

**Skylark Clinic, Inc.
Doing Business As
Skylark**

Financial Statements and Auditors' Report

For the Years Ended
December 31, 2020 and 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Skylark Clinic, Inc.
d/b/a Skylark
Brunswick, Georgia

We have audited the accompanying financial statements of Skylark Clinic, Inc. d/b/a Skylark (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 Skylark Clinic, Inc. d/b/a Skylark as of December 31, 2020 and 2019, 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 Skylark's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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

September 14, 2021

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Financial Position
As of December 31, 2020
(with summarized comparative information for 2019)

	Without Donor	With Donor Restrictions	Total	2019
Assets				
Current Assets				
Cash and cash equivalents	\$ 452,870	\$ -	\$ 452,870	\$ 100,373
Prepaid expenses	4,374	-	4,374	12,283
Total Current Assets	<u>457,244</u>	<u>-</u>	<u>457,244</u>	<u>112,656</u>
Fixed Assets			-	
Land	125,000	-	125,000	125,000
Buildings	165,818	-	165,818	165,818
Furniture and equipment	570,662	-	570,662	527,374
	861,480	-	861,480	818,192
Less: Accumulated depreciation	(444,393)	-	(444,393)	(383,903)
Fixed Assets, Net	<u>417,087</u>	<u>-</u>	<u>417,087</u>	<u>434,289</u>
Other Assets				
Inventory	67,995	-	67,995	68,512
Donated property held for sale	705	-	705	10,005
Refundable deposits	5,140	-	5,140	5,140
Total Other Assets	<u>73,840</u>	<u>-</u>	<u>73,840</u>	<u>83,657</u>
Total Assets	<u>\$ 948,171</u>	<u>\$ -</u>	<u>\$ 948,171</u>	<u>\$ 630,602</u>

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

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Financial Position
As of December 31, 2020
(with summarized comparative information for 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	2019
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 8,951	\$ -	\$ 8,951	\$ 10,869
Accrued expenses	7,001	-	7,001	6,773
Total Current Liabilities	<u>15,952</u>	<u>-</u>	<u>15,952</u>	<u>17,642</u>
Long-term Liabilities				
SBA EIDL Loan	149,900	-	149,900	-
SBA PPP Loan	124,100	-	124,100	-
Total Long-term Liabilities	<u>274,000</u>	<u>-</u>	<u>274,000</u>	<u>-</u>
Total Liabilities	<u>289,952</u>	<u>-</u>	<u>289,952</u>	<u>17,642</u>
Net Assets				
Without donor restrictions:				
General	241,132	-	241,132	178,672
Fixed assets	417,087	-	417,087	434,289
Total without donor restrictions	<u>658,219</u>	<u>-</u>	<u>658,219</u>	<u>612,961</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>658,219</u>	<u>-</u>	<u>658,219</u>	<u>612,961</u>
Total Liabilities and Net Assets	<u>\$ 948,171</u>	<u>\$ -</u>	<u>\$ 948,171</u>	<u>\$ 630,602</u>

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

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Activities
For the Year Ended December 31, 2020
(with summarized comparative information for 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	2019
Revenues and Other Support				
Banquet income	\$ 150,685	\$ -	\$ 150,685	\$ 174,643
Banquet underwriting	103,870	-	103,870	71,715
Contributions	615,516	1,600	617,116	652,161
Contributions - non-cash	184,695	-	184,695	293,782
Christmas appeal	134,151	-	134,151	54,697
Grant revenue	55,703	-	55,703	-
SBA EIDL grant	10,000	-	10,000	-
Miscellaneous income	5,537	-	5,537	7,171
Interest income	953	-	953	64
Gain (loss) on sale of donated property	(3,807)	-	(3,807)	(3,993)
Released from donor restrictions	1,600	(1,600)	-	-
Total Revenues and Other Support	<u>1,258,903</u>	<u>-</u>	<u>1,258,903</u>	<u>1,250,240</u>
Expenses				
Program expenses	1,083,775	-	1,083,775	1,147,222
Supporting expenses				
General and administrative	44,796	-	44,796	47,390
Fundraising	85,073	-	85,073	91,457
Total supporting expenses	<u>129,869</u>	<u>-</u>	<u>129,869</u>	<u>138,847</u>
Total Expenses	<u>1,213,644</u>	<u>-</u>	<u>1,213,644</u>	<u>1,286,068</u>
Change in net assets from operations	45,259	-	45,259	(35,828)
Net Assets, Beginning of Year	<u>612,960</u>	<u>-</u>	<u>612,960</u>	<u>648,789</u>
Net Assets, End of Year	<u>\$ 658,219</u>	<u>\$ -</u>	<u>\$ 658,219</u>	<u>\$ 612,961</u>

