

CRISIS TEXT LINE, INC.
FINANCIAL STATEMENTS
AND
AUDITORS' REPORT
DECEMBER 31, 2015 AND 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 statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses 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. 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, 2015 and 2014, 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.

New York, NY
March 31, 2016

Skody Scot & Company, CPAs, P.C.

**CRISIS TEXT LINE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash	\$2,395,918	\$2,141,088
Certificates of deposit	229,186	-
Program revenue receivable	25,000	92,999
Contributions receivable	1,200,000	185,417
Prepaid expenses	103,495	8,377
Property and equipment, net	32,248	-
Security deposits	1,035	-
	\$3,986,882	\$2,427,881
Total assets		

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 163,916	\$ 104,282
Deferred revenue	255,000	-
	418,916	104,282
Total liabilities		
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	2,367,966	2,323,599
Temporarily restricted	1,200,000	-
Permanently restricted	-	-
	3,567,966	2,323,599
Total net assets		
Total liabilities and net assets	\$3,986,882	\$2,427,881

See accompanying notes to financial statements.

**CRISIS TEXT LINE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
Support and Revenues:		
Unrestricted:		
Program service revenue	\$ 115,700	\$ 3,224,396
Contributions	2,806,758	696,158
Contributions in-kind	337,558	168,352
Rental income	11,400	-
Interest income	857	898
Temporarily restricted:		
Contributions	1,200,000	-
Total support and revenues	4,472,273	4,089,804
Expenses:		
Program services	2,756,888	1,562,025
Supporting services:		
Management and general	426,491	167,237
Fundraising	44,527	36,943
Total expenses	3,227,906	1,766,205
Increase/(Decrease) In Net Assets:		
Unrestricted	44,367	2,323,599
Temporarily restricted	1,200,000	-
Permanently restricted	-	-
Increase/(decrease) in net assets	1,244,367	2,323,599
Net assets, beginning of year	2,323,599	-
Net assets, end of year	\$ 3,567,966	\$ 2,323,599

See accompanying notes to financial statements.

**CRISIS TEXT LINE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 1,244,367	\$ 2,323,599
Adjustments for non-cash items included in operating activities:		
Depreciation	12,155	-
Changes in assets and liabilities:		
Program revenue receivable	67,999	(92,999)
Contributions receivable	(1,014,583)	(185,417)
Prepaid expenses	(95,118)	(8,377)
Security deposits	(1,035)	-
Accounts payable and accrued expenses	59,634	104,282
Deferred revenue	255,000	-
Net cash provided/(used) by operating activities	<u>528,419</u>	<u>2,141,088</u>
Cash flows from investing activities:		
Purchase of certificates of deposit	(229,186)	-
Purchase of property and equipment	(44,403)	-
Net cash provided/(used) by investing activities	<u>(273,589)</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash	254,830	2,141,088
Cash at beginning of year	<u>2,141,088</u>	<u>-</u>
Cash at end of year	<u><u>\$2,395,918</u></u>	<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, 2015
WITH COMPARATIVE TOTALS FOR 2014

	2015			2014
	Program Services	Supporting Services Management and General	Fundraising	Total Expenses
Personnel costs:				
Salaries	\$ 1,156,659	\$ 98,472	\$ 33,221	\$ 484,835
Payroll taxes and benefits	225,876	24,602	7,297	81,025
Outside contractors	260,037	28,305	-	55,841
Program partners	559,405	-	-	782,853
Total personnel costs	<u>2,201,977</u>	<u>151,379</u>	<u>40,518</u>	<u>1,404,554</u>
Direct expenses:				
Depreciation	6,877	5,278	-	-
Equipment purchases	30,188	10,905	-	11,151
Insurance	124	16,814	-	13,944
In-kind expenses	230,058	107,500	-	168,352
Office expenses	5,825	35,674	184	21,352
Professional fees	-	10,000	-	10,375
Recruitment and training	49,511	1,266	-	867
Rent and utilities	73,333	25,921	-	30,631
Repairs and maintenance	-	10,625	-	149
SMS aggregator	13,650	-	-	22,055
Supplies	4,657	24,829	-	2,291
Tech support and hosting	67,606	1,467	-	57,226
Telephone and communication	2,704	1,352	-	-
Travel and meetings	52,698	23,481	3,825	23,258
Volunteer expenses - other	17,680	-	-	-
Total direct expenses	<u>554,911</u>	<u>275,112</u>	<u>4,009</u>	<u>361,651</u>
Total expenses	<u>\$ 2,756,888</u>	<u>\$ 426,491</u>	<u>\$ 44,527</u>	<u>\$ 1,766,205</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.

