Pregnancy Solutions, Inc.

Financial Statements

December 31, 2024

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CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, 2024, 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, 2024, 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

May 21, 2025

Pregnancy Solutions, Inc.

Statement of Financial Position
December 31, 2024

ASSETS

Cash and cash equivalents	$ 355,881
Accounts receivable	41,008
Deposits	13,814
Right of use assets	435,814
Prepaid expenses	3,652
Fixed assets less accumulated depreciation of $124,334	171,179
Total assets	$ 1,021,348

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	$ 395
Accrued payroll	42,492
Refundable advance	4,242
Credit card payable	11,292
Lease liability	454,270
Total liabilities	512,691
Net assets:	
Without donor restrictions	506,657
With donor restrictions	2,000
Total net assets	508,657
Total liabilities and net assets	$ 1,021,348

See accompanying notes to financial statements.

Pregnancy Solutions, Inc.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Contributions	$ 607,133	53,000	660,133
Special events, net expenses of $78,178	353,390	-	353,390
Organizational gifts	97,611	-	97,611
Other contributions	12,350	-	12,350
Grants	328,471	-	328,471
Interest income	4,477	-	4,477
Net assets released from restrictions	78,967	(78,967)	-
Total support and revenue	1,482,399	(25,967)	1,456,432
Expenses and losses:			
Programs			
Client services	895,863	-	895,863
Rookie Dads	115,624	-	115,624
Total program services	1,011,487	-	1,011,487
General and administrative	182,343	-	182,343
Fundraising	195,776	-	195,776
Total expenses	1,389,606	-	1,389,606
Change in net assets	92,793	(25,967)	66,826
Net assets at beginning of year	413,864	27,967	441,831
Net assets at end of year	$ 506,657	2,000	508,657

See accompanying notes to financial statements.

Pregnancy Solutions, Inc.

Statement of Functional Expenses
Year Ended December 31, 2024

	Client Services	Rookie Dads	Total Client Services	Management and General	Fund-raising	Special Events	Total Expenses
Payroll	$ 518,769	81,299	600,068	122,287	137,214	-	859,569
Payroll taxes	42,541	6,407	48,948	6,111	10,617	-	65,676
Advertising	12,666	1,417	14,083	-	246	25	14,354
Professional fees	8,624	1,282	9,906	9,746	2,790	4,168	26,610
Travel and meals	20,264	2,072	22,336	7,765	4,369	49,100	83,570
Office expenses	11,660	378	12,038	3,396	8,934	11,015	35,383
Insurance	11,637	1,137	12,774	1,083	166	-	14,023
Lease expense	109,472	12,000	121,472	-	-	-	121,472
Computer expenses	11,284	464	11,748	1,486	9,688	53	22,975
Printed materials	6,396	261	6,657	223	8,371	13,817	29,068
Telephone and internet	17,411	-	17,411	-	-	-	17,411
Repairs and maintenance	32,800	-	32,800	-	-	-	32,800
Utilities	13,134	-	13,134	-	-	-	13,134
Miscellaneous	2,054	-	2,054	-	-	-	2,054
Health insurance	15,146	8,142	23,288	17,236	13,174	-	53,698
Continuing education	5,925	280	6,205	12,166	207	-	18,578
Medical expenses	11,295	-	11,295	-	-	-	11,295
Client welfare	6,557	-	6,557	-	-	-	6,557
EWYL	11,210	485	11,695	-	-	-	11,695
Depreciation	27,018	-	27,018	844	-	-	27,862
Total expenses	$ 895,863	115,624	1,011,487	182,343	195,776	78,178	1,467,784
Less expenses included with revenues - Special events	-	-	-	-	-	(78,178)	(78,178)
Total expenses included in expense sectio	$ 895,863	115,624	1,011,487	182,343	195,776	-	1,389,606

See accompanying notes to financial statements.

Pregnancy Solutions, Inc.

