

TEEN H.Y.P.E.
FINANCIAL REPORT
DECEMBER 31, 2018 AND 2017
INCLUDING SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

TEEN H.Y.P.E.

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GLEN OLIVACHÉ, CPA, P.C.

220 Bagley Avenue, Suite 400
Detroit, Michigan 48226

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Teen H.Y.P.E.
Detroit, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Teen H.Y.P.E. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

Auditor's 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 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.

Independent Auditor's Report (Cont'd)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teen H.Y.P.E. as of December 31, 2018 and 2017, 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.

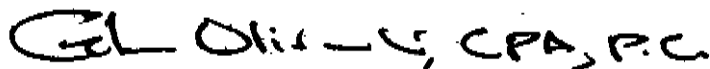
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2019, on our consideration of Teen H.Y.P.E.'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 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 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 Teen H.Y.P.E.'s internal control over financial reporting and compliance.



Detroit, Michigan
September 18, 2019

TEEN H.Y.P.E.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 133,681	\$ 68,099
Grants receivable	397,934	485,763
Prepaid expenses	1,000	61,975
	\$ 532,615	\$ 615,837
Total assets	\$ 532,615	\$ 615,837
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 426,207	\$ 586,844
Accrued payroll	12,685	15,433
	438,892	602,277
Total current liabilities	438,892	602,277
NET ASSETS		
Net assets without donor restrictions	58,998	(44,853)
Net assets with donor restrictions	34,725	58,413
	93,723	13,560
Total net assets	93,723	13,560
Total liabilities and net assets	\$ 532,615	\$ 615,837

See Notes to Financial Statements

TEEN H.Y.P.E.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES						
Grants	\$ 948,147	\$ -	\$ 948,147	\$ 937,237	\$ 58,413	\$ 995,650
Contributions	175,110	80,000	255,110	86,684	-	86,684
Earned Income (net)	8,677	-	8,677	5,405	-	5,405
Special Events (net)	14,145	-	14,145	16,103	-	16,103
Miscellaneous	5,365	-	5,365	-	-	-
Total support and revenues	1,151,444	80,000	1,231,444	1,045,429	58,413	1,103,842
Net assets released from restriction	103,688	(103,688)	-	20,000	(20,000)	-
Total support and revenues and net assets released from restriction	1,255,132	(23,688)	1,231,444	1,065,429	38,413	1,103,842
EXPENSES						
Program services	933,598	-	933,598	947,999	-	947,999
Management and General	170,479	-	170,479	165,333	-	165,333
Fundraising	47,204	-	47,204	3,603	-	3,603
Total expenses	1,151,281	-	1,151,281	1,116,935	-	1,116,935
Increase (decrease) in Net Assets	103,851	(23,688)	80,163	(51,506)	38,413	(13,093)
NET ASSETS - Beginning of Year	(44,853)	58,413	13,560	6,653	20,000	26,653
NET ASSETS - End of Year	<u>\$ 58,998</u>	<u>\$ 34,725</u>	<u>\$ 93,723</u>	<u>\$ (44,853)</u>	<u>\$ 58,413</u>	<u>\$ 13,560</u>

See Notes to Financial Statements.

TEEN H.Y.P.E.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

<u>Expenses</u>	<u>Supporting Services</u>				<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Payroll and payroll taxes	\$ 392,477	\$ 76,170	\$ 39,156	\$ 115,326	\$ 507,803
Fringes	129,955	23,283	1,989	25,272	155,227
Outside services	159,166	28,154	375	28,529	187,695
Office expenses	40,593	7,180	96	7,276	47,869
Program materials and activities	44,796	7,924	106	8,030	52,826
Participant support	9,640	-	-	-	9,640
Telephone	11,572	2,047	27	2,074	13,646
Postage and shipping	1,297	230	3	233	1,530
Printing	10,286	1,820	24	1,844	12,130
Advertising	-	-	5,113	5,113	5,113
Rent	45,413	8,033	107	8,140	53,553
Equipment rental	21,529	3,808	51	3,859	25,388
Repairs and maintenance	4,318	764	10	774	5,092
Travel	57,274	10,131	135	10,266	67,540
Insurance	3,858	683	9	692	4,550
Miscellaneous	1,424	252	3	255	1,679
Total expenses	<u>\$ 933,598</u>	<u>\$ 170,479</u>	<u>\$ 47,204</u>	<u>\$ 217,683</u>	<u>\$ 1,151,281</u>

See Notes to Financial Statements.

