

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

Financial Statements and Auditors' Report

For the Years Ended
December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

I 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, 2021, and 2020, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

Opinion

In my 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, 2021 and 2020, 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

I have previously audited Skylark's 2021 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated June 22, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ben Palmer Lee, CPA, LLC

Ben Palmer Lee, CPA, LLC
St Simons Island, Georgia

June 22, 2022

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Financial Position
As of December 31, 2021
(with summarized comparative information for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Assets				
Current Assets				
Cash and cash equivalents	\$ 600,587	\$ -	\$ 600,587	\$ 452,870
Prepaid expenses	3,703	-	3,703	4,374
Total Current Assets	<u>604,290</u>	<u>-</u>	<u>604,290</u>	<u>457,244</u>
Fixed Assets				
Land	125,000	-	125,000	125,000
Buildings	165,818	-	165,818	165,818
Furniture and equipment	606,444	-	606,444	570,662
	<u>897,262</u>	<u>-</u>	<u>897,262</u>	<u>861,480</u>
Less: Accumulated depreciation	(507,724)	-	(507,724)	(444,393)
Fixed Assets, Net	<u>389,538</u>	<u>-</u>	<u>389,538</u>	<u>417,087</u>
Other Assets				
Inventory	60,397	-	60,397	67,995
Donated property held for sale	705	-	705	705
Refundable deposits	5,140	-	5,140	5,140
Total Other Assets	<u>66,242</u>	<u>-</u>	<u>66,242</u>	<u>73,840</u>
Total Assets	<u>\$ 1,060,070</u>	<u>\$ -</u>	<u>\$ 1,060,070</u>	<u>\$ 948,171</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, 2021
(with summarized comparative information for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 868	\$ -	\$ 868	\$ 8,954
Accrued expenses	14,125	-	14,125	7,001
Total Current Liabilities	<u>14,993</u>	<u>-</u>	<u>14,993</u>	<u>15,955</u>
Long-term Liabilities				
SBA EIDL Loan	148,487	-	148,487	149,900
SBA PPP Loan	-	-	-	124,100
Total Long-term Liabilities	<u>148,487</u>	<u>-</u>	<u>148,487</u>	<u>274,000</u>
Total Liabilities	<u>163,480</u>	<u>-</u>	<u>163,480</u>	<u>289,955</u>
Net Assets				
Without donor restrictions:				
General	507,052	-	507,052	241,131
Fixed assets	389,538	-	389,538	417,087
Total without donor restrictions	<u>896,590</u>	<u>-</u>	<u>896,590</u>	<u>658,218</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>896,590</u>	<u>-</u>	<u>896,590</u>	<u>658,218</u>
Total Liabilities and Net Assets	<u>\$ 1,060,070</u>	<u>\$ -</u>	<u>\$ 1,060,070</u>	<u>\$ 948,173</u>

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Activities
For the Year Ended December 31, 2021
(with summarized comparative information for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Revenues and Other Support				
Banquet income	\$ 165,349	\$ -	\$ 165,349	\$ 150,685
Banquet underwriting	110,940	-	110,940	103,870
Contributions	869,964	-	869,964	615,515
Contributions - non-cash	204,015	-	204,015	184,695
Christmas appeal	158,027	-	158,027	134,151
Grant revenue	1,500	-	1,500	55,703
SBA EIDL grant	-	-	-	10,000
Miscellaneous income	137,794	-	137,794	5,537
Interest income	1,121	-	1,121	953
Gain (loss) on sale of donated property	(2,490)	-	(2,490)	(3,807)
Released from donor restrictions	-	-	-	1,600
Total Revenues and Other Support	<u>1,646,220</u>	<u>-</u>	<u>1,646,220</u>	<u>1,258,902</u>
Expenses				
Program expenses	1,240,398	-	1,240,398	1,083,776
Supporting expenses				
General and administrative	52,185	-	52,185	44,796
Fundraising	115,265	-	115,265	85,074
Total supporting expenses	<u>167,450</u>	<u>-</u>	<u>167,450</u>	<u>129,870</u>
Total Expenses	<u>1,407,848</u>	<u>-</u>	<u>1,407,848</u>	<u>1,213,646</u>
Change in net assets from operations	238,372	-	238,372	45,256
Net Assets, Beginning of Year	<u>658,218</u>	<u>-</u>	<u>658,218</u>	<u>612,960</u>
Net Assets, End of Year	<u>\$ 896,590</u>	<u>\$ -</u>	<u>\$ 896,590</u>	<u>\$ 658,216</u>