Statement of Cash Flows
Year Ended December 31, 2024

Cash flows from operating activities:	
Change in net assets	$ 66,826
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	27,862
Decrease (increase) in:	
Accounts receivable	(9,781)
Right of use assets	86,735
Prepaid expenses	(3,652)
Accounts payable	(5,160)
Accrued payroll	14,466
Refundable advance	(476)
Credit card payable	(757)
Lease liability	(83,166)
Net cash flows from operating activities	92,897
Cash flows from investing activities:	
Purchase of property and equipment	(36,033)
Net cash flows from investing activities	(36,033)
Net increase in cash and cash equivalents	56,864
Beginning cash and cash equivalents	299,017
Ending cash and cash equivalents	$ 355,881
Supplemental cash flow information:	
Right of use assets acquired during year	$ 18,170

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.

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, 2024.

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.

Operating Lease Right of Use Assets and Liabilities
The Organization determines if an arrangement is a lease at inception. Operating leases as a lessee are included in operating lease right-of-use assets and operating lease liabilities in the consolidated balance sheets. Right-of-use assets represent the Organization's right to use the underlying asset for the lease term. Operating lease right-of-use assets and related liabilities are recognized at the commencement date based on the net present value of lease payments over the lease term. When the rate implicit in a lease is not known, the Organization uses a risk-free rate for a period comparable to the lease term to calculate the present value of lease payments. The risk-free rate is the zero-coupon U.S. Treasury rate for an instrument for the same period as the lease term.

Note 2 – Summary of Significant Accounting Policies – Continued:

The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Leases with an initial term of 12 months or less are not recorded on the statement of financial position; rather, rent expense for these leases is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

All lease agreements generally require the Organization to pay maintenance, repairs, property taxes, and insurance costs, which are variable amounts based on actual costs incurred during each applicable period. Such costs are not included in the determination of the ROU lease liability or ROU lease asset. Variable lease payments associated with the Organization's leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments are presented in expenses in the consolidated statements of activities.

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, 2024, the Organization had $27,855 in uninsured cash balances.

Note 4 – Property and Equipment:

Property and equipment consist of the following as of December 31, 2024:

Furniture and equipment	$	53,938
Leasehold improvements		163,263
Medical equipment		118,640
Total property and equipment		335,841
Less accumulated depreciation		(164,662)
Property and equipment, net	$	171,179

Note 5 – Net Assets with Donor Restrictions:

Net assets with donor restrictions as of December 31, 2024 are as follows:

Subject to expenditure for specific purpose:

Focus on Family	$	2,000

<u>Note 5 – Net Assets with Donor Restrictions - Continued:</u>

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

EWYL	$	6,000
Charlotte community medical services		27,967
Rookie Dads		25,000
Focus on Family		20,000
Total	$	78,967

<u>Note 6 – Functionalized Expenses:</u>

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 others, which are allocated on the basis of estimates of time and effort.

<u>Note 7 – Leases:</u>

The Organization enters into leases in the normal course of business primarily for facilities expiring in varying years. The Organization includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Organization will exercise the option. In addition, the Organization has elected to account for any non-lease components in its real estate leases as part of the associated lease component. The Organization has also elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on the Organization's balance sheet.

Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

Right-of-use assets related to operating leases are associated with facility space used in the Foundation's operations.

As permitted under U.S. GAAP for non-public business entities, when the rate implicit in a lease is not known, the Organization uses a risk-free rate for a period comparable to the lease term to calculate the present value of lease payments. The risk-free rate is the zero-coupon U.S. Treasury rate for an instrument for the same period as the lease term.

Note 7 – Leases - Continued:

Lease Expense
The total lease expenses for year ending December 31, 2024 was $121,472.

Supplemental Lease Information

Right-of-use asset obtained in exchange for a new operating lease	$	18,170
Operating cash flows for operating leases	$	110,613
Weighted average remaining lease term for operating lease (years)		4.72
Weighted average discount rate for operating lease		1.89%

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2024, are as follows:

Year		Amount
2025	$	102,816
2026		97,934
2027		100,871
2029		94,877
2029		51,899
Thereafter		24,420
Total		472,817
Less present value discount		(18,547)
Total lease liabilities	$	454,270

Note 8 – Liquidity:

Financial assets available for general expenditure (i.e., without donor or other restrictions limiting their use) within one year of the balance sheet date, consist of the following:

Cash and cash equivalents	$	355,881
Accounts receivable		41,008
Total financial assets		396,889
Less restricted and designated amounts		(2,000)
Total	$	394,889

Note 9 – Subsequent Events

Subsequent events have been evaluated through May 21, 2025, which is the date the financial statements were made available to be issued.