

Crisis Pregnancy Center of Coastal Georgia, Inc.
Doing Business As
Skylark

Financial Statements and Auditors' Report

For the Years Ended
December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Brunswick, Georgia

We have audited the accompanying financial statements of Crisis Pregnancy Center of Coastal Georgia, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years 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 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.

Auditors' 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 auditors' 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 financial position of the Crisis Pregnancy Center of Coastal Georgia, Inc. as of December 31, 2018 and 2017, and the changes in its net assets, its cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 23, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Coastal CPAs, LLC

Coastal CPAs, LLC
St Simons Island, Georgia

February 18, 2019

Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Statements of Financial Position
As of December 31, 2018
(with summarized comparative information for 2017)

	Without Donor	With Donor Restrictions	Total	2017
Assets				
Current Assets				
Cash and cash equivalents	\$ 100,125	\$ -	\$ 100,125	\$ 9,628
Prepaid expenses	10,129	-	10,129	6,515
Total Current Assets	<u>110,254</u>	<u>-</u>	<u>110,254</u>	<u>16,143</u>
Fixed Assets			-	
Land	125,000	-	125,000	125,000
Buildings	165,818	-	165,818	165,818
Furniture and equipment	492,864	-	492,864	464,118
	<u>783,682</u>	<u>-</u>	<u>783,682</u>	<u>754,936</u>
Less: Accumulated depreciation	<u>(329,582)</u>	<u>-</u>	<u>(329,582)</u>	<u>(275,450)</u>
Fixed Assets, Net	<u>454,100</u>	<u>-</u>	<u>454,100</u>	<u>479,486</u>
Other Assets				
Inventory	71,072	-	71,072	93,839
Donated property held for sale	19,903	-	19,903	15,350
Refundable deposits	2,515	-	2,515	2,515
Total Other Assets	<u>93,490</u>	<u>-</u>	<u>93,490</u>	<u>111,704</u>
Total Assets	<u>\$ 657,844</u>	<u>\$ -</u>	<u>\$ 657,844</u>	<u>\$ 607,333</u>

The accompanying notes are an integral part of these financial statements.

Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Statements of Financial Position
As of December 31, 2018
(with summarized comparative information for 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2017</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 4,113	\$ -	\$ 4,113	\$ 5,783
Accrued expenses	4,942	-	4,942	9,217
Total Current Liabilities	<u>9,055</u>	<u>-</u>	<u>9,055</u>	<u>15,000</u>
Total Liabilities	<u>9,055</u>	<u>-</u>	<u>9,055</u>	<u>15,000</u>
Net Assets				
Without donor restrictions:				
General	194,689	-	194,689	112,847
Fixed assets	454,100	-	454,100	479,486
Total without donor restrictions	<u>648,789</u>	<u>-</u>	<u>648,789</u>	<u>592,333</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>648,789</u>	<u>-</u>	<u>648,789</u>	<u>592,333</u>
Total Liabilities and Net Assets	<u>\$ 657,844</u>	<u>\$ -</u>	<u>\$ 657,844</u>	<u>\$ 607,333</u>

Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Statements of Activities
For the Year Ended December 31, 2018
(with summarized comparative information for 2017)