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Operational Activities		
Change in net assets	\$ 238,372	\$ 45,256
Adjustments to reconcile changes in net assets to net cash provided for operating activities		
Depreciation expense	63,331	60,490
(Increase) / decrease in inventory	7,598	517
(Increase) / decrease in prepaid expenses	671	7,909
(Increase) / decrease in refundable deposits	-	-
Increase / (decrease) in accounts payable	(8,086)	(1,915)
Increase / (decrease) in accrued expenses	7,124	228
Net cash provided (used) by operating activities	309,010	112,485
Investing Activities		
Purchase of fixed assets	(35,782)	(43,288)
Donated property held for sale	-	9,300
Net cash provided (used) by investing activities	(35,782)	(33,988)
Financing Activities		
Payments on EDIL loan	(1,412)	149,900
Forgiveness of PPP Loan	(124,100)	124,100
Net cash provided (used) by financing activities	(125,512)	274,000
Net Increase (Decrease) in Cash and Cash Equivalents	147,716	352,497
Cash and Cash Equivalents, Beginning of Year	452,871	100,373
Cash and Cash Equivalents, End of Year	\$ 600,587	\$ 452,870

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Functional Expenses
For the Year Ended December 31, 2021
(with summarized comparative information for 2020)

	Program Services	Supporting Services			Total	2020
		General & Administration	Fundraising	Total Supporting Expenses		
Abstinence education expense	\$ 26,041	-	\$ -	\$ -	\$ 26,041	\$ 8,599
Advertising expense	16,118	672	-	672	16,790	15,465
Bank and credit card charges	10,361	432	-	432	10,793	7,837
Banquet and fundraising expenses	-	-	115,265	115,265	115,265	85,074
Benevolence - Clients	201,873	8,411	-	8,411	210,284	184,983
Conferences and seminars	6,303	263	-	263	6,566	4,098
Dues and subscriptions	4,044	168	-	168	4,212	2,775
Educational literature	2,586	108	-	108	2,694	2,745
Employee benefits	18,733	781	-	781	19,514	15,427
Food and entertainment	588	25	-	25	613	637
Fuel expense	10,113	421	-	421	10,534	6,309
Insurance expense	16,260	678	-	678	16,938	16,125
Interest expense	-	1,793	-	1,793	1,793	-
Legal and professional expense	10,757	448	-	448	11,205	10,288
Office expense	28,101	964	-	964	29,065	24,198
Post-abortion counseling	108	5	-	5	113	-
Postage expense	10,439	435	-	435	10,874	8,301
Pregnancy tests expense	150	6	-	6	156	267
Public education expense	-	-	-	-	-	7,581
Rent expense	45,696	1,904	-	1,904	47,600	49,200
Repairs and maintenance	34,265	1,428	-	1,428	35,693	20,748
Salaries and wages	628,868	26,203	-	26,203	655,071	577,989
Payroll taxes	48,030	2,001	-	2,001	50,031	44,391
Medical supplies	12,109	505	-	505	12,614	12,603
Taxes and licenses	5,096	212	-	212	5,308	5,480
Telephone expense	12,546	523	-	523	13,069	13,042
Training expense	6,919	288	-	288	7,207	2,579
Travel expense	3,114	130	-	130	3,244	2,350
Utilities expense	16,236	676	-	676	16,912	18,417
Volunteer expense	4,145	173	-	173	4,318	5,647
	1,179,600	49,652	115,265	164,917	1,344,517	1,153,155
Depreciation expense	60,798	2,533	-	2,533	63,331	55,477
Total expenses	\$ 1,240,398	52,185	\$ 115,265	\$ 167,450	\$ 1,407,848	\$ 1,208,632

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, 2021 and 2020

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, 2021 and 2020.

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.

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

Skylark Clinic, Inc.
Doing Business As Skylark
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

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, 2021 and 2020.

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.

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

Skylark Clinic, Inc.
Doing Business As Skylark
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

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, 2021 and 2020 was \$63,331 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 December 2021, Skylark sold a 2002 Volvo valued at \$2,995 when received in 2021 for \$2,200. A loss of \$795 was recognized. In December 2021, Skylark sold a 2005 Chevrolet Suburban valued at \$4,695 when received in 2021 for \$3,000. A loss of \$1,695 was recognized. All non-cash donations were properly recorded when received in 2021.

Skylark Clinic, Inc.
Doing Business As Skylark
Notes to Financial Statements
For the Years Ended December 31, 2021 and 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:

2022	\$49,200
2023	49,200
2024	43,200
2025	19,200
2026 and after	19,200
Total	<u>\$180,000</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.

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, 2021 and 2020, Skylark paid \$19,514 and \$15,427, respectively, in employer matching expense.

Skylark Clinic, Inc.
Doing Business As Skylark
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 4 – Liquidity and Availability of Assets

The organization has \$600,587 of financial assets available within 1 year of December 31, 2021 to meet cash needs for general expenditure consisting of cash of \$600,587. 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, 2021.

Of this cash amount, \$124,100 is a Small Business Administration Paycheck Protection Program. A Loan Forgiveness Application has been approved and is included in the cash and cash equivalents amount.

Also, 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%. Skylark began making payments in August 2021. The balance at the end of December 2021 is \$148,488.

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, 2021, was February 28, 2022, which was the date the financial statements were issued.