

**CRISIS TEXT LINE, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**AUDITORS' REPORT**  
**DECEMBER 31, 2014**

# CRISIS TEXT LINE, INC.

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## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of  
Crisis Text Line, Inc.

We have audited the accompanying financial statements of Crisis Text Line, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crisis Text Line, Inc. as of December 31, 2014, 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.

New York, NY  
July 6, 2015

*Skody Scot & Company, CPAs, P.C.*

**CRISIS TEXT LINE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**

**ASSETS**

Cash	\$2,141,088
Program revenue receivable	92,999
Contributions receivable	185,417
Prepaid expenses	8,377
	<hr/>
Total assets	<u>\$2,427,881</u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable and accrued expenses	\$ 104,282
	<hr/>
Total liabilities	104,282
	<hr/>
Commitments and contingencies (see notes)	
Net Assets:	
Unrestricted	2,323,599
Temporarily restricted	-
Permanently restricted	-
	<hr/>
Total net assets	2,323,599
	<hr/>
Total liabilities and net assets	<u>\$2,427,881</u>

**See accompanying notes to financial statements.**

**CRISIS TEXT LINE, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014**

**Support and Revenues:**

Unrestricted:

Program service revenue	\$3,224,396
Contributions	696,158
Contributions in-kind	168,352
Interest income	898

Total support and revenues	4,089,804
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**Expenses:**

Program services	1,562,025
Supporting services:	
Management and general	167,237
Fundraising	36,943

Total expenses	1,766,205
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**Increase/(Decrease) In Net Assets:**

Unrestricted	2,323,599
Temporarily restricted	-
Permanently restricted	-

Increase/(decrease) in net assets	2,323,599
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Net assets, beginning of year	-
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Net assets, end of year	\$2,323,599
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**See accompanying notes to financial statements.**

**CRISIS TEXT LINE, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2014**

Cash flows from operating activities:	
Increase/(decrease) in net assets	\$ 2,323,599
Adjustments for non-cash items included in operating activities	-
Changes in assets and liabilities:	
Program revenue receivable	(92,999)
Contributions receivable	(185,417)
Prepaid expenses	(8,377)
Accounts payable and accrued expenses	104,282
Net cash provided/(used) by operating activities	<u>2,141,088</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities	<u>-</u>
Net increase/(decrease) in cash	2,141,088
Cash at beginning of year	-
Cash at end of year	<u><u>\$2,141,088</u></u>

**See accompanying notes to financial statements.**

**CRISIS TEXT LINE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2014**

	<u>Supporting Services</u>			Total Expenses
	Program Services	Management and General	Fundraising	
Personnel costs:				
Salaries	\$ 404,053	\$ 60,618	\$ 20,164	\$ 484,835
Payroll taxes and benefits	65,516	12,240	3,269	81,025
Outside contractors	20,362	34,091	1,388	55,841
Program partners	782,853	-	-	782,853
Total personnel costs	<u>1,272,784</u>	<u>106,949</u>	<u>24,821</u>	<u>1,404,554</u>
Direct expenses:				
Advertising and promotion	2,000	-	1,209	3,209
Dues and subscriptions	7,488	903	-	8,391
Equipment purchases	3,986	7,165	-	11,151
Insurance	11,918	2,026	-	13,944
In-kind expenses	151,517	16,835	-	168,352
Licenses and permits	-	3,510	-	3,510
Office supplies and expenses	941	6,920	821	8,682
Professional fees	-	10,375	-	10,375
Recruitment and training	-	367	500	867
Rent and utilities	25,527	3,830	1,274	30,631
SMS aggregator	22,055	-	-	22,055
Tech support and hosting	57,226	-	-	57,226
Travel and meetings	6,583	8,357	8,318	23,258
Total direct expenses	<u>289,241</u>	<u>60,288</u>	<u>12,122</u>	<u>361,651</u>
Total expenses	<u><u>\$1,562,025</u></u>	<u><u>\$ 167,237</u></u>	<u><u>\$ 36,943</u></u>	<u><u>\$1,766,205</u></u>

See accompanying notes to financial statements.

**CRISIS TEXT LINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

Crisis Text Line, Inc. (Organization), a not-for-profit organization, was incorporated in the State of New York on April 2, 2012. A fiscal sponsor relationship initially existed and is disclosed in Note 3. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from program service revenue and contributions.

The Organization's primary purpose is to use technology and data innovations to pioneer new approaches to support people in need. The Organization's major program services include training volunteers to become crisis counselors and providing 24/7 free crisis counseling to those in need via text.

Basis of Accounting

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

Basis of Presentation

In accordance with GAAP the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash Equivalents

For the purposes of the statements of financial position and the statement of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit, with an original maturity of three months or less. At December 31, 2014, the Organization did not have any resources that were considered cash equivalents.



**CRISIS TEXT LINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Program service revenue relates to fees received in exchange for program services. Revenue is recognized when the program service is provided. Revenues received from the fiscal sponsor are recorded as program service revenue. Any revenue received which has not been earned is recorded as deferred income.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries based on estimated time and other expenses are allocated based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable receivables.

**CRISIS TEXT LINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 2 - Commitments and Contingencies

The Organization maintains its bank accounts with financial institutions. Balances that exceed the Federal Deposit Insurance Corporation insurance coverage are summarized for the year ended December 31, 2014 as follows:

Institution balances	\$ 2,136,175
Less: Amounts covered	<u>( 250,000)</u>
Uninsured amounts	<u>\$ 1,886,175</u>

Note 3 - Related Party and Fiscal Sponsor

Crisis Text Line, Inc. shares office/facility space and employees with Do Something, Inc. Do Something, Inc. was reimbursed a total of \$82,499 in 2014 for the shared expenses. Do Something, Inc. and Crisis Text Line, Inc. share one common board member. In addition, the two organizations share a common CEO.

Do Something, Inc. was also Crisis Text Line, Inc.'s fiscal sponsor. The fiscal sponsorship ended during the year ended December 31, 2014. Revenue received from the fiscal sponsor was recorded as program service revenue and amounted to \$2,854,261 during 2014.

Note 4 - Donated Services and Facilities

Significant services and facilities were donated to the Organization by various organizations and meet the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

Total contributions in-kind reported on the accompanying statement of activities for the year ended December 31, 2014 amounted to \$168,352. Additional contributions in-kind were received by the Organization during the year ended December 31, 2014; however, the value of those contributions in-kind could not be determined and are not included in the financial statements. Contributions in-kind that are included in the financial statements consisted of pro-bono legal services.

In addition, volunteer time which did not meet the criteria for being recognized as contributions in accordance with GAAP was donated to the Organization. For the year ended December 31, 2014, there were a total of 36,400 counselor volunteer hours which is estimated to have a value of \$804,800. This amount is not included in the accompanying statement of activities.

**CRISIS TEXT LINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 5 - Fundraising Expenses

The Organization conducted activities that included direct solicitations for sponsorships (fundraising). The costs of personnel conducting those sponsorship activities included fundraising, administrative and program expenses (collectively defined as joint costs). The total amount allocated to fundraising activities was \$22,147 for 2014. The total joint costs were allocated for the year ended December 31, 2014 as follows:

Program expenses	\$ 203,780
Management and general	75,951
Fundraising	<u>22,147</u>
Total joint costs	\$ <u>301,878</u>

The total amount of direct and joint (allocated) costs related to solicitation activities (fundraising) was \$36,943 for the year ended December 31, 2014.

Note 6 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through July 6, 2015, which is the date the financial statements were available to be issued.