

# Teen Parent Connection, Inc.

Financial Statements

Years Ended June 30, 2022 and 2021



**WIPELI**



## **Independent Auditor's Report**

Board of Directors  
Teen Parent Connection, Inc.  
Glen Ellyn, Illinois

### ***Opinion***

We have audited the accompanying financial statements of Teen Parent Connection, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Teen Parent Connection, Inc. as of June 30, 2022 and 2021, 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 ("GAAP").

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 Parent Connection, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAS, 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 the aggregate, that raise substantial doubt about Teen Parent Connection, Inc.'s ability to continue as a going concern for one year after the date 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 GAAS and *Government 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Teen Parent Connection, Inc.'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Teen Parent Connection, Inc.'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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Teen Parent Connection, Inc.'s 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 the Organization's internal control over financial reporting and compliance.



Wipfli LLP

Lincolnshire, Illinois  
December 20, 2022

# Teen Parent Connection, Inc.

## Statements of Financial Position

June 30,	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$ 310,791	\$ 499,810
Investments	994,324	1,155,652
Beneficial interest in investment pool	81,041	91,422
Grants and contributions receivable	341,042	319,402
Prepaid expenses	11,160	13,433
Total current assets	1,738,358	2,079,719
Property and equipment:		
Land and land improvements	118,697	117,297
Building and building improvements	623,994	623,994
Furniture and equipment	88,486	85,086
Software	4,125	4,125
Total property and equipment	835,302	830,502
Less accumulated depreciation and amortization	(202,608)	(183,606)
Net property and equipment	632,694	646,896
Total assets	\$ 2,371,052	\$ 2,726,615
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 14,767	\$ 3,254
Accrued expenses	177,932	106,903
Deferred grant liability	-	200,000
Current portion of long-term debt	19,382	18,472
Total current liabilities	212,081	328,629
Long-term liabilities:		
Long-term debt, net of current portion	241,396	359,271
Total liabilities	453,477	687,900
Net assets:		
Without donor restrictions	1,743,420	1,748,761
With donor restrictions	174,155	289,954
Total net assets	1,917,575	2,038,715
Total liabilities and net assets	\$ 2,371,052	\$ 2,726,615

See accompanying notes to financial statements.

# Teen Parent Connection, Inc.

## Statements of Activities and Changes in Net Assets

Years Ended June 30,	2022				2021			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Public support and other revenue:								
Grants from governmental agencies	\$ 734,247	\$ -	\$ 734,247	\$ 662,068	\$ -	\$ 662,068		
Contributions - Foundation and corporate	423,254	137,100	560,354	394,979	256,199	651,178		
Contributions - Community group	30,330	-	30,330	24,270	-	24,270		
Contributions - Individual	103,262	-	103,262	148,024	-	148,024		
United Way	25,000	-	25,000	24,702	-	24,702		
Special events:								
Gross proceeds	-	-	-	46,440	-	46,440		
Less direct expenses	-	-	-	(1,008)	-	(1,008)		
Fees from schools	3,550	-	3,550	2,970	-	2,970		
Contributions of nonfinancial assets	14,082	-	14,082	33,735	-	33,735		
Miscellaneous income	-	-	-	39,241	-	39,241		
Net investment income (loss)	(169,322)	-	(169,322)	341,536	-	341,536		
Net assets released from restrictions	252,899	(252,899)	-	107,124	(107,124)	-		
Total public support and other revenue	1,417,302	(115,799)	1,301,503	1,824,081	149,075	1,973,156		
Expenses:								
Program	1,329,640	-	1,329,640	1,295,583	-	1,295,583		
Management and general	55,030	-	55,030	56,140	-	56,140		
Fundraising	37,973	-	37,973	107,052	-	107,052		
Total expenses	1,422,643	-	1,422,643	1,458,775	-	1,458,775		
Change in net assets	(5,341)	(115,799)	(121,140)	365,306	149,075	514,381		
Net assets at beginning of year	1,748,761	289,954	2,038,715	1,383,455	140,879	1,524,334		
Net assets at end of year	\$ 1,743,420	\$ 174,155	\$ 1,917,575	\$ 1,748,761	\$ 289,954	\$ 2,038,715		

See accompanying notes to financial statements.

