

TEEN PARENT CONNECTION, INC.

Audited Financial Statements

For the Years Ended
June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

Teen Parent Connection, Inc.
Glen Ellyn, Illinois

We have audited the accompanying financial statements of the Teen Parent Connection, Inc., (an Illinois not-for-profit corporation), which comprise the statement of financial position as of June 30, 2015, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit 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 Parent Connection, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary Schedule of Functional Revenues and Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2015, on our consideration of Teen Parent Connection, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Teen Parent Connection, Inc.'s internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of Teen Parent Connection, Inc. as of June 30, 2014, were audited by other auditors whose report dated October 21, 2014, expressed an unmodified opinion on those statements.

Matheson, Morpki, Austin & Co. LLP

Wheaton, IL
September 16, 2015

TEEN PARENT CONNECTION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS		
	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents	\$ 294,897	\$ 262,521
Investments	619,285	608,578
Beneficial interest in investment pool	75,815	78,802
Unconditional promises to give	-	15,000
Grants receivable	142,244	72,817
Prepaid expenses	10,484	11,666
	1,142,725	1,049,384
PROPERTY AND EQUIPMENT:		
Furniture and equipment	85,086	85,086
Software	4,125	4,125
Less: accumulated depreciation	(87,939)	(87,035)
	1,272	2,176
OTHER ASSETS:		
Security deposit	5,000	5,000
	5,000	5,000
TOTAL ASSETS	\$ 1,148,997	\$ 1,056,560
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 1,373	\$ 9,619
Accrued expenses	50,031	53,924
Refundable advances	-	6,250
	51,404	69,793
NET ASSETS:		
Unrestricted	1,007,843	898,442
Temporarily restricted	89,750	61,250
Permanently restricted	-	27,075
	1,097,593	986,767
TOTAL LIABILITIES AND NET ASSETS	\$ 1,148,997	\$ 1,056,560

The accompanying notes are an integral part of this statement.

TEEN PARENT CONNECTION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT:								
Grants from governmental agencies	\$ 535,400	\$ 20,000	\$ -	\$ 555,400	\$ 519,800	\$ -	\$ -	\$ 519,800
Foundation and corporate contributions	305,139	29,000	-	334,139	237,761	87,500	-	325,261
Community group contributions	35,795	-	-	35,795	32,840	-	-	32,840
Individual contributions	83,249	250	-	83,499	85,297	-	-	85,297
United Way	50,000	40,500	-	90,500	50,000	-	-	50,000
Spring fundraiser	52,745	-	-	52,745	39,320	-	-	39,320
Fall fundraiser	23,690	-	-	23,690	20,530	-	-	20,530
Fees from schools	9,875	-	-	9,875	8,340	-	-	8,340
In-kind donations	101,440	-	-	101,440	107,450	-	-	107,450
Miscellaneous income	1,095	-	-	1,095	1,276	-	-	1,276
Interest and dividend income	12,531	-	-	12,531	10,810	2,276	-	13,086
Realized gain on investments	3,431	-	-	3,431	5,548	-	-	5,548
Unrealized gain on investments	11,268	-	-	11,268	87,950	-	-	87,950
Assets released from restriction	61,250	(61,250)	-	-	90,876	(90,876)	-	-
TOTAL REVENUES AND OTHER SUPPORT	1,286,908	28,500	-	1,315,408	1,297,798	(1,100)	-	1,296,698
EXPENSES:								
Programs:								
Group services	225,017	-	-	225,017	209,886	-	-	209,886
Prevention programs	117,967	-	-	117,967	114,983	-	-	114,983
Healthy Families DuPage	493,300	-	-	493,300	474,761	-	-	474,761
Doula	176,306	-	-	176,306	187,593	-	-	187,593
Subtotal - program expenses	1,012,590	-	-	1,012,590	987,223	-	-	987,223
Supporting services:								
General and administrative	49,993	-	-	49,993	68,906	-	-	68,906
Fundraising	141,999	-	-	141,999	149,615	-	-	149,615
Subtotal - supporting services	191,992	-	-	191,992	218,521	-	-	218,521
TOTAL EXPENSES	1,204,582	-	-	1,204,582	1,205,744	-	-	1,205,744
INCREASE (DECREASE) IN NET ASSETS	82,326	28,500	-	110,826	92,054	(1,100)	-	90,954
NET ASSETS - BEGINNING OF YEAR	898,442	61,250	27,075	986,767	806,388	62,350	27,075	895,813
Reclassification of Agency Fund	27,075	-	(27,075)	-	-	-	-	-
NET ASSETS - END OF YEAR	\$ 1,007,843	\$ 89,750	\$ -	\$ 1,097,593	\$ 898,442	\$ 61,250	\$ 27,075	\$ 986,767

