

**TEEN HEALTH MISSISSIPPI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

**TEEN HEALTH MISSISSIPPI
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JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Teen Health Mississippi
Jackson, Mississippi

We have audited the accompanying financial statements of Teen Health Mississippi (a Mississippi nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statement of activities, functional expenses, and cash flows 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 Teen Health Mississippi as of June 30, 2019, 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.

Wilson & Biggs PLLC

Ridgeland, Mississippi
November 1, 2019

TEEN HEALTH MISSISSIPPI
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Cash and Cash Equivalents	\$ 75,739
Unconditional Promises To Give (Note 2)	559,306
Prepaid Insurance	6,519
Property & Equipment-Net (Note 3)	29,801
Cash and Cash Equivalents - Restricted	<u>419,490</u>
TOTAL ASSETS	<u>\$ 1,090,855</u>

LIABILITIES AND NET ASSETS

Accounts Payable	34,932
Accrued Expenses	<u>11,955</u>
Total Liabilities	<u>46,887</u>
Net Assets	
Without Donor Restrictions	65,172
With Donor Restrictions (Note 4)	<u>978,796</u>
TOTAL NET ASSETS	<u>1,043,968</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,090,855</u>

**TEEN HEALTH MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
Contributions (Note 1)	\$ 77,968	\$ 1,517,202	\$ 1,595,170
Event Sponsorships	2,837		2,837
Net Assets Released from Restriction	<u>538,406</u>	<u>(538,406)</u>	<u>-</u>
TOTAL REVENUE	<u>619,211</u>	<u>978,796</u>	<u>1,598,007</u>
EXPENSES			
Program Expenses			
Programs and Initiatives	275,524	-	275,524
Policy and Advocacy	32,636	-	32,636
Training	<u>156,867</u>	<u>-</u>	<u>156,867</u>
Total Program Expenses	465,027	-	465,027
Supporting Services:			
Management & General	79,552	-	79,552
Fundraising	<u>9,460</u>	<u>-</u>	<u>9,460</u>
Total Expenses	<u>554,039</u>	<u>-</u>	<u>554,039</u>
Increase in Net Assets	65,172	978,796	1,043,968
NET ASSETS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 65,172</u>	<u>\$ 978,796</u>	<u>\$ 1,043,968</u>

**TEEN HEALTH MISSISSIPPI
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Program Expenses</u>					<u>Fund</u>	
	<u>Programs & Initiatives</u>	<u>Policy & Advocacy</u>	<u>Training</u>	<u>Total Programs Expenses</u>		<u>Management & General</u>	<u>Raising</u>
Compensation	\$ 93,923	\$ 4,517	\$ 71,254	\$ 169,694	\$ 40,645	\$ 7,351	\$ 217,690
Contract Services	96,035	7,423	26,333	129,791	1,176	-	130,967
Office Expenses	27,850	4,512	21,938	54,300	(1,454)	-	52,846
Occupancy	8,937	249	4,664	13,850	2,368	374	16,592
Travel	26,174	1,638	8,048	35,860	438	-	36,298
Professional Fees	7,310	-	-	7,310	33,544	1,462	42,316
Conferences & Conventions	9,025	14,087	21,635	44,747	-	-	44,747
Insurance	3,349	156	2,570	6,075	1,480	234	7,789
Other Expenses	2,367	28	-	2,395	1,110	-	3,505
Depreciation	<u>554</u>	<u>26</u>	<u>425</u>	<u>1,005</u>	<u>245</u>	<u>39</u>	<u>1,289</u>
TOTAL EXPENSES	<u>\$ 275,524</u>	<u>\$ 32,636</u>	<u>\$ 156,867</u>	<u>\$ 465,027</u>	<u>\$ 79,552</u>	<u>\$ 9,460</u>	<u>\$ 554,039</u>

**TEEN HEALTH MISSISSIPPI
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	\$ 1,043,968
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operations:	
(Increase) Decrease in:	
Depreciation	1,288
In-Kind Donation	(10,017)
Increase (Decrease) in:	
Grants Receivable	(559,306)
Prepaid Insurance	(6,519)
Accounts Payable	34,932
Accrued Expenses	<u>11,955</u>
NET CASH PROVIDED (USED) BY OPERATIONS	<u>516,301</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	<u>(21,072)</u>
NET CASH PROVIDED (USED) FROM FINANCING ACTIVITIES	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	495,229
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 495,229</u>

**TEEN HEALTH MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Teen Health Mississippi (THMS) is a Mississippi non-profit corporation whose mission is to ensure that all Mississippi teenagers have access to high-quality sex education and youth-friendly healthcare services. The mission is accomplished by providing resources and training to build the capacity of youth-serving adults, advocating for high-quality sex education and implementing initiatives to empower teens with the knowledge, skills, and resources to make informed decisions about their sexual health. THMS was founded in 2017 within Mississippi First, another Mississippi non-profit corporation. THMS started to receive support from grantors in late 2018. Effective January 1, 2019, THMS became a standalone organization with offices in Jackson, Mississippi and Clarksdale, Mississippi. THMS is supported primarily through grants, service contracts, sponsorships and individual donations.

B. Basis of Accounting

The financial statements of THMS have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

C. New Accounting Standards

During the year ended June 30, 2019, THMS adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities* (Topic 958). The standard has changed the way all not-for-profits classify net assets and prepare financial statements. The Update is intended to improve not-for-profit financial statements and provide more useful information to donors, grantors, creditors and other financial statement users.

During the year ended June 30, 2019, THMS early adopted (FASB) Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows: Restricted Cash*. This statement requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows.

D. Financial Statement Presentation

Financial statement presentation follows the recommendation of the *Financial Accounting Standards Codification (FASB) ASC 958, Not-For-Profit Entities*. Under FASB ASC 958, the Organization is required to report 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.