## Teen Parent Connection, Inc.

### Statement of Functional Expenses

Year Ended June 30, 2022	Group Services	Prevention Education	Healthy Families DuPage		Doula Services	Pantry	Total Program Expenses and Management		Fundraising	Total
			Expenses	General						
Salaries and wages	\$ 131,420	\$ 65,197	\$ 228,094	\$ 373,475	\$ 73,589	\$ 871,775	\$ 40,606	\$ 14,964	\$ 927,345	
Payroll taxes	10,659	5,212	19,324	30,595	6,215	72,005	3,327	1,172	76,504	
Program consultants	5,000	931	48,705	3,875	-	58,511	-	-	58,511	
Other consultants	1,046	1,556	6,659	5,135	951	15,347	725	3,634	19,706	
Employee benefits	9,689	8,230	12,754	29,001	920	60,594	1,686	901	63,181	
Food	418	411	446	574	184	2,033	357	76	2,466	
Operating supplies	2,019	6,663	59,841	6,639	5,528	80,690	835	194	81,719	
Operating supplies (in-kind)	3,350	-	3,350	3,350	-	10,050	-	-	10,050	
Insurance	1,563	2,283	5,666	7,784	997	18,293	998	1,103	20,394	
Maintenance and utilities	3,711	5,887	14,619	19,068	2,466	45,751	1,231	4,431	51,413	
Local transportation	171	889	2,141	2,453	613	6,267	-	-	6,267	
Allowance and speaker stipend	-	972	-	-	-	972	192	200	1,364	
Scholarships	-	-	-	-	7,500	7,500	-	-	7,500	
Space rent	-	-	-	-	4,357	4,357	-	-	4,357	
Equipment rental	482	678	1,737	2,375	302	5,574	296	316	6,186	
Telephone	1,943	683	5,808	7,159	299	15,892	1,475	369	17,736	
Subscriptions and reference materials	855	306	4,650	940	189	6,940	910	1,592	9,442	
Postage and shipping	48	70	175	240	31	564	31	2,203	2,798	
Outside printing	191	69	170	265	30	725	30	3,329	4,084	
Other expenses	349	472	1,400	1,525	353	4,099	-	1,703	5,802	
Interest expense	1,252	1,829	4,540	6,238	799	14,658	799	824	16,281	
Training	-	4,541	325	1,037	-	5,903	600	-	6,503	
Pantry supplies (in-kind)	-	-	-	-	4,032	4,032	-	-	4,032	
Special event expenses	-	-	-	-	-	-	-	-	-	
Total expenses before depreciation and amortization										
amortization	174,166	106,879	420,404	501,728	109,355	1,312,532	54,098	37,011	1,403,641	
Depreciation and amortization	1,462	2,134	5,299	7,280	933	17,108	932	962	19,002	
Total expenses	\$ 175,628	\$ 109,013	\$ 425,703	\$ 509,008	\$ 110,288	\$ 1,329,640	\$ 55,030	\$ 37,973	\$ 1,422,643	

See accompanying notes to financial statements.