The accompanying notes are an integral part of this statement.

TEEN PARENT CONNECTION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 110,826	\$ 90,954
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	904	1,708
Net investment income	(11,411)	-
Realized gain on investments	(3,431)	(5,548)
Unrealized gain on investments	(11,268)	(87,950)
Changes in assets and liabilities:		
Unconditional promises to give	15,000	(15,000)
Grants receivable	(69,427)	(35,160)
Prepaid expenses	6,183	(4,612)
Security deposit	(5,000)	-
Accounts payable	(8,246)	(625)
Accrued expenses	(3,893)	(27,328)
Refundable advances	(6,250)	(12,000)
	13,987	(95,561)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	-	(11,924)
Distribution from Agency Fund	3,389	3,146
Proceeds from sale of investments	15,000	-
	18,389	(8,778)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
 NET INCREASE (DECREASE) IN CASH	 32,376	 (104,339)
 CASH - BEGINNING OF YEAR	 262,521	 366,860
 CASH - END OF YEAR	 \$ 294,897	 \$ 262,521

The accompanying notes are an integral part of this statement.

TEEN PARENT CONNECTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Group Services	Prevention Programs	Healthy Families DuPage	Doula	Management and General	Fundraising	2015 Totals
Salaries and wages	\$ 91,920	\$ 76,160	\$ 320,655	\$ 119,441	\$ 37,046	\$ 79,438	\$ 724,660
Payroll taxes	7,695	6,641	28,985	9,568	2,055	6,343	61,287
Program consultants	3,320	5,273	21,864	-	-	500	30,957
Other consultants	2,028	1,548	7,202	2,395	481	1,988	15,642
Employee benefits	4,598	5,737	13,509	7,646	713	2,907	35,110
Food	1,710	231	1,968	450	689	210	5,258
Operating supplies	1,516	536	2,961	1,034	731	687	7,465
Insurance	2,912	2,515	10,986	3,622	782	2,481	23,298
Maintenance and utilities	2,638	2,277	10,046	3,281	817	3,514	22,573
Local transportation	3,176	3,322	14,444	5,235	625	426	27,228
Allowance and speaker stipend	-	1,724	-	-	-	-	1,724
Childcare	5,100	1,642	-	-	-	-	6,742
Building rent	7,711	6,660	29,093	9,592	2,071	6,373	61,500
Equipment rental	815	703	3,073	1,013	219	673	6,496
Telephone	1,298	540	7,737	2,796	1,080	1,016	14,467
Subscriptions and reference material	90	193	7,645	100	540	1,589	10,157
Postage and shipping	322	241	1,087	339	45	1,146	3,180
Outside printing	475	459	1,729	595	93	1,500	4,851
Other expenses	651	414	1,533	527	1,144	1,604	5,873
In-kind expenses	86,561	-	7,380	7,397	-	102	101,440
Training	237	1,053	975	1,134	833	153	4,385
Pantry supplies	130	-	-	-	-	-	130
Spring and special event	-	-	-	-	-	21,932	21,932
Fall event	-	-	-	-	-	7,323	7,323
Subtotal before depreciation	224,903	117,869	492,872	176,165	49,964	141,905	1,203,678
Depreciation and amortization	114	98	428	141	29	94	904
Total	\$ 225,017	\$ 117,967	\$ 493,300	\$ 176,306	\$ 49,993	\$ 141,999	\$ 1,204,582

The accompanying notes are an integral part of this statement.

