46,569	\$ 889,673
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,752	6,128
Operating lease payments	(5,309)	
Net realized and unrealized loss (gain) on investments	(11,049)	15,396
Change in operating assets and liabilities:		
Grants receivable	116,143	(149,836)
Contributions receivable	(14,447)	15,536
Prepaid expenses and other assets	(4,761)	(5,542)
Accounts payable and accrued liabilities	70,721	(2,412)
Deferred revenue	<u>28,137</u>	<u>(10,671)</u>
Net cash provided by operating activities	<u>229,756</u>	<u>758,272</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	229,756	758,272
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,960,419</u>	<u>1,202,147</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,190,175</u>	<u>\$ 1,960,419</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Operating lease right of use asset obtained in exchange for new operating lease obligation	<u>\$ 223,549</u>	<u>\$ —</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, 2022, 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, 2023 and 2022, 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 \$601,000 and \$843,000 at December 31, 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 7 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 revenue and an 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 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.

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:

	2023	2022
Cash and cash equivalents	\$ 2,190,175	\$ 1,960,419
Grants receivable	80,929	197,072
Contributions receivable	40,844	26,397
Investments	<u>93,850</u>	<u>82,801</u>
Total financial assets	<u>2,405,798</u>	<u>2,266,689</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	290,755	519,513
Restricted by donors with time restrictions	<u>40,844</u>	<u>26,397</u>
Total unavailable for general expenditures within one year	<u>331,599</u>	<u>545,910</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 2,074,199</u>	<u>\$ 1,720,779</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:

	2023	2022
Subject to expenditure for a specified purpose:		
Violence and substance prevention	\$ 79,165	\$ 47,626
Peer support	75,557	
Clinician	60,028	
Preventing Identity-Based Violence	26,693	
Queering wellness (therapy)	23,489	334,934
Advocacy		72,485
Staff and youth well-being		49,709
Other	<u>25,823</u>	<u>14,759</u>
Total	290,755	519,513
Subject to the passage of time:		
Contributions receivable	<u>40,844</u>	<u>26,397</u>
Total net assets with donor restrictions	<u>\$ 331,599</u>	<u>\$ 545,910</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2023	2022
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>37,724</u>	<u>33,972</u>
Property and equipment, net	<u>\$ —</u>	<u>\$ 3,752</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$3,752 and \$6,128, respectively.

6. LEASES

The Organization adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-02, *Leases*, effective January 1, 2022. The Organization has an operating lease for office space. The Organization determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of twelve months or less (short-term lease) are not recorded on the statement of financial position.

For leases that commenced before the effective date of ASU 2016-02, the Organization elected the permitted practical expedients to not reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases.

Right-of-use assets (ROU assets) represent the Organization's right to use an underlying asset during the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and operating lease liabilities are based on the net present value of fixed lease payments over the lease term.

As the Organization's operating lease does not provide an implicit rate, the Organization elected the permitted practical expedient of using a risk-free rate in determining the present value of lease payments.

Operating fixed lease expense is recognized on a straight-line basis over the lease term.

Lease costs incurred are as follows for the year ended December 31, 2023:

Short-term lease cost	\$ 44,252
Operating lease cost	<u>3,952</u>
Total	<u>\$ 48,204</u>

Other information:

Cash paid for amounts included in the measurement of lease liability:

Operating cash flows from operating lease	\$ 5,309
Weighted average remaining lease term	5.08 years
Weighted average discount rate	4.25%

Undiscounted cash flows for the operating lease as of December 31, 2023 are as follows:

2024	\$ 41,709
2025	47,104
2026	48,854
2027	50,604
2028	52,354
Thereafter	<u>4,375</u>
Future minimum lease payments	245,000
Lease amount representing interest	<u>26,074</u>
Operating lease liability recognized on the statement of financial position	<u>\$ 218,926</u>

7. INVESTMENTS

The Organization's investments of \$93,850 and \$82,801 as of December 31, 2023 and 2022, 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.

8. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, contributed nonfinancial assets recognized within the statement of activities included:

	Revenue Recognized	Utilization in Programs / Activities	Donor Restriction	Valuation Techniques / Inputs
2023				
Events				
Auction items	\$ 19,963	N/A – Monetized Events	None	Sales price
Services	<u>7,406</u>		None	Fair market value
Total events	27,369			
Merchandise	2,503	Administrative	None	Fair market value
Services	<u>6,150</u>	Program services	None	Fair market value
Total	<u>\$ 36,022</u>			
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>			

9. CONCENTRATIONS, RISKS AND UNCERTAINTIES

The Organization received grants from three funders comprising 47%, 32%, and 15% of revenue during the year ended December 31, 2023.

As of December 31, 2023, 96% of grants receivable were due from two organizations. As of December 31, 2023, contributions receivable are due from one organization.

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 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.