

**TEEN HEALTH MISSISSIPPI  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**TEEN HEALTH MISSISSIPPI  
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JUNE 30, 2020 AND 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 statements of financial position as of June 30, 2020 and 2019, 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. 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, 2020 and 2019, 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.

Corbin & Biggs, PLLC

Ridgeland, Mississippi  
December 23, 2020

**TEEN HEALTH MISSISSIPPI  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

<b>ASSETS</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Cash and Cash Equivalents (Note 1)	\$ 54,562	\$ 75,739
Unconditional Promises To Give (Note 2)	119,630	559,306
Prepaid Insurance	4,243	6,519
Property & Equipment-Net (Note 3)	37,297	29,801
Cash and Cash Equivalents - Restricted (Note 1)	<u>1,083,711</u>	<u>419,490</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,299,443</u></b>	<b><u>\$ 1,090,855</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 73,122	\$ 34,932
Accrued Expenses	33,916	11,955
Payroll Protection Program Loan ( Note 4)	<u>95,200</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>202,238</u></b>	<b><u>46,887</u></b>
 <b>Net Assets</b>		
Without Donor Restrictions	(1,783)	65,172
With Donor Restrictions (Note 5)	<u>1,098,988</u>	<u>978,796</u>
<b>Total Net Assets</b>	<b><u>1,097,205</u></b>	<b><u>1,043,968</u></b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b><u>\$ 1,299,443</u></b>	 <b><u>\$ 1,090,855</u></b>

**TEEN HEALTH MISSISSIPPI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE</b>			
Contributions (Note 1)	\$ 106,492	\$ 1,321,217	\$ 1,427,709
Event Sponsorships	1,000	-	1,000
Net Assets Released from Restriction	<u>1,201,025</u>	<u>(1,201,025)</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<u>1,308,517</u>	<u>120,192</u>	<u>1,428,709</u>
<b>EXPENSES</b>			
<b>Program Expenses</b>			
Programs and Initiatives	867,310	-	867,310
Policy and Advocacy	237,138	-	237,138
Training	<u>117,242</u>	<u>-</u>	<u>117,242</u>
Total Program Expenses	1,221,690	-	1,221,690
<b>Supporting Services:</b>			
Management & General	126,970	-	126,970
Fundraising	<u>26,812</u>	<u>-</u>	<u>26,812</u>
<b>Total Expenses</b>	<u>1,375,472</u>	<u>-</u>	<u>1,375,472</u>
<b>Increase (Decrease) in Net Assets</b>	(66,955)	120,192	53,237
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>65,172</u>	<u>978,796</u>	<u>1,043,968</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ (1,783)</u>	<u>\$ 1,098,988</u>	<u>\$ 1,097,205</u>

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE</b>			
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>
<b>TOTAL REVENUE</b>	<u>619,211</u>	<u>978,796</u>	<u>1,598,007</u>
<b>EXPENSES</b>			
<b>Program Expenses</b>			
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
<b>Supporting Services:</b>			
Management & General	79,552	-	79,552
Fundraising	<u>9,460</u>	<u>-</u>	<u>9,460</u>
<b>Total Expenses</b>	<u>554,039</u>	<u>-</u>	<u>554,039</u>
<b>Increase in Net Assets</b>	65,172	978,796	1,043,968
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	<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, 2020**

	<b>Program Expenses</b>						
	<b>Programs &amp; Initiatives</b>	<b>Policy &amp; Advocacy</b>	<b>Training</b>	<b>Total Programs Expenses</b>	<b>Management &amp; General</b>	<b>Fund Raising</b>	<b>Total</b>
Compensation	\$ 339,257	\$ 172,080	\$ 7,407	\$ 518,744	\$ 75,545	\$ 24,985	\$ 619,274
Contract Services	124,741	22,224	55,647	202,612	-	-	202,612
Office Expenses	173,931	7,021	16,654	197,606	(847)	-	196,759
Occupancy	16,104	8,350	596	25,050	4,175	596	29,821
Travel	27,868	8,199	17,456	53,523	435	-	53,958
Professional Fees	154,505	5,799	9,593	169,897	40,878	536	211,311
Conferences & Conventions	18,850	9,905	4,510	33,265	825	-	34,090
Insurance	6,696	312	5,138	12,146	2,959	468	15,573
Other Expenses	2,103	750	90	2,943	1,562	-	4,505
Depreciation	<u>3,255</u>	<u>2,498</u>	<u>151</u>	<u>5,904</u>	<u>1,438</u>	<u>227</u>	<u>7,569</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 867,310</u></b>	<b><u>\$ 237,138</u></b>	<b><u>\$ 117,242</u></b>	<b><u>\$1,221,690</u></b>	<b><u>\$ 126,970</u></b>	<b><u>\$ 26,812</u></b>	<b><u>\$ 1,375,472</u></b>



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

	<b>Program Expenses</b>						
	<b>Programs &amp; Initiatives</b>	<b>Policy &amp; Advocacy</b>	<b>Training</b>	<b>Total Programs Expenses</b>	<b>Management &amp; General</b>	<b>Fund Raising</b>	<b>Total</b>
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>
<b>TOTAL EXPENSES</b>	<b><u>\$ 275,524</u></b>	<b><u>\$ 32,636</u></b>	<b><u>\$ 156,867</u></b>	<b><u>\$ 465,027</u></b>	<b><u>\$ 79,552</u></b>	<b><u>\$ 9,460</u></b>	<b><u>\$ 554,039</u></b>