TEEN PARENT CONNECTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Group Services	Prevention Programs	Healthy Families DuPage	Doula	Management & General	Fundraising	2014 Totals
Salaries and wages	\$ 102,455	\$ 75,312	\$ 294,031	\$ 116,802	\$ 48,246	\$ 78,500	\$ 715,346
Payroll taxes	8,462	5,370	23,288	9,562	3,381	6,077	56,140
Program consultants	2,740	3,932	12,743	399	-	-	19,814
Other consultants	1,828	1,197	4,741	1,985	677	1,284	11,712
Employee benefits	6,486	5,844	15,347	5,675	1,045	3,712	38,109
Food	758	87	1,338	140	473	271	3,067
Operating supplies	922	364	4,028	5,228	771	1,083	12,396
Insurance	4,132	2,708	10,723	4,489	1,532	2,850	26,434
Maintenance and utilities	3,522	2,349	9,168	3,847	1,443	4,894	25,223
Local transportation	2,231	3,466	15,573	4,570	344	168	26,352
Allowance and speaker stipend	-	1,177	-	-	-	-	1,177
Childcare	6,580	1,253	-	-	-	-	7,833
Building rent	8,973	5,879	23,283	9,746	3,326	6,188	57,395
Equipment rental	997	702	2,612	1,112	376	688	6,487
Telephone	1,097	493	6,383	2,693	1,497	1,232	13,395
Subscriptions and reference material	-	200	1,600	-	774	1,024	3,598
Postage and shipping	365	223	1,106	369	135	1,084	3,282
Outside printing	764	367	1,449	606	98	1,992	5,276
Other expenses	4,231	2,742	10,638	4,376	3,957	3,997	29,941
In-kind expenses	52,946	1,098	31,864	13,339	622	7,581	107,450
Training	130	45	4,098	2,365	110	85	6,833
Spring and special event	-	-	55	-	-	18,693	18,748
Fall event	-	-	-	-	-	8,028	8,028
Subtotal before depreciation	209,619	114,808	474,068	187,303	68,807	149,431	1,204,036
Depreciation and amortization	267	175	693	290	99	184	1,708
Total	\$ 209,886	\$ 114,983	\$ 474,761	\$ 187,593	\$ 68,906	\$ 149,615	\$ 1,205,744

The accompanying notes are an integral part of this statement.

TEEN PARENT CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - NATURE OF ACTIVITIES:

The Teen Parent Connection, Inc. (the Organization) is an Illinois nonprofit corporation organized in 1985. The mission of the Organization is to serve the community through education on the realities and responsibilities of teen pregnancy and through long-term assistance to adolescent parents for their development of self-esteem, parenting skills and self-sufficiency. The Organization provides comprehensive programs and services related to teenage pregnancy and parenting to individuals in DuPage and areas of Kane, Will and Cook counties. The Organization receives a substantial part of its grant and contract revenue from federal, state and city agencies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

The Organization reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Unrestricted net assets include resources not subject to donor-imposed restrictions plus those resources for which donor-imposed restrictions have been satisfied. Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Temporarily restricted net assets are subject to donor-imposed restrictions related to specific purpose or in a particular future period. Satisfaction of temporarily restricted net assets (i.e., when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as a reclassification from temporarily restricted net assets to unrestricted net assets.

Permanently restricted net assets are subject to donor-imposed restrictions that will never lapse, thus requiring that the funds be retained permanently.

