Pregnancy Solutions, Inc.

Financial Statements

December 31, 2021

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CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of

Pregnancy Solutions, Inc.

Venice, FL

We have reviewed the accompanying financial statements of Pregnancy Solutions, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 , and the related statements of activities, 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 entity 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.

We are required to be independent of Pregnancy Solutions, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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
August 8, 2022

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Pregnancy Solutions, Inc.

Statement of Financial Position
December 31, 2021

ASSETS

Cash and cash equivalents	$ 258,729
Accounts receivable	7,703
Deposits	12,814
Fixed assets less accumulated depreciation of $100,449	75,960
Total assets	$ 355,206

LIABILITIES AND NET ASSETS

Liabilities:	
Refundable advance	$ 14
Deferred rent expense	1,376
Credit card payable	12,002
Total liabilities	13,392
Net assets:	
Without donor restrictions	330,220
With donor restrictions	11,594
Total net assets	341,814
Total liabilities and net assets	$ 355,206

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Contributions	$ 172,684	113,980	286,664
Special events, net expenses of $33,418	309,791	-	309,791
Organizational gifts	79,008	-	79,008
Other contributions	65,569	-	65,569
Grants	26,822	-	26,822
PPP loan forgiveness	82,400		82,400
Interest income	28	-	28
Net assets released from restrictions	114,081	(114,081)	-
Total support and revenue	850,383	(101)	850,282
Total support and revenues	850,383	(101)	850,282
Expenses:			
Programs:			
Client services	481,344	-	481,344
Rookie Dads	66,572	-	66,572
Total program expenses	547,916	-	547,916
General and administrative	126,548	-	126,548
Fundraising	79,250	-	79,250
Total expenses	753,714	-	-
Change in net assets	96,669	(101)	96,568
Net assets at beginning of year	233,551	11,695	245,246
Net assets at end of year	$ 330,220	11,594	341,814

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

Pregnancy Solutions, Inc.

Statement of Functional Expenses

Year Ended December 31, 2021

	Client Services					
	Client Services	Rookie Dads	Total Client Services	Management and General	Fund-raising	Total Expenses
Payroll	$ 258,549	44,242	302,791	84,257	56,330	443,378
Payroll taxes	22,961	3,955	26,916	2,697	4,983	34,596
Advertising	3,187	-	3,187	-	150	3,337
Professional fees	2,111	495	2,606	6,567	2,405	11,578
Travel and meals	14,515	2,861	17,376	9,562	1,184	28,122
Office expenses	16,145	1,086	17,231	1,316	5,651	24,198
Insurance	7,714	1,199	8,913	1,199	38	10,150
Rent	67,133	2,755	69,888	-	-	69,888
Computer expenses	9,058	2,763	11,821	1,048	1,940	14,809
Telephone and internet	8,126	907	9,033	-	-	9,033
Printed materials	3,550	333	3,883	5,742	1,135	10,760
Repairs and maintenance	30,033	1,706	31,739	195	153	32,087
Utilities	7,479	508	7,987	-	-	7,987
Miscellaneous	1,204	91	1,295	-	2,603	3,898
Health insurance	10,447	2,921	13,368	3,392	2,678	19,438
Continuing education	1,996	40	2,036	10,573	-	12,609
EWYL	3,590	710	4,300	-	-	4,300
Grants	3,071	-	3,071	-	-	3,071
Depreciation	10,475	-	10,475	-	-	10,475
Total expenses	$ 481,344	66,572	547,916	126,548	79,250	753,714

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

Pregnancy Solutions, Inc.

Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	$ 96,568
Adjustments to reconcile change in net assets to to net cash from operating activities:	
Depreciation	10,475
(Increase) decrease in:	
Accounts receivable	(3,597)
Deposits	(1,500)
Refundable advance	(3,486)
Refundable advance - PPP loan	(82,400)
Deferred rent expense	1,376
Credit card payable	8,274
Net cash flows from operating activities	25,710
Cash flows from investing activities:	
Purchase of property and equipment	(65,397)
Net cash flows from investing activities	(65,397)
Net decrease in cash and cash equivalents	(39,687)
Beginning cash and cash equivalents	298,416
Ending cash and cash equivalents	$ 258,729

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

Notes to Financial Statements
December 31, 2021
(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 Organization's mission is to provide free, confidential, high-quality and compassionate care to pregnant women. They are a 501(c)(3) corporation who receive minimal government funding for their work, approximately 3% of total revenues as well as 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, 2021.

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 two financial institutions. Accounts at banking institutions are insured by the FDIC up to $250,000. At December 31, 2021, 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, of $254,838.

Note 5 – Net Assets with Donor Restrictions:

Net assets with donor restrictions as of December 31, 2021 are as follows:

Subject to expenditure for specific purpose:

EWYL	$	8,360
Diaper grant		129
Thrive		3,105
Total	$	11,594

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

Rookie Dads	$	61,780
EWYL		4,300
Plantation Diaper Grant		3,071
Thrive		44,930
Total	$	114,081

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 – Commitments:

The Organization entered into a five-year commercial lease agreement for rental space located at 950 Tamiami Trail, Port Charlotte, Florida starting on the commencement date of the new location which was estimated to be August 1, 2021. Terms of the lease call for monthly installments of $2,754 for the first year with annual increases of 3% in the subsequent years. In addition to base rent, the Organization shall be responsible for tenant's proportional share of all taxes, insurance, management, and maintenance fees, and charges for the Common areas. The current estimated charge for these expenses is $4.00 per square foot for 2,542 rentable square feet, which is subject to adjustments. There was $14,620 of lease expense for the year ended December 31, 2021. The Organization paid a security deposit of $3,857.

The Organization entered into a three-year commercial lease agreement for rental space located at 5400 S. Biscayne Dr., North Port, Florida starting on the commencement date of the new location which was June 1, 2021. Terms of the lease call for monthly installments of $1,350 for the first year, $1,425 for year two, and $1,500 for year three. The Organization paid a security deposit of $1,500 and the last month's rent of $1,500. There was $9,975 of lease expense for the year ended December 31, 2021.

Note 7 – Commitments - Continued:

Future payments under these leases for years ending December 31 are as follows:

2022	$ 50,184
2023	52,088
2024	42,997
2025	36,562
2026	21,696

In March 2022, the Organization entered into a lease for office space in Venice, Florida for an initial term of five years with renewal options. Initial base rent is $3,000 per month.

Note 8 – 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.

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 when the loan is forgiven. The Organization was forgiven by the Small Business Administration on February 3, 2021. Accordingly, all of the proceeds from the PPP loan are recognized as income in the current year.

Note – Subsequent Events

Subsequent events have been evaluated through August 8, 2022, which is the date of the financial statements were made available to be issued.