**TEEN HEALTH MISSISSIPPI  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 53,237	\$ 1,043,968
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operations:		
Depreciation	7,569	1,288
In-Kind Donation	(5,500)	(10,017)
(Increase) Decrease in Operating Assets:		
Grants Receivable	439,676	(559,306)
Prepaid Insurance	2,276	(6,519)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	38,190	34,932
Accrued Expenses	21,961	11,955
	<u>557,409</u>	<u>516,301</u>
<b>NET CASH PROVIDED BY OPERATIONS</b>		
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(9,565)	(21,072)
<b>Net Cash Used by Investing Activities</b>	<u>(9,565)</u>	<u>(21,072)</u>
<b>NET CASH PROVIDED (USED) FROM FINANCING ACTIVITIES</b>		
Payroll Protection Program Loan	95,200	-
<b>Net Cash Provided by Financing Activities</b>	<u>95,200</u>	<u>-</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	643,044	495,229
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>495,229</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,138,273</u>	<u>\$ 495,229</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.

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

**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.

**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.

**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:

**TEEN HEALTH MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 54,562	\$ 75,739
Cash and Cash Equivalents - Restricted	<u>1,083,711</u>	<u>419,490</u>
 Total Cash and Cash Equivalents, Statement of Cash Flows	 <u>\$ 1,138,273</u>	 <u>\$ 495,229</u>

**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, 2020 and 2019 all promises to give were deemed collectable.

**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.

**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, 2020 and 2019 was \$7,569 and \$1,289, 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

**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.

**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.

**TEEN HEALTH MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, 2020 and 2019 are subject to examination by the Internal Revenue Service and Mississippi Department of Revenue.

**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.

**2. PROMISES TO GIVE**

	<u>2020</u>	<u>2019</u>
Promises To Give:		
Programs and Initiatives	\$ 31,762	\$ 139,216
Programs and Initiatives or Training	87,868	200,000
Training	-	220,090
	<u>\$ 119,630</u>	<u>\$ 559,306</u>
 Payments On Promises To Give Are Expected To Be Received To Be Received As Follows:		
Less Than One Year	<u>\$ 119,630</u>	<u>\$ 559,306</u>

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, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Furniture and Fixtures	\$ 2,424	\$ 2,424
Equipment	43,730	28,665
Less: Accumulated Depreciation	<u>(8,857)</u>	<u>(1,288)</u>
Net Property and Equipment	<u>\$ 37,297</u>	<u>\$ 29,801</u>

**TEEN HEALTH MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS**

**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's deadline to apply for forgiveness is August 16, 2021. A portion of the loan that is not forgiven, will be repaid over two years at 1% interest.

Scheduled Maturities of Long-Term Debt are as follows:

2021	\$	-
2022		95,200
		<u>95,200</u>
	\$	<u>95,200</u>

**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets With Donor Restrictions consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
General Support	\$ 461,295	\$ -
Programs and Initiatives	257,840	\$ 243,326
Training	175,461	318,943
Policy and Advocacy	33,852	37,003
Programs and Initiatives or Training	<u>170,540</u>	<u>379,524</u>
	<u>\$ 1,098,988</u>	<u>\$ 978,796</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, 2020 and 2019 were \$33,916 and \$11,955, respectively.

**7. OPERATING LEASE COMMITMENTS**

THMS has entered into a lease for office space for its Jackson, Mississippi office. Rental expense for the years ended June 30, 2020 and 2019 were \$27,816 and \$12,338, respectively.

**TEEN HEALTH MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS**

**7. OPERATING LEASE COMMITMENTS (CONTINUED)**

THMS has entered into a lease for office space for its Clarksdale, Mississippi office effective October 1, 2020. There was no rental expense for the year ended June 30, 2020. Future lease payments are as follows:

2021	\$	42,060
2022	\$	19,680

**8. CONCENTRATIONS**

THMS maintains cash in local banks which at times, exceed federally insured limits. At June 30, 2020 and 2019, THMS had \$886,407 and \$244,529, respectively, 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, three grantors accounted for 76% of revenue.

**9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,138,273	\$ 495,229
Unconditional Promises To Give	119,630	559,306
Prepaid Insurance	4,243	6,519
Less Net Assets With Donor Restrictions	<u>(1,098,988)</u>	<u>(978,796)</u>
Financial Assets Available To Meet Cash Needs		
For General Expenditures Within One Year	<u>\$ 163,158</u>	<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.

**10. NEW ACCOUNTING PRONOUNCEMENT**

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and The Accounting Guidance for Contributions Received and Contributions Made* to assist not-for-profit organizations to implement ASC Topic 606. The application of this standard is to be made on a prospective basis. Management has evaluated the requirements of the update, which generally require not-for-profit organizations to determine whether revenue is a contribution or an exchange transaction. Exchange transactions are covered by ASC Topic 606, which will be effective for THMS's June 30, 2021 fiscal year. Contributions continued to be covered by ASC Topic 958. ASU 2018-08 had no material effect on THMS's financial statements.

**TEEN HEALTH MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS**

**11. SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 23, 2020, which is the date the financial statements were available to be issued.

On March 11, 2020 the World Health Organization declared the Novel Strain of Coronavirus (COVID-19) a global pandemic. At this time, management is unable to determine the impact the pandemic may have on the financial condition or results of operations of Teen Health MS.