TEEN PARENT CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair value. Fair values are generally based upon quoted market prices or appraised value. Realized and unrealized gains or losses are reflected in the Statement of Activities. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Costs Recoverable under Grants

Costs recoverable under grants are uncollateralized funding source obligations stated at the invoice amount. Payments of costs recoverable under grants are generally applied to the specific invoices identified on the funding source's remittance advice or, in some cases, to the earliest unpaid invoice.

Allowance for Doubtful Accounts

The Organization considers contributions and grants receivable to be fully collectible and, accordingly, utilizes the direct write-off method to record bad debts. Based on historical collection activity, no allowance is deemed necessary and has not been recorded in these financial statements.

TEEN PARENT CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Property and Equipment

Property and equipment in excess of \$1,000 with a useful life greater than one year are capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the Statement of Activities. The Organization's donated assets are recorded at their fair market value on the date of donation.

Public Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restriction. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support. The Organization receives a substantial part of its grant and contract revenue from federal, state and city agencies. The Organization recognizes contract revenue up to the contract ceiling either on a pro-rata basis over the contract service period or to the extent of expense, depending on the contract.

Certain funding sources may request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the grants/contracts.

Functional Allocation of Expenses

The costs for providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on management's monitoring of time and expenses.

Tax Status

The Organization is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. However, any income from certain activities not directly related to the Organization's tax exempt purpose would be subject to taxation as unrelated business income.

TEEN PARENT CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Donated Services and Materials

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

A significant amount of donated services are contributed to the Organization by various members to support the Organization's program and supporting services. These volunteer activities include participation on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements as they do not meet the criteria for recognition under Accounting Standards Codification (ASC), *Accounting for Contributions Received and Contributions Made*.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES:

The following program and supporting services are included in the accompanying financial statements:

Group Services: Weekly group meetings allow adolescent parents to find commonality, strength and encouragement to help them meet the demands of parenthood. Childcare and meals are provided free of charge. Parent groups cover a variety of topics including child development, health, nutrition, immunizations, family planning, healthy relationships, depression education and goal setting. Groups meet at sites located throughout DuPage County.

TEEN PARENT CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (continued):

Prevention Education: This program is delivered by qualified Health and Peer Educators to middle, junior high and high school students in health, child development, special education and English as a Second Language classes in the DuPage County community. In addition, Peer Prevention is presented to community groups including churches and clubs. During classroom presentation, Health Educators engage students in activities and educate in a nonjudgmental manner while focusing on prevention of pregnancy, sexually transmitted infections and HIV/AIDS. Peer Educators are trained to share a prevention-focused story of the health, social, emotional and financial consequences they have personally experienced since becoming a teen parent.

Healthy Families: This program is a nationally recognized evidence-based home visitation model developed by Prevent Child Abuse America and has been proven to reduce the risk of child abuse and neglect. Intensive, individualized home visitation services provide parents information and education on stress management, problem solving skills, family health, child development and guidance.

Doula Services: The Doula Program offers pregnant teens the opportunity to receive home-based prenatal education and support services that promote a healthy pregnancy and prepare the young mother and her partner/support person for childbirth. The Doula provides information on prenatal care, identifying a medical home and creating a birth plan. The Doula also offers continuous physical and emotional support during the labor and delivery process. Doula services continue for eight weeks following the birth of the baby and include postpartum depression education and training, breastfeeding support, newborn care information, etc. Doula services also include childbirth education classes and prenatal groups. Eight-week sessions are held four times per year and cover physical and emotional stages of labor, interventions and complications in labor, breastfeeding and basic newborn care.

Parents' Pantry: An incentive based program in which participants earn "baby bucks" through program participation and by reaching set goals. This special currency can then be redeemed for diapers, wipes, formula and other baby essentials.

NOTE 4 – INVESTMENTS:

The Organization's investments are adjusted monthly based on income from interest and dividends and market fluctuations. The investments are managed by professional advisors, subject to the Organization's investment policy. The degree and concentration of credit risk varies by type of investment.