# Teen Parent Connection, Inc.

## Statement of Functional Expenses

Year Ended June 30, 2021	Group Services	Prevention Education	Healthy Families DuPage	Doula Services	Pantry	Total Program Expenses	Management and General	Fundraising	Total
Salaries and wages	\$ 102,148	\$ 54,567	\$ 322,882	\$ 389,471	\$ 53,515	\$ 922,583	\$ 37,835	\$ 73,506	\$ 1,033,924
Payroll taxes	7,925	4,130	23,428	29,683	4,073	69,239	3,436	5,695	78,370
Program consultants	1,299	812	37,756	2,559	55	42,481	1,286	6,981	43,839
Other consultants	1,328	985	4,238	5,450	1,169	13,170	404	5,441	20,555
Employee benefits	6,236	5,739	11,980	29,886	1,424	55,265	1,690	5,441	62,396
Food	258	154	374	501	342	1,629	358	87	2,074
Operating supplies	3,777	5,152	10,684	4,786	11,645	36,044	2,443	882	39,369
Operating supplies (in-kind)	3,350	-	3,350	3,350	-	10,050	-	-	10,050
Insurance	2,019	1,399	6,697	8,503	938	19,556	620	1,315	21,491
Maintenance and utilities	3,511	2,745	11,426	14,141	1,600	33,423	1,327	4,458	39,208
Local transportation	55	84	683	1,024	103	1,949	-	-	1,949
Allowance and speaker stipend	-	1,648	-	-	-	1,648	-	-	1,648
Scholarships	-	-	1,000	-	1,500	2,500	-	-	2,500
Space rental	-	-	-	-	3,439	3,439	-	-	3,439
Equipment rental	619	548	1,751	2,350	227	5,495	184	410	6,089
Telephone	1,246	408	3,560	4,551	207	9,972	1,009	424	11,405
Subscriptions and reference materials	-	366	3,925	-	119	4,410	973	779	6,162
Postage and shipping	22	29	58	73	11	193	66	262	521
Outside printing	-	-	-	-	103	103	-	2,087	2,190
Other expenses	479	199	1,248	1,314	259	3,499	3,376	2,332	9,207
Interest expense	1,858	1,598	5,456	7,248	719	16,879	560	1,225	18,664
Training	116	47	626	727	21	1,537	39	28	1,604
Pantry supplies (in-kind)	-	-	-	-	23,685	23,685	-	-	23,685
Special event expenses	-	-	-	-	-	-	-	1,008	1,008
Total expenses before depreciation and amortization	136,246	80,610	451,122	505,617	81,469	1,278,749	55,606	106,992	1,441,347
Depreciation and amortization	1,738	1,204	5,765	7,320	807	16,834	534	1,068	18,436
Less: Direct benefit donor expenses	-	-	-	-	-	-	-	(1,008)	(1,008)
Total expenses	\$ 137,984	\$ 81,814	\$ 456,887	\$ 512,937	\$ 82,276	\$ 1,295,583	\$ 56,140	\$ 107,052	\$ 1,458,775

See accompanying notes to financial statements.

# Teen Parent Connection, Inc.

## Statements of Cash Flows

<i>Years Ended June 30,</i>	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (121,140)	\$ 514,381
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	19,002	18,436
(Gain) loss on investments	176,077	(310,011)
Change in beneficial interest in investment pool	10,381	(16,424)
Changes in operating assets and liabilities:		
Grants and contributions receivable	(21,640)	(29,240)
Prepaid expenses	2,273	1,776
Accounts payable	11,513	(1,874)
Accrued expenses	71,029	(14,684)
Deferred grant liability	(200,000)	56,239
<b>Net cash from operating activities</b>	<b>(52,505)</b>	<b>218,599</b>
Cash flows from investing activities:		
Proceeds from sale of investments	100,000	75,000
Purchases of investments	(114,749)	(246,370)
Purchase of property and equipment	(4,800)	(50,538)
<b>Net cash from investing activities</b>	<b>(19,549)</b>	<b>(221,908)</b>
Cash flows from financing activities:		
Payments on mortgage payable	(116,965)	(17,605)
<b>Change in cash</b>	<b>(189,019)</b>	<b>(20,914)</b>
<b>Cash, beginning of year</b>	<b>499,810</b>	<b>520,724</b>
<b>Cash, end of year</b>	<b>\$ 310,791</b>	<b>\$ 499,810</b>
Supplemental disclosure of cash flow information:		
Donations in kind	\$ 14,082	\$ 33,735
Cash paid in interest	16,281	18,664

See accompanying notes to financial statements.



# Teen Parent Connection, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Operations

Teen Parent Connection, Inc. (the "Organization") is an organization which focuses on providing comprehensive programs and services related to teenage pregnancy and parenting. Teen Parent Connection, Inc., founded in 1985, is an Illinois not-for-profit corporation located in Glen Ellyn, Illinois. 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 services individuals in DuPage and areas of Kane, Will, and Cook counties.

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.

**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 DuPage:** 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.

# Teen Parent Connection, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Nature of Operations (Continued)

**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. Parents' Pantry is reported in Group Services in the accompanying statements of functional expenses.

#### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### Basis of Presentation

Financial statement presentation follows GAAP for financial statement presentation for not-for-profit organizations. Such principles provide that the Organization is required to report information regarding its financial position and activities according to two classes of net assets. A definition and description of each class follows:

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Net Assets With Donor Restrictions** - Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

The Organization has no net assets with donor restrictions that are perpetual in nature.

#### Use of Estimates

The preparation of financial statements in conformity with GAAP 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Teen Parent Connection, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Grants and Contributions Receivable**

Grants and contributions receivable consist of government grant, pledges, and contribution receivables. Contributions to be received in one year or less are recorded at net realizable value. Contributions expected to be collected in future years are recorded at fair value, which approximates the present value of the expected future cash flows. Pledges are recorded in the period the promise is received. There was no allowance for doubtful accounts related to grants and contributions receivable at June 30, 2022, and 2021.