On October 20, 2015, the Organization formed a wholly owned limited liability company which was organized in the State of New York. The subsidiary is named Crisis Text Line international, LLC and did not have any activity until 2016.

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 statements 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, 2015 and 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.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of equipment and furniture is computed by the straight-line method over estimated useful lives ranging from three to seven years. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

CRISIS TEXT LINE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Property and Equipment

Property and equipment by major class consisted of the following at December 31, 2015 and 2014:

	2015	2014
Equipment	\$ 38,580	\$ -
Furniture & fixtures	5,823	-
Less: Accumulated depreciation	(12,155)	(-)
	\$ 32,248	\$ -

Note 3 - Related Party and Fiscal Sponsor

Crisis Text Line, Inc. shared office/facility space and employees with Do Something, Inc. up until October 2015 which is when Crisis Text Line, Inc. leased its own office space. Do Something, Inc. was reimbursed a total of \$48,420 and \$82,499 in 2015 and 2014, respectively, for the shared expenses. Do Something, Inc. and Crisis Text Line, Inc. share one common board member. In addition, during 2014 and part of 2015, 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 in the accompanying statements of activities for the years ended December 31, 2015 and 2014 amounted to \$337,558 and \$168,352, respectively. Additional contributions in-kind were received by the Organization during the years ended December 31, 2015 and 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, marketing, and travel.

In addition, volunteer time which did not meet the criteria for being recognized as contributions in accordance with GAAP was donated to the Organization. There were a total of 116,519 and 36,400 counselor volunteer hours for the years ended December 31, 2015 and 2014, respectively. The volunteer hours are estimated to have a value of \$2,576,235 and \$804,800 for the years ended December 31, 2015 and 2014, respectively. These amounts are not included in the accompanying statements of activities.

CRISIS TEXT LINE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 5 - Commitments and Contingencies

The Organization leases office space under a noncancellable operating lease set to expire on June 30, 2022. As of December 31, 2015 the minimum aggregate annual rental commitments are as follows:

Year ended December 31, 2016	\$ 301,333
2017	309,620
2018	334,634
2019	343,837
2020	353,292
2021 and thereafter	549,503

In lieu of a security deposit for the office lease, the Organization was required to provide the landlord with a standby letter of credit issue by a bank in the amount of \$229,167. The letter of credit, which was originally issued in October 2015, expires annually and requires an annual renew fee.

Note 6 - Concentrations

The Organization maintains its bank accounts with financial institutions. Institutional balances do not include transactions which are outstanding and have not cleared their accounts. Balances that exceed the Federal Deposit Insurance Corporation insurance coverage are summarized for the years ended December 31, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Institution balances	\$ 2,569,488	\$ 2,136,175
Less: Amounts covered	(250,000)	(250,000)
Uninsured amounts	<u>\$ 2,319,488</u>	<u>\$ 1,886,175</u>

Note 7 - Restrictions on Net Assets

Temporarily restricted net assets are available in future years for the following purposes:

	<u>2015</u>	<u>2014</u>
2016 activities	\$ 600,000	\$ -
2017 activities	<u>600,000</u>	<u>-</u>
	<u>\$ 1,200,000</u>	<u>\$ -</u>

Note 8 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through March 31, 2016, which is the date the financial statements were available to be issued.