TEEN PARENT CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 4 – INVESTMENTS (continued):

A summary of return on investment consists of the following for the years ended June 30, 2015 and 2014:

	2015	2014
Interest and dividends, net of investment fees	\$ 11,411	\$ 13,086
Net realized gain	3,431	5,548
Net unrealized gain	11,268	87,950
Net investment income for the year	<u>\$ 26,110</u>	<u>\$ 106,584</u>

NOTE 5 - FAIR VALUE MEASUREMENTS:

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level one measurements) and the lowest priority to unobservable inputs (level three measurements). The three levels of the fair value hierarchy are described below:

Level One – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level Two – inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level Three – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

TEEN PARENT CONNECTION, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014

NOTE 5 - FAIR VALUE MEASUREMENTS (continued):

The following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes to the methodologies used at June 30, 2015 and 2014.

Mutual Funds – Valued at the net asset value (NAV) of shares held at year-end.

Pooled Investment Account at DuPage Community Foundation – Valued at an unquoted value of investment pool as determined at a prorated portion of a larger investment group.

Fair value of assets measured on a recurring basis at June 30, 2015 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Carrying Amount</u>
Mutual Funds:				
Bond Funds	\$ 167,641	\$ -	\$ -	\$ 167,641
Domestic stock funds	385,967	-	-	385,967
International stock funds	65,677	-	-	65,677
Pooled investment account at DuPage Community Foundation:				
Agency Fund	-	75,815	-	75,815
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total investments	<u>\$ 619,285</u>	<u>\$ 75,815</u>	<u>-</u>	<u>\$ 695,100</u>

Fair value of assets measured on a recurring basis at June 30, 2014 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Carrying Amount</u>
Mutual Funds:				
Bond Funds	\$ 165,292	\$ -	\$ -	\$ 165,292
Domestic stock funds	374,444	-	-	374,444
International stock funds	68,842	-	-	68,842
Pooled investment account at DuPage Community Foundation:				
Agency Fund	-	78,802	-	78,802
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total investments	<u>\$ 608,578</u>	<u>\$ 78,802</u>	<u>-</u>	<u>\$ 687,380</u>

TEEN PARENT CONNECTION, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014

NOTE 5 - FAIR VALUE MEASUREMENTS (continued):

The following table sets forth a summary of changes in the fair value of the Level 2 assets for the years ended June 30, 2015 and 2014:

	2015	2014
Balance, beginning of the year	\$ 78,802	\$ 71,326
Interest and dividends	1,500	1,458
Realized and unrealized gains (losses)	(99)	10,172
Disbursements	(3,389)	(3,145)
Investment fees	(999)	(1,009)
Balance, end of year	\$ 75,815	\$ 78,802

NOTE 6 – BENEFICIAL INTEREST IN ASSETS HELD BY DUPAGE COMMUNITY FOUNDATION:

The Organization has an agreement with the DuPage Community Foundation (DCF) whereby DCF manages the Organization’s beneficial interest in an investment pool. Income earned on fund assets may be used to fund Organization activities. Annual distributions from the fund are determined by a twelve quarter rolling average DCF spending policy based on September 30 fund balances. Total funds held by DCF under the agreement were \$75,815 and \$78,802 valued at the fair value of the underlying investments as of June 30, 2015 and 2014, respectively.

NOTE 7 – REVOCABLE SPLIT-INTEREST AGREEMENT:

The Organization is the beneficiary under a designated fund administered by the DuPage Community Foundation. The assets of the fund are not included in the Statements of Financial Position of the Organization because the fund is revocable at the discretion of the grantor. The Organization is entitled to an amount specified each year as determined by the DuPage Community Foundation. Income from the fund was \$1,153 and \$1,142 for the years ended June 30, 2015 and 2014, respectively.