TEEN H.Y.P.E.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

<u>Expenses</u>	<u>Supporting Services</u>				<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Payroll and payroll taxes	\$ 341,465	\$ 60,401	\$ 805	\$ 61,206	\$ 402,671
Fringes	60,635	10,726	143	10,869	71,504
Outside services	194,684	34,437	459	34,896	229,580
Office expenses	60,153	10,640	142	10,782	70,935
Program materials and activities	75,123	13,288	177	13,465	88,588
Participant support	13,320	-	-	-	13,320
Telephone	12,872	2,277	30	2,307	15,179
Postage and shipping	2,279	403	5	408	2,687
Printing	1,527	270	4	274	1,801
Advertising	-	-	1,399	1,399	1,399
Rent	49,852	8,818	118	8,936	58,788
Equipment rental	4,158	735	10	745	4,903
Repairs and maintenance	12,600	2,229	30	2,259	14,859
Travel	113,696	20,111	268	20,379	134,075
Miscellaneous	5,635	998	13	1,011	6,646
Total expenses	<u>\$ 947,999</u>	<u>\$ 165,333</u>	<u>\$ 3,603</u>	<u>\$ 168,936</u>	<u>\$ 1,116,935</u>

See Notes to Financial Statements.

TEEN H.Y.P.E.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 80,163	\$ (13,093)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in operating assets:		
Grants receivable	87,829	(283,577)
Prepaid expenses	60,975	(61,975)
Increase (decrease) in operating liabilities:		
Accounts payable	(160,637)	393,359
Accrued payroll	(2,748)	15,433
	<u>65,582</u>	<u>50,147</u>
Net cash provided by operating activities		
	65,582	50,147
Net increase in cash		
BEGINNING CASH BALANCE	<u>68,099</u>	<u>17,952</u>
ENDING CASH BALANCE	<u>\$ 133,681</u>	<u>\$ 68,099</u>

See Notes to Financial Statements.

TEEN H.Y.P.E.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Teen H.Y.P.E. (the Organization), is a not-for-profit organization located in Detroit, Michigan. Its stated purpose is to equip teens for their journey towards success. Its activities include a variety of programs that service youth and promote healthy development. Approximately 77% and 85% of the Organization's funding is provided from grants from various government agencies for the years ended December 31, 2018 and 2017, respectively. Other support is provided by other grants and contributions from individuals.

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 and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Income Taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions.

The Organization is no longer subject to examinations of its Federal Return of Organizations Exempt from income Tax (Form 990) filed for years before December 31, 2015.

TEEN H.Y.P.E.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
CONT'D

Note 1 - Nature of Business and Summary of Significant Accounting Policies (Cont'd)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and then reported amounts or revenues and expenses during the reported period. Actual results could differ from those estimates.

Grants Receivable

Grants receivable are reported at the amount the Organization expects to be reimbursed based on billings accrued at the time the service was provided. The Organization reviews all outstanding accounts and determines collectability of its receivables based on past experience with its grantors. The Organization considers grants receivable as of December 31, 2018 and 2017 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are stated at carrying cost at December 31, 2018 and 2017, which approximates fair value due to the relatively short maturity of these instruments. Other financial instruments held at year-end are investments, which are stated at fair value.

Concentration of Credit Risk

The Organization maintains its cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, the Organization's cash balances may exceed these limits.

Contributed Services

During the year, unpaid volunteers contributed their time to the Organization and its programs. The Organization records the fair value of these contributed services to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. The Organization did not record contributed services for the years ended December 31, 2018 and 2017.

