Pregnancy Solutions, Inc.

Financial Statements

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Pregnancy Solutions, Inc.

Opinion

We have audited the accompanying financial statements of Pregnancy Solutions, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pregnancy Solutions, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in 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 Pregnancy Solutions, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 accounting principles generally accepted in the United States of America, 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 Pregnancy Solutions, Inc.'s ability to continue as a going concern within one year after the date that 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 generally accepted 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, including omissions, 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.

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In performing an audit in accordance with generally accepted 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 Pregnancy Solutions, 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 Pregnancy Solutions, 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.

Sarasota, Florida

July 6, 2023

Pregnancy Solutions, Inc.

Statement of Financial Position
December 31, 2022

ASSETS

Cash and cash equivalents	$	277,142
Accounts receivable		2,894
Deposits		13,814
Right of use assets		478,342
Fixed assets less accumulated depreciation of $113,446		140,366
Total assets	$	912,558

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	$	44,285
Refundable advance		3,534
Credit card payable		17,214
Lease liability		476,724
Total liabilities		541,757
Net assets:		
Without donor restrictions		346,022
With donor restrictions		24,779
Total net assets		370,801
Total liabilities and net assets	$	912,558

See accompanying notes to financial statements.

Pregnancy Solutions, Inc.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Contributions	$ 386,710	199,722	586,432
Special events, net expenses of $52,605	317,529	-	317,529
Organizational gifts	134,650	-	134,650
Other contributions	58,118	-	58,118
Grants	42,395	-	42,395
Interest income	12	-	12
Net assets released from restrictions	186,537	(186,537)	-
Total support and revenue	1,125,951	13,185	1,139,136
Expenses and losses:			
Programs			
Client services	709,197	-	709,197
Rookie Dads	131,710	-	131,710
Total program services	840,907	-	840,907
General and administrative	141,700	-	141,700
Fundraising	127,541	-	127,541
Total expenses	1,110,149	-	1,110,149
Change in net assets	15,802	13,185	28,987
Net assets at beginning of year	330,220	11,594	341,814
Net assets at end of year	$ 346,022	24,779	370,801

See accompanying notes to financial statements.

Pregnancy Solutions, Inc.

Statement of Functional Expenses

Year Ended December 31, 2022

	Client Services	Rookie Dads	Total Client Services	Management and General	Fund-raising	Total Expenses
Payroll	$ 355,554	92,257	447,811	95,663	82,376	625,850
Payroll taxes	27,780	5,273	33,053	7,876	6,123	47,053
Advertising	36,172	1,327	37,499	7,258	-	44,757
Professional fees	19,187	261	19,448	6,035	3,375	28,858
Travel and meals	18,838	3,992	22,830	1,110	6,709	30,649
Office expenses	23,299	1,873	25,172	644	7,019	32,835
Insurance	10,094	1,487	11,581	-	-	11,581
Lease expense	82,505	12,000	94,505	-	-	94,505
Computer expenses	20,229	3,480	23,709	4,763	5,221	33,692
Printed materials	3,735	193	3,928	98	9,388	13,414
Telephone and internet	5,091	-	5,091	-	-	5,091
Repairs and maintenance	33,207	-	33,207	390	-	33,597
Utilities	15,798	-	15,798	-	-	15,798
Miscellaneous	505	-	505	-	-	505
Health insurance	29,098	8,170	37,267	6,520	6,810	50,597
Continuing education	8,970	815	9,785	11,343	520	21,648
Client welfare	121	-	121	-	-	121
EWYL	3,291	581	3,872	-	-	3,872
Grants	2,727	-	2,727	-	-	2,727
Depreciation	12,997	-	12,997	-	-	12,997
Total expenses	$ 709,197	131,710	840,907	141,700	127,541	1,110,149

See accompanying notes to financial statements.

Pregnancy Solutions, Inc.

Statement of Cash Flows
Year Ended December 31, 2022

Cash flows from operating activities:	
Change in net assets	$ 28,987
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	12,997
Decrease (increase) in:	
Accounts receivable	4,809
Deposits	(1,000)
Right of use assets	(275,950)
Accounts payable	44,285
Refundable advance	3,520
Credit card payable	5,212
Lease liability	272,956
Net cash flows from operating activities	95,816
Cash flows from investing activities:	
Purchase of property and equipment	(77,403)
Net cash flows from investing activities	(77,403)
Net increase in cash and cash equivalents	18,413
Beginning cash and cash equivalents	258,729
Ending cash and cash equivalents	$ 277,142
Supplemental cash flow information:	
Right of use assets acquired during year	$ 325,383

See accompanying notes to financial statements.

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 empower men, women and youth with life affirming options and support. They are a 501(c)(3) corporation who receive minimal government funding for their work, approximately 4% 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.
>
> 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 with an initial maturity of 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 rather than capitalized. 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.

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.

Note 2 – Summary of Significant Accounting Policies – Continued:

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, 2022.

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.

Recent Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-2, Leases (Topic 842) which required lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms of more than twelve months. The Organization adopted this standard in 2022 using a modified retrospective approach whereby the new standard was applied to all existing leases as of the effective date without restating comparative prior periods. The effect of this new standard increased total assets and liabilities by approximately $201,000 upon adoption.

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, 2022, the Organization had no uninsured cash balances.

Note 5 – Net Assets with Donor Restrictions:

Net assets with donor restrictions as of December 31, 2022 are as follows:

Subject to expenditure for specific purpose:

EWYL	$	9,488
Diaper, wipes, and clothing grant		69
Thrive		14,782
Prenatal vitamins and formula		440
Total	$	24,779

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

EWYL	$	3,872
Diapers, wipes, and clothing grant		2,560
Thrive		65,823
Prenatal vitamins and formula		1,560
Rookie Dads		89,069
Connect		15,000
Choose Life		3,653
Arcadia office opening		5,000
Total	$	186,537

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 – Leases:

The Organization adopted ASU 2016-02, Leases in 2022, which resulted in the recognition of operating leases on the balance sheet in 2022 and forward. The Organization determines if a contract contains a lease at inception and recognizes operating lease right-of-use assets and operating lease liabilities based on the present value of future minimum lease payments at the commencement date of the lease. The Organization applied a risk-free rate to its operating leases. Lease expense is recognized on a straight-line basis over the lease term.

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. The Organization paid a security deposit of $3,857.

Note 7 – Leases - Continued:

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 last month's rent of $1,500.

In March 2022, the Organization entered into a lease for office space in Venice, Florida for an initial term of five years commencing on April 1, 2022, and terminating March 31, 2027. There is the option of one (2) year renewal that will escalate at three (3%) percent of the initial term.

In August 2022, the Organization entered into a three-year lease for office space at 209 W. Oak Street in Arcadia, Florida starting on August 1, 2022, and terminating July 30, 2025, with one three (3) year renewal option. The initial rent is $1,500 plus state and county taxes with a rent increase of $50 per month for the second and third year of the lease.

The total lease expenses for year ending December 31, 2022 was $94,505.

Minimum future payments by year are as follows:

2023	$ 107,058
2024	99,671
2025	94,718
2026	81,024
2027	60,534
Thereafter	68,105
Total lease payments	511,110
Less: imputed interest	(38,386)
Present value of lease liabilities	$ 476,724

Note 8 – Subsequent Events

Subsequent events have been evaluated through July 6, 2023, which is the date the financial statements were made available to be issued.