
INSIDE/OUT YOUTH SERVICES

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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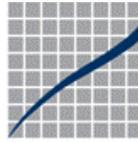
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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS SPECIALISTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors

Inside/Out Youth Services

Colorado Springs, Colorado

We have reviewed the accompanying statement of financial position of Inside/Out Youth Services (a nonprofit organization), as of December 31, 2014, and the related statement of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with US GAAP.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with US GAAP. The supplemental information included with the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

BiggsKofford, P.C.

Colorado Springs, Colorado

February 2, 2016

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INSIDE/OUT YOUTH SERVICES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

Cash and equivalents	\$ 18,645
Investments	112,821
Pledges receivable, net	11,256
Prepaid expenses and other current assets	3,080
Property and equipment, net	<u>4,286</u>
Total assets	<u><u>\$ 150,088</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	<u>\$ 3,012</u>
Total liabilities	<u>3,012</u>
Net assets:	
Unrestricted:	
Investment in property and equipment, net	4,286
Undesignated	<u>131,534</u>
Total unrestricted	135,820
Temporarily restricted	<u>11,256</u>
Total net assets	<u>147,076</u>
Total liabilities and net assets	<u><u>\$ 150,088</u></u>

The accompanying notes and independent accountant's review report
should be read with this financial statement.

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INSIDE/OUT YOUTH SERVICES
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
<u>REVENUES, GAINS AND SUPPORT</u>			
Contributions	\$ 47,822	\$ -	\$ 47,822
Grants	16,300	-	16,300
Events, net	9,545	-	9,545
Investment income	4,320	-	4,320
Other income	33,478	-	33,478
Total revenues, gains and support	<u>111,465</u>	<u>-</u>	<u>111,465</u>
<u>RECLASSIFICATIONS</u>			
Satisfaction of program restrictions	<u>26,234</u>	<u>(26,234)</u>	<u>-</u>
<u>EXPENSES</u>			
Program	100,979	-	100,979
General and administrative	60,113	-	60,113
Fundraising	19,862	-	19,862
Total expenses	<u>180,954</u>	<u>-</u>	<u>180,954</u>
Change in net assets	(43,255)	(26,234)	(69,489)
Net assets, beginning of year	<u>179,075</u>	<u>37,490</u>	<u>216,565</u>
Net assets, end of year	<u>\$ 135,820</u>	<u>\$ 11,256</u>	<u>\$ 147,076</u>

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INSIDE/OUT YOUTH SERVICES
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (69,489)
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation	511
Realized and unrealized investment gains	(1,873)
Decrease (increase) in assets:	
Accounts receivable	26,234
Prepaid expenses and other current assets	(1,232)
Decrease in liabilities:	
Accounts payable and accrued expenses	(1,127)
Net cash used in operating activities	<u>(46,976)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(4,797)
Purchases of investments	(1,303)
Net cash used in investing activities	<u>(6,100)</u>
Net decrease in cash and cash equivalents	(53,076)
Cash and equivalents, beginning of year	<u>71,721</u>
Cash and equivalents, end of year	<u>\$ 18,645</u>

The accompanying notes and independent accountant's review report should be read with this financial statement.

INSIDE/OUT YOUTH SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Inside/Out Youth Services ("Organization") is a Colorado nonprofit organization incorporated in the state of Colorado in 1997. The primary purpose of the Organization is to educate, empower, and advocate for lesbian, gay, bisexual, transgender, intersex, and questioning youth ("LGBTIQ"). The Organization emphasizes a broad range of support services and programs for youth between the ages of 13-22, with programs including support and discussion groups, a supervised drop-in recreation center, community outings, leadership development, sexual health education, suicide prevention education, career and financial skills building, and counseling referrals.

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis of presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion and the net investment in property and equipment; temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represent resources for which use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets as of December 31, 2014.

Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments of three months or less to be cash and equivalents.

See independent accountant's review report.

INSIDE/OUT YOUTH SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Investments and investment income

Investments consist of investments in equity securities with readily determinable fair market value. All investments are recorded at fair value in the statement of financial position. Interest, dividends and realized and unrealized gains and losses are reflected as investment income.

