

**TEEN HEALTH MISSISSIPPI
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

**TEEN HEALTH MISSISSIPPI
JUNE 30, 2022 AND 2021
INDEX**

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4 - 5
STATEMENTS OF FUNCTIONAL EXPENSES	6 - 7
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9 - 14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Teen Health Mississippi
Jackson, Mississippi

Opinion

We have audited the accompanying financial statements of Teen Health Mississippi (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Teen Health Mississippi and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about Teen Health Mississippi's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Teen Health Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Teen Health Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Corbin & Biggs, PLLC

Ridgeland, Mississippi
March 20, 2023

**TEEN HEALTH MISSISSIPPI
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS

	2022	2021
Current Assets		
Cash and Cash Equivalents (Note 1)	\$ 138,121	\$ 216,176
Grants Receivable	11,498	64,591
Unconditional Promises to Give	128,735	44,907
Prepaid Insurance	5,133	7,710
Other Prepaid Expenses	<u>49,215</u>	<u>37,105</u>
Total Current Assets	<u>332,702</u>	<u>370,489</u>
Property and Equipment		
Office Furniture and Equipment	50,415	48,084
Less: Accumulated Depreciation	<u>(26,548)</u>	<u>(17,573)</u>
Net Property and Equipment	<u>23,867</u>	<u>30,511</u>
Other Assets		
Cash & Cash Equivalents - Restricted (Note 1)	1,052,848	804,595
Other Prepaid Expenses	<u>-</u>	<u>53,316</u>
Total Other Assets	<u>1,052,848</u>	<u>857,911</u>
TOTAL ASSETS	<u><u>\$ 1,409,417</u></u>	<u><u>\$ 1,258,911</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 31,420	\$ 57,922
Accrued Expenses	<u>15,456</u>	<u>35,753</u>
Total Current Liabilities	<u>46,876</u>	<u>93,675</u>
Net Assets		
Without Donor Restrictions	169,460	360,641
With Donor Restrictions (Note 5)	<u>1,193,081</u>	<u>804,595</u>
Total Net Assets	<u>1,362,541</u>	<u>1,165,236</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,409,417</u></u>	<u><u>\$ 1,258,911</u></u>

**TEEN HEALTH MISSISSIPPI
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 8,333	\$ 1,304,074	\$ 1,312,407
Contractual & Training Services	-	122,502	122,502
Net Assets Released from Restriction	<u>1,038,090</u>	<u>(1,038,090)</u>	<u>-</u>
TOTAL REVENUE	<u>1,046,423</u>	<u>388,486</u>	<u>1,434,909</u>
EXPENSES			
Program Services:			
Programs and Initiatives	763,635	-	763,635
Policy and Advocacy	139,061	-	139,061
Training	<u>46,840</u>	<u>-</u>	<u>46,840</u>
Total Program Expenses	949,536	-	949,536
Supporting Services:			
General & Administrative	262,731	-	262,731
Fundraising	<u>25,337</u>	<u>-</u>	<u>25,337</u>
TOTAL EXPENSES	<u>1,237,604</u>	<u>-</u>	<u>1,237,604</u>
Increase (Decrease) in Net Assets	(191,181)	388,486	197,305
NET ASSETS - BEGINNING OF YEAR	<u>360,641</u>	<u>804,595</u>	<u>1,165,236</u>
NET ASSETS - END OF YEAR	<u>\$ 169,460</u>	<u>\$ 1,193,081</u>	<u>\$ 1,362,541</u>

**TEEN HEALTH MISSISSIPPI
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 6,758	\$ 776,890	\$ 783,648
Contractual & Training Services	-	456,120	456,120
Other Income (Note 4)	95,200	-	95,200
Net Assets Released from Restriction	<u>1,527,403</u>	<u>(1,527,403)</u>	<u>-</u>
TOTAL REVENUE	<u>1,629,361</u>	<u>(294,393)</u>	<u>1,334,968</u>
EXPENSES			
Program Services:			
Programs and Initiatives	744,870	-	744,870
Policy and Advocacy	34,444	-	34,444
Training	<u>249,592</u>	<u>-</u>	<u>249,592</u>
Total Program Expenses	1,028,906	-	1,028,906
Supporting Services:			
General & Administrative	208,231	-	208,231
Fundraising	<u>29,800</u>	<u>-</u>	<u>29,800</u>
TOTAL EXPENSES	<u>1,266,937</u>	<u>-</u>	<u>1,266,937</u>
Increase (Decrease) in Net Assets	362,424	(294,393)	68,031
NET ASSETS - BEGINNING OF YEAR	<u>(1,783)</u>	<u>1,098,988</u>	<u>1,097,205</u>
NET ASSETS - END OF YEAR	<u>\$ 360,641</u>	<u>\$ 804,595</u>	<u>\$ 1,165,236</u>