	Without Donor Restrictions	With Donor Restrictions	Total	2017
Revenues and Other Support				
Banquet income	\$ 128,565	\$ -	\$ 128,565	\$ 137,218
Banquet underwriting	64,150	-	64,150	56,680
Contributions	657,899	22,230	680,129	633,366
Contributions - non-cash	310,170	-	310,170	350,148
Christmas appeal	92,619	-	92,619	53,938
Grant revenue	52,000	-	52,000	206,768
Miscellaneous income	8,734	-	8,734	7,703
Interest income	1	-	1	67
Gain (loss) on sale of donated property	(3,585)	-	(3,585)	(670)
Released from donor restrictions	22,230	(22,230)	-	-
Total Revenues and Other Support	<u>1,332,783</u>	<u>-</u>	<u>1,332,783</u>	<u>1,445,218</u>
Expenses				
Program expenses	1,129,414	-	1,129,414	1,116,907
Supporting expenses				
General and administrative	46,460	-	46,460	45,897
Fundraising	100,453	-	100,453	104,847
Total supporting expenses	<u>146,913</u>	<u>-</u>	<u>146,913</u>	<u>150,744</u>
Total Expenses	<u>1,276,327</u>	<u>-</u>	<u>1,276,327</u>	<u>1,267,651</u>
Change in net assets from operations	56,456	-	56,456	177,567
Net Assets, Beginning of Year	<u>592,333</u>	<u>-</u>	<u>592,333</u>	<u>414,766</u>
Net Assets, End of Year	<u>\$ 648,789</u>	<u>\$ -</u>	<u>\$ 648,789</u>	<u>\$ 592,333</u>

Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operational Activities		
Change in net assets	\$ 56,456	\$ 177,567
Adjustments to reconcile changes in net assets to net cash provided for operating activities		
Depreciation expense	54,132	29,337
(Increase) / decrease in inventory	22,767	(5,826)
(Increase) / decrease in prepaid expenses	(3,614)	(32)
Increase / (decrease) in accounts payable	(1,670)	(3,320)
Increase / (decrease) in accrued expenses	(4,275)	1,654
Net cash provided (used) by operating activities	123,796	199,380
Investing Activities		
Purchase of fixed assets	(28,746)	(257,642)
Donated property held for sale	(4,553)	(5,345)
Net cash provided (used) by investing activities	(33,299)	(262,987)
Net Increase (Decrease) in Cash and Cash Equivalents	90,497	(63,607)
Cash and Cash Equivalents, Beginning of Year	9,628	73,235
Cash and Cash Equivalents, End of Year	\$ 100,125	\$ 9,628

Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Statements of Functional Expenses
For the Year Ended December 31, 2018
(with summarized comparative information for 2017)

	Program Services	Supporting Services			Total	2017
		General & Administration	Fundraising	Total Supporting Expenses		
Abstinence education expense	\$ 16,219	-	\$ -	\$ -	\$ 16,219	\$ 15,372
Advertising expense	16,857	702	-	702	17,559	49,387
Bank and credit card charges	6,061	253	-	253	6,314	6,551
Banquet and fundraising expenses	-	-	100,453	100,453	100,453	109,337
Benevolence - Clients	312,088	13,004	-	13,004	325,092	306,402
Conferences and seminars	3,746	156	-	156	3,902	5,937
Dues and subscriptions	2,198	92	-	92	2,290	1,943
Educational literature	1,039	43	-	43	1,082	1,620
Employee benefits	12,584	524	-	524	13,108	13,368
Food and entertainment	169	7	-	7	176	282
Fuel expense	5,360	223	-	223	5,583	851
Insurance expense	17,230	718	-	718	17,948	11,836
Insurance proceeds expenditure	-	-	-	-	-	1,562
Legal and professional expense	11,179	466	-	466	11,645	8,921
Office expense	21,307	964	-	964	22,271	24,080
Post-abortion counseling	70	3	-	3	73	335
Postage expense	8,627	359	-	359	8,986	10,071
Pregnancy tests expense	876	36	-	36	912	1,033
Public education expense	2,535	106	-	106	2,641	1,562
Rent expense	18,432	768	-	768	19,200	19,200
Repairs and maintenance	15,837	660	-	660	16,497	13,663
Salaries and wages	512,174	21,341	-	21,341	533,515	519,503
Payroll taxes	39,552	1,648	-	1,648	41,200	40,195
Medical supplies	7,120	297	-	297	7,417	9,297
Taxes and licenses	5,059	211	-	211	5,270	13,446
Telephone expense	12,812	534	-	534	13,346	11,049
Training expense	2,692	112	-	112	2,804	11,409
Travel expense	1,172	49	-	49	1,221	2,848
Utilities expense	19,849	827	-	827	20,676	19,175
Volunteer expense	4,603	192	-	192	4,795	8,079
	<u>1,077,447</u>	<u>44,295</u>	<u>100,453</u>	<u>144,748</u>	<u>1,222,195</u>	<u>1,238,314</u>
Depreciation expense	51,967	2,165	-	2,165	54,132	29,337
Total expenses	<u>\$ 1,129,414</u>	<u>46,460</u>	<u>\$ 100,453</u>	<u>\$ 146,913</u>	<u>\$ 1,276,327</u>	<u>\$ 1,267,651</u>