A description of each net asset group is as follows:

Without Donor Restrictions - Includes net assets whose use is not restricted by donors, even though their use may be restricted by board designation.

**TEEN HEALTH MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Presentation (continued)

With Donor Restrictions - Includes net assets that include donor restrictions. The restrictions may be temporary in nature, such as those that will be met with the passage of time or the fulfillment of a donor stated purpose. Other restrictions may result in the donor specifying that the corpus of their original gift be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has lapsed or stipulated purpose has been fulfilled.

E. Cash and Cash Equivalents

For the 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. Restricted cash presented on the statement of financial position represents the unspent portion of grant funds received that contain restrictions imposed by donors.

The following table provides a reconciliation of cash and cash equivalents as well as restricted cash reported on the statement of financial position to total cash and cash equivalents reported in the statement of cash flows:

Cash and Cash Equivalents	\$ 75,739
Cash and Cash Equivalents - Restricted	<u>419,490</u>
Total Cash and Cash Equivalents, Statement of Cash Flows	<u>\$495,229</u>

F. Promises To Give

Unconditional promises to give are recognized when the donor makes a promise to give that is, in substance, unconditional. The promises are presented at the present value of future cash flows. THMS uses the allowance method to determine uncollectable promises to give whereby the donor's history and management's analysis of the promises made are considered. At June 30, 2019 all promises to give were deemed collectable.

G. Revenue

Contributions received from grants and individual donations are recorded as increases in net assets without donor restrictions or with donor restrictions, depending upon the existence of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction lapses or a purpose restriction is fulfilled), net assets with donor restrictions are reclassified to net assets without donor restrictions on the statement of activities as net assets released from restriction.

Revenue received for sponsorships for events is recognized in the period the event is held.

**TEEN HEALTH MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Depreciation

THMS capitalizes all assets purchased and/or donated with a fair value in excess of \$500. Property and equipment is stated at cost or, if donated, at fair market value at the date of donation. Depreciation expense for the year ended June 30, 2019 was \$1,288. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation as follows:

Furniture & Fixtures	10 Years
Equipment	5 Years

I. Statement of Functional Expenses

The cost of providing the various programs and activities has been summarized on the statement of functional expenses. Expenses directly attributable to specific programs or supporting service areas are recorded as expenses in those areas. Indirect costs that support more than one program or supporting service area are allocated based on the program or supporting service area benefited. Compensation and certain office expenses were allocated based upon management's estimate of time devoted to each program or supporting service area by staff and consultants.

J. Income Taxes

THMS operates as a tax exempt organization under Internal Revenue Code Section 501(c)(3). Accounting rules prescribe when to recognize and how to measure the financial statement effect, if any, of income tax positions taken or expected to be taken on income tax returns including the position that THMS continues to qualify as a tax exempt organization. Management evaluates the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, if it were more than 50% probable that a material amount of income tax would be imposed on THMS upon examination by the relevant taxing authorities, a liability would be recognized in the statements of financial position along with any interest and penalties that would result from that assessment. Should any penalties and interest be incurred, THMS's policy would be to recognize them as operating expenses. Based on management's evaluation, no liabilities or penalties and interest are required to be recorded for uncertain tax positions. The year ended June 30, 2019 is subject to examination by the Internal Revenue Service and Mississippi Department of Revenue.

K. Estimates

The 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.

**TEEN HEALTH MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

2. PROMISES TO GIVE

Promises To Give:

Programs and Initiatives	\$ 139,216
Programs and Initiatives or Training	\$ 200,000
Training	220,090
	<u>\$ 559,306</u>

Payments On Promises To Give Are Expected
To Be Received As Follows:

Less Than One Year	<u>\$ 559,306</u>
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Since all promises are expected to be received within one year, no discounting is required to calculate the present value of estimated future cash flows.

3. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2019 is as follows:

Furniture and Fixtures	\$ 2,424
Equipment	28,665
Less: Accumulated Depreciation	<u>(1,288)</u>
Net Property and Equipment	<u>\$ 29,801</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Net Assets With Donor Restrictions consisted of the following at June 30, 2019:

Programs and Initiatives	\$ 243,326
Training	318,943
Policy and Advocacy	37,003
Programs and Initiatives or Training	<u>379,524</u>
	<u>\$ 978,796</u>

**TEEN HEALTH MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

5. RETIREMENT

THMS has established a Simplified Employee Pension (SEP) plan for their employees. Contributions are made to an Individual Retirement Account (IRA) set up for each plan participant that is full-time and that has completed a 30 day orientation period. The current contribution rate is seven percent. Contributions made for the year ended June 30, 2019 were \$11,955.

6. OPERATING LEASE COMMITMENTS

THMS has entered into a lease for office space for its Jackson, Mississippi office. Rental expense for the year ended June 30, 2019 was \$12,338. Future lease payments are as follows:

2020	\$ 27,770
2021	\$ 33,960
2022	\$ 16,980

7. CONCENTRATIONS

THMS maintains cash in local banks which at times, exceed federally insured limits. At June 30, 2019, THMS has \$244,529 in excess of federally insured limits deposited in local banks. THMS has not experienced any loss in such accounts.

Substantially all of THMS's revenue comes from grants. During the current year, eleven different grantors provided support through eighteen grants. The largest three grants accounted for 56.5% of revenue.

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Cash and Cash Equivalents	\$ 495,229
Unconditional Promises To Give	559,306
Prepaid Insurance	6,519
Less Net Assets With Donor Restrictions	<u>(978,796)</u>
Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year	<u>\$ 82,258</u>

As part of THMS'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.

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 1, 2019, which is the date the financial statements were available to be issued.