TEEN PARENT CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 8 – RESTRICTIONS ON NET ASSETS:

Temporarily Restricted - The Organization has temporarily restricted net assets to support the following programs:

	For the year ending June 30,	
	2015	2014
Family Strengthening	\$ 45,000	\$ 61,250
Healthy Families DuPage	28,350	-
Prevention Programs	12,150	-
Development and Fundraising	4,250	-
Total temporarily restricted net assets	\$ 89,750	\$ 61,250

During the year ended June 30, 2015, \$61,250 of temporarily restricted net assets from Family Strengthening were released from restriction as time passed or as the Organization incurred expenses, satisfying the restricted purpose designated by the donor.

NOTE 9 - RETIREMENT PLANS:

The Organization maintains a Simplified Employee Pension Plan (the Plan) for its eligible employees. The Organization may make discretionary contributions to the Plan. Contributions to the Plan from the Organization for the years ended June 30, 2015 and 2014 were \$10,403 and \$11,051, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES:

Operating Leases

Facilities The Organization leases its office space under a non-cancelable operating lease. The lease expires September 2015. Rent expense for office space was \$61,500 and \$57,395 for the years ended June 30, 2015 and 2014, respectively.

Equipment The Organization leases office equipment under an operating lease that expires September 2017. Lease expense for office equipment was \$4,967 and \$4,959 for the years ended June 30, 2015 and 2014, respectively.

TEEN PARENT CONNECTION, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014

NOTE 10 – COMMITMENTS AND CONTINGENCIES (continued):

Future minimum lease payments for these obligations at June 30, 2015 are as follows:

<u>For the Year Ending June 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2016	\$ 15,450	\$ 4,500	\$ 19,950
2017	-	4,500	4,500
2018	-	1,125	1,125
	<u>\$ 15,450</u>	<u>\$ 10,125</u>	<u>\$ 25,575</u>

Federal and State Grants

The Organization receives significant financial assistance from several federal, state, and local government agencies in the form of grants. Program revenue in excess of program expenses is typically subject to recapture under various provisions. Additionally, the disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the Organization. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

NOTE 11 - COMPENSATED ABSENCES:

Employees of the Organization are entitled to paid time off depending on length of service. Employees are allowed to accumulate paid time off and, upon separation, are paid out any unused time off at a rate of the employees' current pay rate. Employees can carry over paid time off, subject to certain limitations in relation to time of service. Total accrued paid time off aggregated \$22,738 and \$27,257 as of June 30, 2015 and 2014, respectively.

NOTE 12 - CONCENTRATION OF CREDIT RISK:

The Organization maintains one bank account at one banking institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization did not exceed federally insured limits as of June 30, 2015 and 2014, respectively.

TEEN PARENT CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 13 - CONCENTRATION OF REVENUE SOURCES:

Approximately 86% and 50% of the Organization's accounts receivable is derived from support from five organizations and two organizations for the years ended June 30, 2015 and 2014, respectively.

Approximately 33% and 40% of the Organization's revenue is derived from support from one organization for the years ended June 30, 2015 and 2014, respectively.

NOTE 14 - SUBSEQUENT EVENTS:

Subsequent events were evaluated through September 16, 2015, which is the date the financial statements were available to be issued.

As of September 16, 2015, the Organization had no subsequent events that were material to the financial statements.