Allocation of Functional Expenses

The cost of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among the program and supporting services benefited. All expenditures have been allocated on the basis of estimates of time and effort.

TEEN H.Y.P.E.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
CONT'D

Note 1 - Nature of Business and Summary of Significant Accounting Policies (Cont'd)

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 8)

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ (44,853)	\$ -
Temporarily restricted net assets	58,413	-
Net assets without donor restriction	-	(44,853)
Net assets with donor restriction	-	58,413
Total net assets	<u>\$ 13,560</u>	<u>\$ 13,560</u>

Note 2 – Prepaid Expenses

Prepaid expenses consists of amounts paid in advance for expenditures that had not yet occurred as of the end of the fiscal year. As of December 31, 2018 and 2017, the prepaid expenses balance totaled \$1,000 and \$61,975, respectively. The 2017 balance includes amounts paid in advance to Southeastern Michigan Health Association (SEMHA) for future program expenditures related directly to a grant. SEMHA acts as a fiduciary and handles the administrative support services related to this grant. The portion of prepaid expenses paid in advance to SEMHA as of December 31, 2017 is \$58,413.

TEEN H.Y.P.E.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
CONT'D

Note 3 – Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Restricted by program		
Restricted grants	<u>\$ 34,725</u>	<u>\$ 58,413</u>

The balance of net assets with donor restrictions as of December 31, 2018 is restricted for fundraising expenses that are anticipated to be fulfilled in 2019. The balance of net assets with donor restrictions as of December 31, 2017 was for a sexual risk avoidance program and the restrictions were fulfilled during the year ended December 31, 2018.

Note 4 – Special Events

The Organization conducted fundraising events as part of its ongoing operations to fund the program activities and to increase community awareness of the Organization. Total revenues and direct event expenses are as follows:

	<u>2018</u>	<u>2017</u>
Revenues	\$ 28,185	\$ 31,743
Expenses	<u>14,040</u>	<u>15,640</u>
Net Income	<u>\$ 14,145</u>	<u>\$ 16,103</u>

Note 5 – Commitments

The Organization leases office equipment for administrative and program services under the terms of a non-cancelable operating lease. Under the current lease, the minimum lease payment for the year ending December 31, 2019 is \$47,000.

Note 6 – Outside Services

The Organization entered into an agreement with Southeastern Michigan Health Association (SEMHA) for fiduciary and administrative support services. SEMHA fees for these services are calculated as a percentage of expenses processed by SEMHA on behalf of Teen H.Y.P.E. SEMHA fees for the years ended December 31, 2018 and 2017 were \$44,702 and \$37,228, respectively.

TEEN H.Y.P.E.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
CONT'D

Note 7 – Pension Plan

The Organization participates in a non-contributory pension plan that is administered by SEMHA for employees over the age of twenty-one who have completed a minimum of one year of employment, working at least 1,000 hours in that year. Employees are fully vested after completing 5 years of service. The Organization contributes 4% of eligible employees' gross wages to the pension plan. Contributions for the years ended December 31, 2018 and 2017 were \$18,523 and \$12,451 respectively.

Note 8 – Liquidity and Availability Of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the balance sheet date to fund expenses without limitations:

Cash	\$ 133,681
Accounts receivable	<u>397,934</u>
Total financial assets	531,615
Donor-imposed restrictions:	
Less: Cash restricted by donor to specific uses	<u>34,725</u>
Financial assets available to meet cash needs for expenditures within one year	<u><u>\$ 496,890</u></u>

Note 9 – Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued – September 18, 2019.

GLEN OLIVACHÉ, CPA, P.C.

220 Bagley Avenue, Suite 400
Detroit, Michigan 48226

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Teen H.Y.P.E.
Detroit, Michigan

We have audited, in accordance with the 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, the financial statements of Teen H.Y.P.E. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Teen H.Y.P.E.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Teen H.Y.P.E.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Teen H.Y.P.E.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (Cont'd)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Teen H.Y.P.E.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Teen H.Y.P.E.'s internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Teen H.Y.P.E.'s internal control over compliance. Accordingly, this communication is not suitable for any other purpose.