Crisis Pregnancy Center of Coastal Georgia
d/b/a Skylark
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

The Crisis Pregnancy Center of Coastal Georgia, Inc. (the Center) operates as an extension of the local church as an outreach of Christian ministry. The Center is committed to meeting the spiritual, emotional and physical needs of women with pregnancy-related concerns, without cost to the clients. The Center was formed in Brunswick, Georgia in 1992 and is dependent upon the generous support of individuals and organizations. Satellite centers were opened in Jesup, Georgia in October of 1999, and in Kingsland, Georgia in 2003.

In October of 2017, the Board of Directors chose to adopt a new trade name for the Center that would be more culturally acceptable and enable the center to reach more clients. The new trade name is Skylark, a sexual health + care clinic.

Income Taxes

The Center is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. The Center files informational returns in the U.S. federal jurisdiction and one state jurisdiction. The Center uses a calendar year for tax reporting. The Center is generally no longer subject to federal or state tax audits for years before 2011. Interest and penalties are expensed as incurred. There were no interest and penalties charged to expense for the tax years ended December 31, 2018 and 2017.

Basis of Accounting

The Center prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles and reflects all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board and its Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Center is required to report information regarding its net assets and changes in net assets in two classes, which are based upon the existence or absence of restrictions on use that are placed by its donors. These classes are as follows:

Without donor restrictions: The portion of net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Crisis Pregnancy Center of Coastal Georgia
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Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

With donor restrictions: The portion of net assets whose use is subject to donor-imposed restrictions.

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. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, all unrestricted instruments with original maturities of three months or less are considered cash equivalents. The Center had no cash equivalents as of December 31, 2018 and 2017.

Contributions: The Center accounts for contributions in accordance with the Financial Accounting Standards Board ASC 958, *Not-for-Profit Entities* and ASC 310, *Receivables*. The contributions received are recorded as net assets with or without donor restrictions, depending on the existence or nature of any donor restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received.

All donor restricted support is reported as an increase in net assets with donor restrictions depending upon the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the 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 allocation of expenses: The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Program services: Activities that result in services that fulfill the purpose or mission of the organization. Program services are the major purpose for and the major output of the organization.

Supporting services: Activities that are not identifiable with a specific program, fundraising activity, or program activity, but are indispensable to the organization.

General and administrative services: The general and administrative services include expenditures to secure proper administrative functioning, maintain the building, and manage the financial responsibilities of the organization.

Crisis Pregnancy Center of Coastal Georgia
d/b/a Skylark
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

Fundraising: The fundraising service includes expenditures that encourage and secure financial support for the organization.

Concentrations

Credit risk: The organization maintains its cash in bank deposit accounts which, on occasion, may exceed federally insured limits. Management continually monitors the soundness of these financial institutions and believes the exposure to loss to be minimal.

Property and Equipment

Acquisitions of fixed assets in excess of \$500 are capitalized. Purchased property and equipment are stated at cost. Donated property and equipment are recorded at the estimated fair market value on the date received. Major repairs and improvements are capitalized and depreciated. The cost and accumulated depreciation of property retired, sold or disposed of are removed from the related accounts with any gain or loss credited or charged to income. Depreciation for buildings and improvements is calculated using the straight-line method. Depreciation for furniture and equipment is calculated on the 200 percent declining method over the estimated useful lives of the assets. Estimated useful lives are as follows:

<u>Type of Property</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	39 years
Furniture, Fixtures and Equipment	3-7 years

Depreciation expense recognized for the years ended December 31, 2018 and 2017 was \$54,132 and \$29,337 respectively.