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

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operational Activities		
Change in net assets	\$ 45,259	\$ (35,828)
Adjustments to reconcile changes in net assets to net cash provided for operating activities		
Depreciation expense	60,490	55,477
(Increase) / decrease in inventory	517	2,560
(Increase) / decrease in prepaid expenses	7,909	(2,154)
(Increase) / decrease in refundable deposits	-	(2,625)
Increase / (decrease) in accounts payable	(1,918)	6,756
Increase / (decrease) in accrued expenses	228	1,831
Net cash provided (used) by operating activities	112,485	26,017
Investing Activities		
Purchase of fixed assets	(43,288)	(35,666)
Donated property held for sale	9,300	9,898
Net cash provided (used) by investing activities	(33,988)	(25,768)
Financing Activities		
Proceeds from SBA EIDL loan	149,900	-
Proceeds from SBA PPP loan	124,100	-
Net cash provided (used) by financing activities	274,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	352,497	249
Cash and Cash Equivalents, Beginning of Year	100,373	100,125
Cash and Cash Equivalents, End of Year	\$ 452,870	\$ 100,374

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

**Skylark Clinic, Inc.
d/b/a Skylark**

Statements of Functional Expenses

For the Year Ended December 31, 2020

(with summarized comparative information for 2019)

	Program Services	Supporting Services			Total	2019
		General & Administration	Fundraising	Total Supporting Expenses		
Abstinence education expense	\$ 8,599	-	-	-	\$ 8,599	\$ 12,890
Advertising expense	14,846	619	-	619	15,465	10,312
Bank and credit card charges	7,524	313	-	313	7,837	7,507
Banquet and fundraising expenses	-	-	85,073	85,073	85,073	91,457
Benevolence - Clients	177,584	7,399	-	7,399	184,983	294,560
Conferences and seminars	3,934	164	-	164	4,098	9,309
Dues and subscriptions	2,664	111	-	111	2,775	2,156
Educational literature	2,635	110	-	110	2,745	4,541
Employee benefits	14,810	617	-	617	15,427	15,920
Food and entertainment	612	25	-	25	637	531
Fuel expense	6,057	252	-	252	6,309	7,512
Insurance expense	15,480	645	-	645	16,125	17,628
Legal and professional expense	9,876	412	-	412	10,288	10,572
Office expense	23,234	964	-	964	24,198	21,021
Post-abortion counseling	-	-	-	-	-	100
Postage expense	7,969	332	-	332	8,301	10,085
Pregnancy tests expense	256	11	-	11	267	935
Public education expense	7,278	303	-	303	7,581	2,252
Rent expense	47,232	1,968	-	1,968	49,200	28,300
Repairs and maintenance	19,918	830	-	830	20,748	27,296
Salaries and wages	554,869	23,120	-	23,120	577,989	556,099
Payroll taxes	42,615	1,776	-	1,776	44,391	42,527
Medical supplies	12,099	504	-	504	12,603	10,663
Taxes and licenses	5,261	219	-	219	5,480	5,452
Telephone expense	12,520	522	-	522	13,042	11,823
Training expense	2,476	103	-	103	2,579	629
Travel expense	2,256	94	-	94	2,350	2,490
Utilities expense	17,680	737	-	737	18,417	20,612
Volunteer expense	5,421	226	-	226	5,647	5,411
Depreciation expense	1,025,705	42,376	85,073	127,449	1,153,154	1,230,591
	58,070	2,420	-	2,420	60,490	55,477
Total expenses	\$ 1,083,775	44,796	\$ 85,073	\$ 129,869	\$ 1,213,644	\$ 1,286,068

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

Skylark Clinic, Inc.
Doing Business As Skylark
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Skylark Clinic, Inc. (Skylark) operates as an extension of the local church as an outreach of Christian ministry. Skylark is committed to meeting the spiritual, emotional and physical needs of women with pregnancy-related concerns, without cost to the clients. Skylark 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 Skylark that would be more culturally acceptable and enable Skylark to reach more clients. The trade name is Skylark, A Sexual Health + Care Clinic. Also in 2017 Skylark added a mobile medical unit to serve in areas throughout Southeast Georgia.