Detroit, Michigan
September 18, 2019

GLEN OLIVACHÉ, CPA, P.C.

220 Bagley Avenue, Suite 400
Detroit, Michigan 48226

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Teen H.Y.P.E.
Detroit, Michigan

Report on Compliance for Each Major Federal Program

We have audited Teen H.Y.P.E.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Teen H.Y.P.E.'s major federal programs for the year ended December 31, 2018. Teen H.Y.P.E.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Teen H.Y.P.E.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Teen H.Y.P.E.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Teen H.Y.P.E.'s compliance.

Independent Auditor's Report on Compliance For Each Major Program and Internal Control Over Compliance Required by the Uniform Guidance (Cont'd)

Opinion on Each Major Federal Program

In our opinion, Teen H.Y.P.E., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

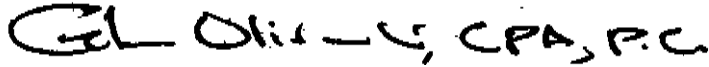
Management of Teen H.Y.P.E. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Teen H.Y.P.E.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Teen H.Y.P.E.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Independent Auditor's Report on Compliance For Each Major Program and
Internal Control Over Compliance Required by the Uniform Guidance (Cont'd)**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in black ink that reads "G.L. O'Neil, CPA, P.C." The signature is written in a cursive, somewhat stylized font.

Detroit, Michigan
September 18, 2019

TEEN H.Y.P.E.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018

<u>Federal Grantor/Pass Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
U.S. Dept of Health and Human Services			
Greater than Sub Abuse/HIV	93.243	5H79SP021781-02	\$ 161,014
Greater than Sub Abuse/HIV	93.243	3H79SP021781-03S1	84,236
			<u>245,250</u>
Sexual Risk Avoidance Education	93.060	90SR0020-02-00	327,009
Sexual Risk Avoidance Education	93.060	90SR0020-03-00	102,280
			<u>429,289</u>
Empowering Youth Today - Sexual Risk Avoidance Education	93.235	E20192756-002	4,870
Passed through the St John Community Health Investment Corp			
Affordable Care Act (ACA) Abstinence Education Program	93.235	E20182450-001	58,413
			<u>63,283</u>
Passed through the Community Health Awareness Group			
Teenage Pregnancy Prevention Program	93.297	20170154-00	160,204
Passed through the Michigan Department of Community Health:			
Affordable Care Act, Personal Responsibility			
Education Program	93.092	20180265-02	76,644
Affordable Care Act, Personal Responsibility			
Education Program	93.092	20190062-00	22,929
			<u>99,573</u>
Total U.S. Dept of Health and Human Services			<u>997,599</u>
Department of Agriculture			
Passed through the Michigan Department of Education			
Child and Adult Care Food Program	10.558	N/A	8,961
			<u>8,961</u>
Total expenditures of federal awards			<u>\$ 1,006,560</u>

See Notes to Schedule of Expenditures of Federal Awards

TEEN H.Y.P.E.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Teen H.Y.P.E., and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Teen H.Y.P.E., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Teen H.Y.P.E.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, whereas certain types of expenditures are not allowable or are limited as to reimbursement.

Teen H.Y.P.E. did not elect to use the 10% De Minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

TEEN H.Y.P.E.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None

Noncompliance material to financial statement noted? Yes No

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516? Yes No

Federal Awards

Identification of major programs:

CFDA # 93.060 – Sexual Risk Avoidance Education

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

TEEN H.Y.P.E.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018
(CONT'D)

SECTION 2 – FINANCIAL STATEMENT AUDIT FINDINGS

None reported.

TEEN H.Y.P.E.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018
(CONT'D)

SECTION 3 – FEDERAL PROGRAM AUDIT FINDINGS

None reported.