# Pregnancy Solutions, Inc.

## Financial Statements

## December 31, 2020

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CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Pregnancy Solutions, Inc., Inc.

We have reviewed the accompanying financial statements of Pregnancy Solutions, Inc., Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Cavanaugh & Co LLP

Sarasota, Florida
June 18, 2021

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**Pregnancy Solutions, Inc.**

**Statement of Financial Position**
December 31, 2020

## ASSETS

| | |
|---|---|
| Cash and cash equivalents | $ 298,416 |
| Accounts receivable | 4,106 |
| Deposits | 11,314 |
| Fixed assets less accumulated depreciation of $89,792 | 21,038 |
| Total assets | $ 334,874 |

## LIABILITIES AND NET ASSETS

| | |
|---|---|
| Liabilities: | |
| Refundable advance | $ 3,500 |
| Credit card payable | 3,728 |
| Refundable advance - PPP loan | 82,400 |
| Total liabilities | 89,628 |
| Net assets: | |
| Without donor restrictions | 233,551 |
| With donor restrictions | 11,695 |
| Total net assets | 245,246 |
| Total liabilities and net assets | $ 334,874 |

See independent accountant's review report and accompanying notes to financial statements.

## Pregnancy Solutions, Inc.

### Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Support and revenues:** | | | |
| Contributions | $ 219,166 | 55,000 | 274,166 |
| Special events income net of expenses of $60,976 | 238,705 | - | 238,705 |
| Organizational gifts | 52,641 | - | 52,641 |
| Other contributions | 20,560 | - | 20,560 |
| Interest income | 109 | - | 109 |
| Net assets released from restrictions | 68,165 | (68,165) | - |
| Total support and revenue | 599,346 | (13,165) | 586,181 |
| Total support and revenues | 599,346 | (13,165) | 586,181 |
| **Expenses:** | | | |
| Programs: | | | |
| Client services | 329,814 | - | 329,814 |
| Rookie Dads | 51,121 | - | 51,121 |
| Total program expenses | 380,935 | - | 380,935 |
| General and administrative | 117,782 | - | 117,782 |
| Fundraising | 68,019 | - | 68,019 |
| Total expenses | 566,736 | - | 566,736 |
| Change in net assets | 32,610 | (13,165) | 19,445 |
| Net assets at beginning of year | 200,941 | 24,860 | 225,801 |
| Net assets at end of year | $ 233,551 | 11,695 | 245,246 |

See independent accountant's review report and accompanying notes to financial statements.

## Pregnancy Solutions, Inc.

### Statement of Functional Expenses
Year Ended December 31, 2020

| | Client Services | | | | | |
|---|---|---|---|---|---|---|
| | Client Services | Rookie Dads | Total Client Services | Management and General | Fund-raising | Total Expenses |
| Payroll | 168,406 | 31,884 | 200,290 | 83,328 | 30,414 | 314,032 |
| Payroll taxes | 15,102 | 2,833 | 17,935 | 9,077 | 2,702 | 29,714 |
| Advertising | 7,049 | 4,339 | 11,388 | 615 | 368 | 12,371 |
| Professional fees | 455 | 560 | 1,015 | 8,386 | 1,624 | 11,025 |
| Travel and meals | 5,398 | 1,330 | 6,728 | 2,138 | 10,379 | 19,245 |
| Office expenses | 9,231 | 522 | 9,753 | 1,552 | 4,238 | 15,543 |
| Insurance | 5,680 | 1,450 | 7,130 | 1,203 | - | 8,333 |
| Rent | 43,976 | 3,000 | 46,976 | 2,700 | 150 | 49,826 |
| Computer expenses | 3,627 | 1,786 | 5,413 | 3,133 | 1,543 | 10,089 |
| Telephone and internet | 6,369 | 660 | 7,029 | 425 | - | 7,454 |
| Printed materials | 1,764 | 483 | 2,247 | 180 | 15,913 | 18,340 |
| Repairs and maintenance | 10,789 | 1,212 | 12,001 | 374 | - | 12,375 |
| Utilities | 5,897 | 643 | 6,540 | 413 | - | 6,953 |
| Miscellaneous | 45 | - | 45 | 39 | 688 | 772 |
| Continuing education | 2,398 | 419 | 2,817 | 4,219 | - | 7,036 |
| Client welfare | 300 | - | 300 | - | - | 300 |
| Support after abortion | 30,279 | - | 30,279 | - | - | 30,279 |
| EWYL | 129 | - | 129 | - | - | 129 |
| Grants | 2,020 | - | 2,020 | - | - | 2,020 |
| Depreciation | 10,900 | - | 10,900 | - | - | 10,900 |
| Total expenses | $ 329,814 | 51,121 | 380,935 | 117,782 | 68,019 | 566,736 |

See independent accountant's review report and accompanying notes to financial statement