SUPPLEMENTARY INFORMATION

TEEN PARENT CONNECTION, INC.
 SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2015
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	Group Services	Prevention Programs	Healthy Families DuPage	Doula	Management and General	Fundraising	2015 Totals	2014 Totals
REVENUES AND OTHER SUPPORT:								
Grants from governmental agencies	\$ 83,700	\$ 54,000	\$ 411,000	\$ -	\$ -	\$ 6,700	\$ 555,400	\$ 519,800
Foundation and corporate contributions	47,594	12,000	76,000	160,725	31,897	5,923	334,139	325,261
Community group contributions	100	13,500	3,975	-	2,600	15,620	35,795	32,840
Individual contributions	-	12,750	715	17,500	12,482	40,052	83,499	85,297
United Way	-	24,998	65,502	-	-	-	90,500	50,000
Spring fundraiser	-	-	-	-	3,405	49,340	52,745	39,320
Fall fundraiser	-	-	-	-	2,765	20,925	23,690	20,530
Fees from schools	-	9,875	-	-	-	-	9,875	8,340
In-kind donations	49,327	-	44,614	7,397	-	102	101,440	107,450
Miscellaneous income	-	-	-	-	-	1,095	1,095	1,276
Interest and dividend income	-	-	-	-	12,531	-	12,531	13,086
Realized gain on investments	-	-	-	-	3,431	-	3,431	5,548
Unrealized gain on investments	-	-	-	-	11,268	-	11,268	87,950
TOTAL REVENUES AND OTHER SUPPORT	\$ 180,721	\$ 127,123	\$ 601,806	\$ 185,622	\$ 80,379	\$ 139,757	\$ 1,315,408	\$ 1,296,698

TEEN PARENT CONNECTION, INC.
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	Group Services	Prevention Programs	Healthy Families DuPage	Doula	Management and General	Fundraising	2015 Totals	2014 Totals
EXPENSES:								
Salaries and wages	\$ 91,920	\$ 76,160	\$ 320,655	\$ 119,441	\$ 37,046	\$ 79,438	\$ 724,660	\$ 715,346
Payroll taxes	7,695	6,641	28,985	9,568	2,055	6,343	61,287	56,140
Program consultants	3,320	5,273	21,864	-	-	500	30,957	19,814
Other consultants	2,028	1,548	7,202	2,395	481	1,988	15,642	11,712
Employee benefits	4,598	5,737	13,509	7,646	713	2,907	35,110	38,109
Food	1,710	231	1,968	450	689	210	5,258	3,067
Operating supplies	1,516	536	2,961	1,034	731	687	7,465	12,396
Insurance	2,912	2,515	10,986	3,622	782	2,481	23,298	26,434
Maintenance and utilities	2,638	2,277	10,046	3,281	817	3,514	22,573	25,223
Local transportation	3,176	3,322	14,444	5,235	625	426	27,228	26,352
Allowance and speaker stipend	-	1,724	-	-	-	-	1,724	1,177
Childcare	5,100	1,642	-	-	-	-	6,742	7,833
Building rent	7,711	6,660	29,093	9,592	2,071	6,373	61,500	57,395
Equipment rental	815	703	3,073	1,013	219	673	6,496	6,487
Telephone	1,298	540	7,737	2,796	1,080	1,016	14,467	13,395
Subscriptions and reference material	90	193	7,645	100	540	1,589	10,157	3,598
Postage and shipping	322	241	1,087	339	45	1,146	3,180	3,282
Outside printing	475	459	1,729	595	93	1,500	4,851	5,276
Other expenses	651	414	1,533	527	1,144	1,604	5,873	29,941
In-kind expenses	86,561	-	7,380	7,397	-	102	101,440	107,450
Training	237	1,053	975	1,134	833	153	4,385	6,833
Pantry supplies	130	-	-	-	-	-	130	-
Spring and special event	-	-	-	-	-	21,932	21,932	18,748
Fall event	-	-	-	-	-	7,323	7,323	8,028
Subtotal before depreciation	224,903	117,869	492,872	176,165	49,964	141,905	1,203,678	1,204,036
Depreciation and amortization	114	98	428	141	29	94	904	1,708
TOTAL EXPENSES	225,017	117,967	493,300	176,306	49,993	141,999	1,204,582	1,205,744
INCREASE (DECREASE) IN NET ASSETS	\$ (44,296)	\$ 9,156	\$ 108,506	\$ 9,316	\$ 30,386	\$ (2,242)	\$ 110,826	\$ 90,954