#### **Investments**

Investments are carried at fair value. All interest, dividends, and realized and unrealized gains and losses are reported in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions. Investment fees, including direct internal investment expenses, if any, are netted with investment income on the statements of activities and changes in net assets.

#### **Property and Equipment**

Property and equipment in excess of \$1,000 and that have a useful life of greater than one year are capitalized at cost. Depreciation is provided over the estimated useful lives of the assets of 5 to 39 years under the straight-line method. 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 and changes in net assets. The Organization's donated assets are recorded at their fair market value on the date of donation.

#### **Impairment of Long-Lived Assets**

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long lived assets during 2022 and 2021.

#### **Revenue Recognition**

##### Grants from Government Agencies

Support funded by government contracts, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services is met. Revenue is therefore recognized as earned as the eligible expenses are incurred. These expenditures are subject to audit and acceptance by the granting organization and, as a result of such audit, adjustments could be required.

# Teen Parent Connection, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Revenue Recognition (Continued)**

##### Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.

An implicit right of return of assets transferred or a right of release of a donor's or grantor's obligation to transfer assets promised if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome.

The Organization has elected the option to account for proceeds received under the Paycheck Protection Program (PPP) as a conditional contribution.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

##### Special Events

The Organization records special events revenue equal to the fair value of the direct benefits provided to donors for the exchange portion and contribution income for the excess received. The Organization typically receives payment for the event in advance, based on a set price. Special event revenue received in advance is recorded as a deferred revenue and is recognized at the point in time when the event occurs. As of June 30, 2022 and 2021, the Organization has no deferred revenue.

# Teen Parent Connection, Inc.

## Notes to Financial Statements

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### **Note 1: 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 GAAP.

#### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization charges expenses directly to each category. Certain costs have been allocated among the program and supporting services benefited based on time and effort, as estimated by management.

#### **Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation on unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation. The Organization is also exempt from Illinois income taxes.

Penalties and interest assessed by income taxing authorities are included in management and general expenses, if applicable. The Organization has no interest and penalties related to income taxes for the years ended June 30, 2022 and 2021.

#### **Reclassifications**

Certain amounts as previously reported in the 2022 financial statements have been reclassified to conform to the 2021 presentation. Such reclassifications were on the statements of cash flows and have no effect on reported amounts of net assets or change in net assets.

# Teen Parent Connection, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Change in Accounting Policy**

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets (Topic 958). The amendments in this update require entities to present contributed nonfinancial assets as a separate line item in the statement of activities and expand disclosures on the various contributed nonfinancial assets recognized, including disaggregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing contributed nonfinancial assets. The Organization adopted this guidance as of July 1, 2020. There was no change in opening balances of net assets, and no prior period results were restated.

#### **New Accounting Pronouncement**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The amendments in this ASU revise the accounting related to lease accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for substantially all leases with lease terms in excess of 12 months. The new lease guidance also simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021, and are to be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. The Organization continues to evaluate the effect that the implementation of this ASU will have on its financial statements and related disclosures.

#### **Subsequent Events**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 20, 2022, which is the date the financial statements were available to be issued.

# Teen Parent Connection, Inc.

## Notes to Financial Statements

### Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>June 30,</i>	2022	2021
Cash	\$ 310,791	\$ 499,810
Investments	994,324	1,155,652
Grants and contributions receivable	341,042	319,402
 Total financial assets	 1,646,157	 1,974,864
 Less: Donor restricted assets	 (174,155)	 (289,954)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 1,472,002	 \$ 1,684,910

As part of the Organization's liquidity management plan, the Organization invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve. There was no such designation as of June 30, 2022 and 2021.

### Note 3: Concentration of Credit Risk

The Organization maintains bank accounts included in cash in major banks in excess of the Federal Deposit Insurance Corporation's (FDIC) \$250,000 limit. At times throughout the year, bank balances exceeded FDIC insured limits. The Organization has not experienced any loss in these accounts. The Organization believes it is not exposed to any significant credit risk on its cash balances.

### Note 4: Concentration of Contributions or Grants

For the year ended June 30, 2022, approximately 61% of the Organization's revenue was earned under agreements from two funding sources. For the year ended June 30, 2022, the Organization recognized revenue of \$792,173 from these funding sources. As of June 30, 2022, these two funding sources owed the Organization \$296,849.