**Pregnancy Solutions, Inc.**

**Statement of Cash Flows**
Year Ended December 31, 2020

| | |
|---|---|
| **Cash flows from operating activities:** | |
| Change in net assets | $ 19,445 |
| Adjustments to reconcile change in net assets to to net cash from operating activities: | |
| Depreciation | 10,900 |
| (Increase) decrease in: | |
| Accounts receivable | (4,106) |
| Deposits | (11,314) |
| Refundable advance | 2,950 |
| Credit card payable | (1,357) |
| Refundable advance - PPP loan | 82,400 |
| Net cash flows from operating activities | 98,918 |
| **Cash flows from investing activities:** | |
| Gain on disposal of property and equipment | 11,395 |
| Net cash flows from investing activities | 11,395 |
| Net increase in cash and cash equivalents | 110,313 |
| Beginning cash and cash equivalents | 188,103 |
| Ending cash and cash equivalents | $ 298,416 |

See independent accountant's review report and accompanying notes to financial statements.

## Pregnancy Solutions, Inc., Inc.

**Notes to Financial Statements**
December 31, 2020
(See Independent Accountant's Review Report)

**Note 1 – Nature of Operations:**

Pregnancy Solutions, Inc., Inc. (Organization) is a not-for-profit corporation established under the laws of the State of Florida on March 9, 2001. The Organizations mission is to provide free, confidential, high-quality and compassionate care to pregnant women. They are a 501(c)(3) corporation who receive no government funding for their work and rely entirely on donations from individuals and corporations to continue their services.

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

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.
>
> 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 resource 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.

Cash and Cash Equivalents
The Organization considers all unrestricted highly liquid investments, other than those held with investment brokers, with an initial maturity of the three months or less to be cash equivalents.

Property and Equipment
Property and equipment are capitalized at cost. It is the Organization's policy to capitalize expenditures for these items in excess of $1,000. Lesser amounts are expensed. Property and equipment are being depreciated over the estimated useful lives of five to forty years using straight-line depreciation. Maintenance and repair costs are expensed as incurred.

## Note 2 – Summary of Significant Accounting Policies – Continued:

Contributed Items and Services
Contributed items and services represent the estimated fair value of the item or service provided. The contributions of service are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Significant amounts of volunteer services are donated to the Organization by various individuals. However, these services were not recognized in the financial statements because they did not meet the above criteria.

Income Tax Status
The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization's status as a tax-exempt entity is considered a tax position subject to the reporting requirements under FASB ASC 740, *Accounting for Income Taxes.* Entities are required to examine all tax positions and determine if it is more likely than not that the positions would be sustained upon examination by taxing authorities. The Organization has not recorded any accruals for uncertain income tax positions at December 31, 2020.

Advertising
The Organization expenses advertising costs as they are incurred, and advertising communications costs the first time the advertising takes place.

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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. Actual results could differ from those estimates.

## Note 3 – Uninsured Cash Balances:

The Organization maintains cash balances at one financial institution. Accounts at banking institutions are insured by the FDIC up to $250,000. At December 31, 2020, the Organization had no uninsured cash balances.

## Note 4 – Liquidity:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, include cash and cash equivalents less amounts restricted, or $290,827.

## Note 5 – Net Assets with Donor Restrictions:

Net assets with donor restrictions as of December 31, 2020 are as follows:

Subject to expenditure for specific purpose:

| | |
|---|---|
| EWYL | 8,660 |
| Thrive | 3,035 |
| Total | $ 11,695 |

Net assets were released from restrictions during the year by satisfying the program restrictions specified by donors as follows:

| | |
|---|---|
| Rookie Dads | $ 50,000 |
| Support after Abortion | 17,148 |
| EWYL | 129 |
| VGCC Diaper Grant | 888 |
| Total | $ 68,165 |

## Note 6 – Functionalized Expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, and depreciation, which are allocated on a square footage basis, as well as salaries and wages, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

## Note 7 – PPP Loan

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act was signed into law. One component of the CARES Act was the paycheck protection program ("PPP") which provides small business, including certain not-for-profit organizations, with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration ("SBA") with support from the Department of the Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

**Note 7 – PPP Loan – Continued:**

The Organization applied for and was accepted to participate in this program. On May 6, 2020, the Organization received funding for approximately $82,400. The loan is a two-year loan with a maturity date of May 6, 2022. The loan bears an annual interest rate of 1%. The loan shall be payable monthly with the first six monthly payments deferred. It is the Organization's intent to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the SBA. The Organization is eligible for loan forgiveness in an amount equal to payments made during the 24-week period beginning on the Loan date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses. The Organization used all loan proceeds to partially subsidize direct payroll expenses.

The Organization considers this a conditional grant with revenue recognized as the conditions are substantially met. Management believes the significant conditions to be met as qualified expenditures are incurred. As of December 31, 2020, the Organization has not applied for loan forgiveness. Accordingly, all of the proceeds from the PPP are recognized as a refundable advance at December 31, 2020.

**Note 7 – Subsequent Events**

Subsequent events have been evaluated through June 18, 2021, which is the date of the financial statements were made available to be issued.