



# Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

## Birthline of San Diego County, Inc. Audited Financial Statements December 31, 2020

### TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities and Net Assets – Cash Basis	3
Statement of Support, Revenue and Expenses – Cash Basis	4
Statement of Functional Expense – Cash Basis	5
Notes to the Financial Statements	6-9



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Birthline of San Diego County, Inc.

We have audited the accompanying financial statements of Birthline of San Diego County, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—cash basis as of December 31, 2020, the related statement of support, revenue, and expenses—cash basis, and the statement of 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 the cash basis of accounting as described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 assets, liabilities, and net assets of Birthline of San Diego County, Inc. as of December 31, 2020, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 2.

## **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter



October 27, 2021

Sonnenberg & Company, CPAs

**Birthline of San Diego County, Inc.**  
Statement of Assets, Liabilities and Net Assets - Cash Basis  
December 31, 2020

ASSETS:

Cash \$ 216,238

TOTAL ASSETS \$ 216,238

LIABILITIES: \$ -

NET ASSETS:

Without donor restrictions 216,238

TOTAL NET ASSETS 216,238

TOTAL LIABILITIES AND NET ASSETS \$ 216,238

See Accompanying Notes and Independent Auditor's Report

**Birthline of San Diego County, Inc.**  
Statement of Support, Revenue and Expenses - Cash Basis  
For the Year Ended December 31, 2020

REVENUE:	
Contributions	\$ 197,417
Special events	5,273
Less: direct expenses	(2,798)
Interest	<u>872</u>
TOTAL REVENUE	200,764
EXPENSES:	
PROGRAM SERVICES:	
	60,570
SUPPORT SERVICES:	
Management and general	57,793
Fundraising	<u>2,889</u>
TOTAL SUPPORT SERVICES	60,682
TOTAL EXPENSES	<u>121,252</u>
CHANGE IN NET ASSETS	79,512
NET ASSETS	
AT BEGINNING OF YEAR	<u>136,726</u>
AT END OF YEAR	<u><u>\$ 216,238</u></u>

See Accompanying Notes and Independent Auditor's Report

**Birthline of San Diego County, Inc.**  
**Statement of Functional Expenses - Cash Basis**  
**For the Year Ended December 31, 2020**

	Program Services	Management & General	Fundraising	Total Expenses
Accounting services	\$	\$ 4,250	\$	\$ 4,250
Advertising and promotion		1,315	172	1,315
Bank fees		905		905
Client services	3,698			3,698
Facilities		905		905
Insurance	902	4,360		5,262
Janitorial		480		480
Miscellaneous		233		233
Payroll	17,197	40,146		57,343
Payroll taxes	1,527	3,566		5,093
Payroll processing		897		897
Printing and postage			2,717	2,717
Rent	31,990			31,990
Supplies		1,641		1,641
Utilities	5,256			5,256
Total Expenses	\$ 60,570	\$ 57,793	\$ 2,889	\$ 121,252

See Accompanying Notes and Independent Auditor's Report

**Birthline of San Diego County, Inc.**  
Notes to Financial Statements  
December 31, 2020

**Note 1. Organization and Purpose:**

Nature of Activities

Birthline of San Diego County, Inc. (the Organization) is a nonprofit organization incorporated on August 17, 1982 in California. The Organization provides life-affirming support and resources to low-income pregnant women and families with young children, many of whom are facing extreme hardships in addition to poverty. The Organization helps bridge the gap for families who are struggling with resources. During monthly visits, each client's needs are assessed during confidential, one-on-one case management consults. Free supplies like diapers, clothing, food, formula, breastfeeding supplies and many other baby items are distributed. In addition, clients are referred to other public and private organizations for help with the most basic of needs like safe housing, education, job training, food and medical care.

The Organization is funded primarily through donor contributions with approximately two thirds from individuals and one third from other organizations.

Income Taxes

Birthline of San Diego County, Inc. is a not-for-profit corporation organized under the laws of the State of California. As a Section 501(c)(3) organization, it is exempt from income taxes on the basis that it qualifies for exemption under section 501(a) of the Internal Revenue Code, and Section 23701(d) of the State Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

**Note 2. Summary of Significant Accounting Policies:**

Basis of Accounting

The accompanying financial statement has been prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Entities*, and Accounting Standards Update (ASU) No. 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958 and ASU No. 2016-14 the Organization reports net assets, revenues, gains, and losses based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Note 2. **Summary of Significant Accounting Policies (continued):**

*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.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statement of activities as net assets released from restrictions.

The Organization had no donor restricted net assets at December 31, 2020.

Change in Accounting Principle

In 2019, the Organization adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 605) and ASU No. 2014-09 Revenue from Contracts with Customers (Topic 606). Analysis of various provisions of these updates resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued reviewed financial statements were required on a retrospective basis.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Equipment

Equipment is carried at cost or, if donated, at the approximate fair market value at date of donation. The Organization capitalizes expenditures for equipment in excess of \$2,000. Depreciation is calculated on the straight-line method over the useful lives of the assets.

**Note 2. Summary of Significant Accounting Policies (continued):**

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, 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.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of space utilized and estimates made by the Organization's management.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided program services, campaign solicitations, and various committee assignments throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

**Note 3. Concentration of Credit Risk**

The Organization maintains cash balances at one financial institution located in San Diego, California. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the balance in the Organization's bank accounts may exceed federally insured deposit limits. The Organization has not experienced any losses in such accounts.

**Note 4. Liquidity and Availability**

The Organization has financial assets of \$216,238 available within one year of the statement of assets, liabilities and net assets – cash basis date to meet cash needs for general expenditures. This consists of cash of \$216,238. The Organization receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. The Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

**Birthingline of San Diego County, Inc.**  
Notes to Financial Statements  
December 31, 2020

**Note 5. Subsequent Event and Date of Managements Review:**

Subsequent events are events or transactions that occur after the statement of assets, liabilities, and net assets—cash basis date, but before the financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of assets, liabilities, and net assets—cash basis, including estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the statement of assets, liabilities, and net assets—cash basis date and before the financial statements are available to be issued.

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the statement of assets, liabilities and net assets—cash basis date through October 27, 2021, which is the date the financial statements were available to be issued.

The Organization obtained a loan under the Paycheck Protection Program in February 2021 for \$13,025.

Management is not aware of any other subsequent events or transactions that would have a material impact on, or require disclosure in, the current year financial statements.

The spread of COVID-19 in 2020 has caused a substantial impact on the U.S. economy. There is significant uncertainty around the effects and duration of business interruption related to COVID-19. The extent of the impact on the Organization's operations, donors, employees, and vendors going forward will depend on certain developments, which cannot be determined at this time.