For the year ended June 30, 2021, approximately 40% of the Organization's revenue was earned under agreements from two funding sources. For the year ended June 30, 2021, the Organization recognized revenue of \$790,249 from these funding sources. As of June 30, 2021, these two funding sources owed the Organization \$319,402.

# Teen Parent Connection, Inc.

## Notes to Financial Statements

### Note 5: Commitments and Contingencies

The Organization leases office equipment under an operating lease with monthly payments of \$384 through July 2022. Lease expense under this agreement amounted to \$4,610 and \$4,608 for the years ended June 30, 2022 and 2021, respectively, and is included in equipment rental on the statements of functional expenses.

### Note 6: Fair Value Measurements

The Organization's assets are reported at fair value, as defined by GAAP, to classify the source of the information measuring fair value.

Assets and liabilities carried at fair value are classified and disclosed in one of the following categories:

Level I - Quoted market prices in active markets for identical assets or liabilities.

Level II - Observable market-based inputs or unobservable inputs corroborated by market data.

Level III - Unobservable inputs not corroborated by market data.

The Organization did not have any nonfinancial assets recorded at fair value on a recurring basis at June 30, 2022 and 2021.

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, 2022 and 2021.

*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 measurements recorded on a recurring basis at June 30, 2022 and 2021, are as follows:

June 30, 2022	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 994,324	\$ -	\$ -	\$ 994,324
Pooled investment account at DuPage Community Foundation	-	81,041	-	81,041
Totals	\$ 994,324	\$ 81,041	\$ -	\$ 1,075,365



# Teen Parent Connection, Inc.

## Notes to Financial Statements

### Note 6: Fair Value Measurements (Continued)

<i>June 30, 2021</i>	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,155,652	\$ -	\$ -	\$ 1,155,652
Pooled investment account at DuPage Community Foundation	-	91,422	-	91,422
Totals	\$ 1,155,652	\$ 91,422	\$ -	\$ 1,247,074

### Note 7: Investment Income (Loss)

Investment income (loss) consisted of the following:

<i>Years Ended June 30,</i>	2022	2021
Interest and dividends	\$ 18,278	\$ 16,101
Unrealized gains (losses)	(199,623)	317,146
Realized gains	13,165	9,289
Less: Investment fees	(1,142)	(1,000)
Net investment income (loss)	\$ (169,322)	\$ 341,536

### Note 8: Mortgage Note Payable

The Organization has a mortgage note payable with BMO Harris Bank, due in monthly installments of \$3,022, bearing an interest rate of 4.75% on the outstanding balance. The note is secured by the land and building associated with the mortgage and matures in December 2025, at which time a balloon payment of is due. Future minimum payments are as follows:

<i>Year Ended June 30,</i>	Amount
2023	\$ 19,382
2024	20,292
2025	21,335
2026	199,769
Total	260,778
Less: Current portion of long-term debt	(19,382)
Total long-term debt	\$ 241,396

# Teen Parent Connection, Inc.

## Notes to Financial Statements

### Note 9: Beneficial Interest in Assets Held by DuPage Community Foundation

The Organization is an income beneficiary of certain funds maintained by the DuPage Community Foundation (DCF), a local community foundation, created in 1986. Periodic distributions of income are made to the Organization. Under GAAP, the fair value of the DuPage Community Foundation Fund of \$81,041 and \$91,422, as of June 30, 2022 and 2021, respectively, is recorded as a beneficial interest in assets held in trust in the accompany statements of financial position. The Organization received income distributions of \$3,600 from this fund during the years ended June 30, 2022 and 2021, respectively.

### Note 10: Revocable Split-Interest Agreement

The Organization is the beneficiary under a designated fund administered by DCF. 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 DCF. Net investment loss from the fund was \$5,638 for the year ended June 30, 2022 and net investment income from the fund was \$21,077 for the year ended June 30, 2021.

### Note 11: Pension Plan

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, 2022 and 2021, were \$25,461 and \$13,055, respectively.