Income Taxes

Skylark is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. Skylark files informational returns in the U.S. federal jurisdiction and one state jurisdiction. Skylark uses a calendar year for tax reporting. Skylark 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, 2020 and 2019.

Basis of Accounting

Skylark 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, Skylark 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.

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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. Skylark had no cash equivalents as of December 31, 2020 and 2019.

Contributions: Skylark 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 programs 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.

Skylark Clinic, Inc.
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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, 2020 and 2019 was \$60,490 and \$55,477 respectively.

Donated Facilities, Services and Materials

Skylark 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, Skylark 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 June 2020, Skylark sold a property in Beverly Shores valued at \$9,300 when received in July 2012 for \$5,493. A loss of \$3,807 was recognized. In August 2020,

Skylark Clinic, Inc.
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Skylark sold a 2005 Cadillac Deville valued at \$4,295 when received in 2020 for \$4,295. All non-cash donations were properly recorded when received in 2020.

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

Skylark leases two of the satellite offices in Jesup, Georgia and Kingsland, Georgia. The St. Mary’s location has a new address and entered into a lease agreement with James J. Lassiter on July 22, 2019. The lease period ends on October 1, 2024. Stipulations of this lease includes contributions to Skylark by Mr. Lassiter of \$500 per month for the first 24 months, \$250 per month for the next 24 months and no contributions in the final year. 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:

2021	\$49,200
2022	49,200
2023	49,200
2024	43,200
2025 and after	19,200
Total	<u>\$210,000</u>

Skylark 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.

Skylark Clinic, Inc.
Doing Business As Skylark
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 3 – Retirement Plan

Skylark 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. Skylark matches employee contributions up to 3%. All employees participating are 100% vested in the plan. As of December 31, 2020 and 2019, Skylark paid \$15,427 and \$15,920, respectively, in employer matching expense.

Note 4 – Liquidity and Availability of Assets

The organization has \$452,871 of financial assets available within 1 year of December 31, 2020 to meet cash needs for general expenditure consisting of cash of \$452,871. 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, 2020.

Of this cash amount, \$124,100 is a Small Business Administration Paycheck Protection Program Loan. Skylark Clinic, Inc. submitted a Loan Forgiveness Application and forgiveness was obtained prior to the release of the financial statements.

In May of 2020, Skylark Clinic, Inc. applied for and received a thirty years Economic Injury Disaster Loan in the amount of \$150,000. This loan is to be paid back beginning twelve months from the date of the Note, which is June 19, 2020, at the rate of \$641 per month at an annual interest rate of 2.75%.

Note 5 -Subsequent Events

Skylark’s date for evaluating the existence of subsequent events that would affect the financial statements for the year ended December 31, 2020, was September 21, 2021, which was the date the financial statements were issued.

Note 6 – COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of April 2, 2020, Georgia Governor Brian P. Kemp issued a statewide Shelter in Place Executive Order to help slow the spread of COVID-19. He issued the closure of the physical location of every “non-life sustaining” [“non-essential”] business for what was an extended period of time. There has been no immediate impact to our operations. Future potential impacts may include continued disruptions or restriction on our

Skylark Clinic, Inc.
Doing Business As Skylark
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employees' ability to work. The future effects of these issues are unknown. The order was lifted on April 30, 2020.

During the fiscal year ending June 30, 2020, fundraising events saw little impact from COVID-19 as several had already taken place by the time of the Shelter in Place Order. While the planning of gatherings and fundraising events was curtailed for a period, contributions were received throughout the year and campaigns such as the Baby Bottle Campaign and Walk for Life were successful. There were not any additional material negative effects to the financial position of Skylark Clinic, Inc.