Pledges receivable

Pledges receivable consists of pledges made to the Organization. All pledges receivable are due in less than 1 year. Management regularly reviews pledges receivable and has established an allowance for uncollectible pledges receivable. The estimate is based on historic collection experience and a review of the current pledges receivable. The allowance for uncollectible pledges receivable was \$7,500 as of December 31, 2014.

For the year ended December 31, 2014, bad debt expense consists of prior year uncollectible pledges written off in the amount of \$33,670.

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 property and equipment costing or having a fair market value of at least \$500 and having a useful life exceeding one year. Depreciation is provided on a straight-line basis over an estimated useful life of 5 to 7 years.

Contribution revenue

In accordance with US GAAP, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of donor restrictions, if applicable. Contribution revenue is recognized when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. Donor-restricted contributions with restrictions that are met in the same reporting period as the contribution is recognized are reported as unrestricted support.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are recorded when costs are incurred.

See independent accountant's review report.

INSIDE/OUT YOUTH SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income taxes

The Organization is exempt from income taxes under Internal Revenue Code ("Code") Section 501(c)(3) and is not considered to be a private foundation under Section 509(a)(2) of the code.

The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC 450, *Contingencies*. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for the Organization. Management believes only income tax returns for the years 2012 and later are subject to examination by the applicable taxing jurisdiction.

Subsequent events

Management has evaluated subsequent events through the date of the attached accountant's review report, the date on which the financial statements were available to be issued.

2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2014:

Computers and office equipment	\$ 5,285
Automobiles	11,500
Leasehold improvements	<u>2,271</u>
	19,056
Accumulated depreciation	<u>(14,770)</u>
	<u><u>\$ 4,286</u></u>

Depreciation expense for the year ended December 31, 2014 totaled \$511.

See independent accountant's review report.

INSIDE/OUT YOUTH SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization has investments in equity securities that are held by the Pikes Peak Community Foundation ("PPCF"). Due to the level of risk associated with certain investment securities, it is at least reasonably possible that change 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.

The Organization is subject to a framework for measuring fair value pursuant to US GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair value measurements of assets recognized in the accompanying financial statements, measured at fair value on a recurring basis, consist of the following as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Assets held by the PPCF	\$ 112,821	\$ -	\$ -	\$ 112,821

4. COMMITMENTS

The Organization leases office space from an unrelated party under an operating lease. The lease agreement expires on December 31, 2016 and calls for payments of \$1,800 per month for the remainder of the term. Total rental expense under this operating lease was \$23,400 for the year ended December 31, 2014.

See independent accountant's review report.

INSIDE/OUT YOUTH SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

4. COMMITMENTS (CONTINUED)

Future minimum lease payments at December 31, 2014 are as follows:

<u>Years Ending December 31,</u>	
2015	\$ 21,600
2016	<u>21,600</u>
	<u>\$ 43,200</u>

* * * * *

See independent accountant's review report.

SUPPLEMENTAL INFORMATION

INSIDE/OUT YOUTH SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	Program	General and Administrative	Fundraising	Total
Salaries and wages	\$ 45,892	\$ 12,683	\$ 10,842	\$ 69,417
Employee benefits	5,603	1,585	792	7,980
Payroll taxes	3,509	970	829	5,308
Auto expense	372	105	157	634
Bank and credit card fees	763	110	61	934
Communications	448	-	71	519
Conference and meeting fees	263	22	12	297
Accounting fees	1,680	480	240	2,400
Investment management fees	-	1,075	-	1,075
Dues and subscriptions	672	192	1,096	1,960
Insurance	2,874	821	411	4,106
License and fees	77	22	11	110
Meals and entertainment	286	26	179	491
Postage and shipping	531	151	76	758
Printing and duplication	590	159	478	1,227
Youth recreation	2,761	-	-	2,761
Occupancy	21,858	6,161	3,079	31,098
Sponsorship	1,930	400	200	2,530
Office expense	3,897	798	570	5,265
Travel	80	-	-	80
Scholarships	2,500	-	-	2,500
Depreciation	358	102	51	511
Bad debt expense	-	33,670	-	33,670
In kind expense	1,192	342	170	1,704
Advertising and promotion	399	107	253	759
Event expense	1,927	-	73	2,000
Miscellaneous	517	132	211	860
Total	\$ 100,979	\$ 60,113	\$ 19,862	\$ 180,954
Percentage of total expenses	55.80%	33.22%	10.98%	100.00%

See independent accountant's review report.