### Note 12: Net Assets with Donor Restrictions

Net assets with donor restrictions, which have either purpose or time restrictions, consisted of the following:

<i>As of June 30,</i>	2022	2021
Purpose restricted:		
Family Strengthening	\$ 50,000	\$ 130,000
Healthy Families DuPage	5,000	30,000
Prevention Education	-	7,500
Pathways to Prevention	42,500	60,000
Scholarships	6,555	12,455
Parents Pantry	3,000	-
Project Specific	12,100	17,500
Database	20,000	20,000
Time Restricted - General operations for future periods	35,000	12,499
Total net assets with donor restrictions	\$ 174,155	\$ 289,954

# Teen Parent Connection, Inc.

## Notes to Financial Statements

### Note 12: Net Assets with Donor Restrictions (Continued)

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors. Net assets released from restrictions due to an event totaled \$252,899 and \$107,124, respectively, for the years ended June 30, 2022 and 2020.

### Note 13: Contributed Nonfinancial Assets

Contributed nonfinancial assets consisted of the following:

<i>Years Ended June 30,</i>	2022	2021
Operating supplies	\$ 10,050	\$ 10,050
Pantry supplies	4,032	23,685
Total contributed nonfinancial assets	\$ 14,082	\$ 33,735

The Organization recognizes contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed pantry supplies were utilized in the pantry programs and operating supplies were utilized in group services, healthy families, and doula programs. In valuing supplies, the Organization estimates the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

### Note 14: Refundable Advance Liability – Paycheck Protection Program

As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, on July 1, 2020, the Organization received a PPP loan in the principal amount of \$210,000 from the U.S. Small Business Administration (SBA). In addition, on January 29, 2021, the Organization received proceeds from a second PPP loan in the amount of \$200,000.

The Organization has elected to account for its PPP loan as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the PPP loan proceeds are initially recorded as a deferred grant liability and subsequently recognized as grant revenue when the Organization has substantially met all conditions for forgiveness. The Organization has recognized \$200,000 and \$143,761, respectively of grant revenue and have \$0 and \$200,000 recorded as deferred grant liability, as of June 30, 2022 and June 30, 2021, respectively. The loan program's expenditures and the Organization's eligibility are subject to review and acceptance by the SBA, and, as a result of such review, adjustments could be required. The Organization received formal forgiveness from the SBA for the first PPP loan as of May 19, 2021 and for the second PPP loan as of February 8, 2022.



## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Teen Parent Connection, Inc.  
Glen Ellyn, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Teen Parent Connection, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2022.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Teen Parent Connection, Inc.'s internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Teen Parent Connection, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Teen Parent Connection, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Teen Parent Connection, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.



However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Teen Parent Connection, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Teen Parent Connection, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wipfli LLP*

December 20, 2022  
Lincolnshire, Illinois



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Lincolnshire, Illinois 60069

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## Independent Auditor's Report on Supplementary Information

Board of Directors  
Teen Parent Connection, Inc.  
Glen Ellyn, Illinois

We have audited the financial statements of Teen Parent Connection, Inc. as of and for the year ended June 30, 2022, and have issued our report thereon dated December 20, 2022, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The "Consolidated Year End Financial Report" for the State of Illinois fiscal year ended June 30, 2022, is presented for purposes of additional analysis, as required by the Illinois Department of Human Services, and is not a required part of the basic 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Wipfli LLP*

December 20, 2022  
Lincolnshire, Illinois

# Teen Parent Connection, Inc.

## Consolidated Year End Financial Report

	CSFA # 444-80-0660	CSFA # 444-080-0663	CSFA # 546-00-2762	Other Agency Expenses	Total Expenses
Year Ended June 30, 2022					
Personnel	\$ 184,057	\$ 59,343	\$ 14,902	\$ 613,473	\$ 871,775
Fringe benefits	30,001	7,745	2,402	99,537	139,685
Travel	2,128	125	460	3,554	6,267
Supplies	53,436	450	1,124	43,257	98,267
Contractual services/subawards	13,352	2,150	-	33,204	48,706
Consultants	41,209	946	-	37,426	79,581
Occupancy - rent/utilities	13,426	1,500	907	56,218	72,051
Telecommunications	4,680	456	97	12,503	17,736
Training and education	60	-	3,998	2,445	6,503
Direct administrative costs	26,124	10,985	-	18,461	55,570
Other or miscellaneous costs	-	-	-	7,500	7,500
Total direct expenses	368,473	83,700	23,890	927,578	1,403,641
Indirect costs	-	-	-	-	-
Total expenses	\$ 368,473	\$ 83,700	\$ 23,890	\$ 927,578	\$ 1,403,641

See Independent Auditor's Report on Supplementary Information.