Donated Facilities, Services and Materials

The Center receives a significant amount of donated services from unpaid volunteers who provide counseling and monitor the hotline. No amounts have been recognized in the statement of activities because the criteria for recognition of such volunteer effort under Financial Accounting Standard Board ARC 958, *Not-for-Profit Entities*, have not been satisfied.

Beginning with the fiscal year ended September 30, 2008, the Center adopted a means of accounting for donated material that are subsequently given to clients, such as diapers, children's clothing and furniture. A physical inventory of donated goods is maintained and valued based upon thrift store prices. Items received are recorded as in-kind donations (noncash donations) and items given to clients are recorded as benevolence-clients. In January 2018, the Center sold a 1991 Jayco Camper valued at \$2,350 when

Crisis Pregnancy Center of Coastal Georgia
d/b/a Skylark
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

received in 2017 for \$2,000. A loss of \$350 was recognized. In February 2018, the Center sold a 1982 Cadillac Eldorado valued at \$2,995 when received in 2017 for \$1,200. A loss of \$1,795 was recognized. In June 2018, the center received three one ounce eagle coins valued at \$3,903. In July 2018, the center received a 2003 Chevrolet Trailblazer valued at \$3,195 and subsequently sold for \$2,600. A loss of \$595 was recognized. In October 2018, the center received a 1984 Honda Accord valued at \$2,095 and subsequently sold for \$1,250. A loss of \$845 was recognized. In November 2018, the center received a 1969 Chevrolet Truck and a 1969 Chevrolet Truck Body valued at \$5,995. All non-cash donations were properly recorded when received in 2018.

Recent Accounting Pronouncements

The Financial Accounting Standards Board issued Update No. 2016-14 to ASC Topic 958, *Not-for-Profit Entities* in August of 2016. The main provisions of this update changed the classes of net assets from three (unrestricted, temporarily restricted, and permanently restricted) to two classes: net assets with donor restrictions and net assets without donor restrictions. The update also enhanced disclosures in regards to governing board designations, liquidity of financial assets to meet cash needs for general expenditures within one year of the balance sheet date as well as disclosing expenses by both their natural classification and their functional classification. The changes mentioned above only highlight a portion of the changes in the amendment. It is recommended that the amendment is reviewed in its entirety. View Update No. 2016-14 by visiting the FASB website at fasb.org.

Note 2 – Operating Leases

The Center leases two of the satellite offices in Jesup, Georgia and St. Mary’s, Georgia. The St. Mary’s location retains a lease agreement with the Glynn-Brunswick Memorial Hospital Authority for a minimal annual fee. The lease for the Jesup location is renewed on an annual basis. The minimum annual payments for lease obligations are displayed below for the next five years:

2019	\$19,200
2020	-
2021	-
2022	-
2023 and after	-
Total	<u>\$19,200</u>

The Center leases various copiers and printers for business usage. These lease agreements are renewed on an annual basis and are typically paid in full upon renewal. Prepaid expenses for these agreements have been accrued.

Crisis Pregnancy Center of Coastal Georgia
d/b/a Skylark
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 3 – Retirement Plan

The Center participates in a SIMPLE IRA plan. Employees employed for 90 days and at least 28 hours a week are eligible to participate in the plan. The Center matches employee contributions up to 3%. All employees participating are 100% vested in the plan. As of December 31, 2018 and 2017, the Center paid \$13,108 and \$13,368, respectively, in employer matching expense.

Note 4 – Liquidity and Availability of Assets

The organization has \$110,254 of financial assets available within 1 year of December 31, 2018 to meet cash needs for general expenditure consisting of cash of \$100,125 and prepaid expenses of \$10,129. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of December 31, 2018.

Note 5 -Subsequent Events

The Center's date for evaluating the existence of subsequent events that would affect the financial statements for the year ended December 31, 2018, was February 18, 2019, which was the date the financial statements were issued.