**TEEN HEALTH MISSISSIPPI
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Program Expenses</u>						
	<u>Programs & Initiatives</u>	<u>Policy & Advocacy</u>	<u>Training</u>	<u>Total Program Expenses</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 412,609	\$ 72,018	\$ -	\$ 484,627	\$ 170,404	\$ 23,914	\$ 678,945
Contract Services	74,174	32,526	9,105	115,805	150	-	115,955
Office Expenses	89,262	27,071	8,876	125,209	27,277	-	152,486
Occupancy	29,664	1,099	15,381	46,144	7,691	1,099	54,934
Travel	18,034	4,127	6,332	28,493	64	-	28,557
Professional Fees	36,625	-	880	37,505	35,040	-	72,545
Conferences & Conventions	81,383	2,040	3,304	86,727	87	-	86,814
Insurance	-	-	-	-	18,003	-	18,003
Other Expenses	18,025	-	-	18,025	2,310	55	20,390
Depreciation	3,859	180	2,962	7,001	1,705	269	8,975
TOTAL EXPENSES	<u>\$ 763,635</u>	<u>\$ 139,061</u>	<u>\$ 46,840</u>	<u>\$ 949,536</u>	<u>\$ 262,731</u>	<u>\$ 25,337</u>	<u>\$ 1,237,604</u>

**TEEN HEALTH MISSISSIPPI
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Expenses</u>						
	<u>Programs & Initiatives</u>	<u>Policy & Advocacy</u>	<u>Training</u>	<u>Total Program Expenses</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 374,647	\$ 2,770	\$ 114,737	\$ 492,154	\$ 132,146	\$ 28,556	\$ 652,856
Contract Services	108,858	14,634	54,694	178,186	-	-	178,186
Office Expenses	103,308	122	38,056	141,486	15,268	-	156,754
Occupancy	26,551	13,767	983	41,301	6,884	983	49,168
Travel	1,493	-	1,899	3,392	-	-	3,392
Professional Fees	65,737	175	35,327	101,239	34,740	-	135,979
Conferences & Conventions	59,834	100	3,716	63,650	107	-	63,757
Insurance	-	-	6	6	15,366	-	15,372
Other Expenses	694	-	-	694	2,062	-	2,756
Depreciation	3,748	2,876	174	6,798	1,658	261	8,717
TOTAL EXPENSES	<u>\$ 744,870</u>	<u>\$ 34,444</u>	<u>\$ 249,592</u>	<u>\$ 1,028,906</u>	<u>\$ 208,231</u>	<u>\$ 29,800</u>	<u>\$ 1,266,937</u>

**TEEN HEALTH MISSISSIPPI
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 197,305	\$ 68,031
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operating Activities:		
Depreciation	8,975	8,717
(Increase) Decrease in Operating Assets		
Grants Receivable /Unconditional Promises to Give	(30,735)	10,132
Prepaid Expenses	43,783	(93,888)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(26,502)	(15,200)
Accrued Expenses	<u>(20,297)</u>	<u>1,837</u>
Net Cash Provided (Used) by Operating Activities	<u>172,529</u>	<u>(20,371)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(2,331)</u>	<u>(1,931)</u>
Net Cash Used by Investing Activities	<u>(2,331)</u>	<u>(1,931)</u>
Net Cash Provided (Used) by Financing Activities		
Payroll Protection Program Loan (Forgiven)	<u>-</u>	<u>(95,200)</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(95,200)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>170,198</u>	<u>(117,502)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,020,771</u>	<u>1,138,273</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,190,969</u>	<u>\$ 1,020,771</u>

**TEEN HEALTH MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

A. Basis of Accounting

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

B. Financial Statement Presentation

Financial statement presentation follows the recommendation of the *Financial Accounting Standards Board (FASB) Accounting Standards Codification (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. Donor restricted contributions where restrictions are met within the same period are reported as contributions without donor restrictions.

With Donor Restrictions - Includes net assets with 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.

C. Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**TEEN HEALTH MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents (Continued:)

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:

	2022	2021
Cash and Cash Equivalents	\$ 138,121	\$ 216,176
Cash and Cash Equivalents - Restricted	<u>1,052,848</u>	<u>804,595</u>
Total Cash and Cash Equivalents, Statements of Cash Flows	<u>\$ 1,190,969</u>	<u>\$ 1,020,771</u>

D. 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, 2022 and 2021 all promises to give were deemed collectable.

E. Revenue

Contributions received from grants and individual donations are recorded following the guidance of FASB ASC Topic 958 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 from service contracts is recorded following the guidance of FASB ASC 606, *Revenue From Contracts With Customers* and is considered an exchange transaction. Revenue is earned when THMS has satisfied its performance obligation related to that revenue, which is performing the contractual service over time. Revenue from service contracts is presented on the face of the statement of activities and the related grant receivable is presented on the face of the statements of financial position.

F. 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, 2022 and 2021 was \$8,975 and \$8,717 respectively. 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

**TEEN HEALTH MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cost Allocation

The cost of providing THMS's 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.

H. 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 years ended June 30, 2022, 2021, 2020 and 2019 are subject to examination by the Internal Revenue Service and Mississippi Department of Revenue.

I. 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

Unconditional Promises to give consisted of the following:

	2022	2021
Programs and Initiative	\$ -	\$ 44,907
General Support	<u>133,062</u>	<u>-</u>
Total Promises	133,062	44,907
Less: Unamortized Discount	<u>(4,327)</u>	<u>-</u>
Net Unconditional Promises to Give	<u>\$ 128,735</u>	<u>\$ 44,907</u>
Amounts are due in:		
Less than 1 year	\$ 83,062	\$ 44,907
One to Five years	<u>50,000</u>	<u>-</u>
	<u>\$ 133,062</u>	<u>\$ 44,907</u>

Unconditional promises to give due over more than one year are recognized at fair value using present value techniques and a discount rate of 3%.

3. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2022 and 2021 is as follows:

	2022	2021
Furniture and Fixtures	\$ 2,424	\$ 2,424
Equipment	47,991	45,660
Less: Accumulated Depreciation	<u>(26,548)</u>	<u>(17,573)</u>
Net Property and Equipment	<u>\$ 23,867</u>	<u>\$ 30,511</u>

4. LONG TERM DEBT

At June 30, 2020, long-term debt consisted of a \$95,200 loan from the Small Business Administration. Current Small Business Administration guidelines allow for loan forgiveness provided loan proceeds were used for qualified expenses. The Organization received notification from the Small Business Administration that the loan was forgiven effective August 13, 2021.

**TEEN HEALTH MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

5 NET ASSETS WITH DONOR RESTRICTIONS

Net Assets With Donor Restrictions consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
General Support	\$ 290,503	\$ 403,639
Programs and Initiatives	447,404	320,333
Training	446,104	78,891
Programs and Initiatives or Training	<u>9,070</u>	<u>1,732</u>
	<u>\$ 1,193,081</u>	<u>\$ 804,595</u>

6. 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, 2022 and 2021 were \$37,760 and \$35,713, respectively.

7. OPERATING LEASE COMMITMENTS

THMS has entered into a lease for office space for locations in Jackson and Clarksdale, Mississippi. Rental expense for the years ended June 30, 2022 and 2021 were \$53,134 and \$45,999, respectively.

As of the end of the fiscal year, both the Jackson and Clarksdale leases are on a monthly commitment of \$2,830 and \$900 respectively.

8. CONCENTRATIONS

THMS maintains cash in local banks which at times, exceed federally insured limits. At June 30, 2022 and 2021, THMS had \$940,968 and \$770,224, respectively, in excess of federally insured limits deposited in local banks. THMS has not experienced any loss in such accounts.

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,190,969	\$ 1,020,771
Grants Receivable	11,498	64,591
Unconditional Promises To Give	128,735	44,907
Less Net Assets With Donor Restrictions	<u>(1,193,081)</u>	<u>(804,595)</u>
Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year	<u>\$ 140,143</u>	<u>\$ 327,695</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.

**TEEN HEALTH MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

10. NEW ACCOUNTING STANDARD

FASB ASC Topic 842, *Leases*, will become effective for Teen Health Mississippi in its fiscal year ended June 30, 2023. This accounting change is intended to increase transparency and comparability in financial reporting by requiring statement of financial position recognition for some leases. Management is currently evaluating the new standard to determine its effect on the Organization.

11. SUBSEQUENT EVENTS

Subsequent events were evaluated through March 20, 2023 which is the date the financial statements were available to be issued.