

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

Financial Statements and Auditors' Report

For the Years Ended
December 31, 2023

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**BEN PALMER
LEE, CPA, LLC**

BEN P. LEE CPA, CFE, CFF, CGMA, CGFM, CGFO

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, 2023, and 2022, 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, 2023, and 2022, 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 2022 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated March 28, 2023. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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

July 8, 2024



Skylark Clinic, Inc.
d/b/a Skylark
Statements of Financial Position
As of December 31, 2023
(with summarized comparative information for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	2022
Assets				
Current Assets				
Cash and cash equivalents	\$ 340,828	-	\$ 340,828	\$ 817,578
Prepaid expenses	21,153	-	21,153	-
Investments	141,375	203,052	344,427	
Total Current Assets	<u>503,356</u>	<u>203,052</u>	<u>706,408</u>	<u>817,578</u>
Fixed Assets				
Land	125,000	-	125,000	125,000
Buildings	165,818	-	165,818	165,818
Furniture and equipment	631,770	-	631,770	631,770
	922,588	-	922,588	922,588
Less: Accumulated depreciation	(620,651)	-	(620,651)	(569,179)
Fixed Assets, Net	<u>301,937</u>	<u>-</u>	<u>301,937</u>	<u>353,409</u>
Other Assets				
Inventory	88,967	-	88,967	41,145
Donated property held for sale	705	-	705	705
Refundable deposits	5,140	-	5,140	5,140
Total Other Assets	<u>94,812</u>	<u>-</u>	<u>94,812</u>	<u>46,990</u>
Total Assets	<u>\$ 900,105</u>	<u>\$ 203,052</u>	<u>\$ 1,103,157</u>	<u>\$ 1,217,977</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, 2023
(with summarized comparative information for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2022</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 17,961	\$ -	\$ 17,961	\$ 1,991
Accrued expenses	33,408	-	33,408	13,970
Total Current Liabilities	<u>51,369</u>	<u>-</u>	<u>51,369</u>	<u>15,961</u>
Long-term Liabilities				
SBA EIDL Loan	-	-	-	145,031
SBA PPP Loan	-	-	-	-
Total Long-term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,031</u>
Total Liabilities	<u>51,369</u>	<u>-</u>	<u>51,369</u>	<u>160,992</u>
Net Assets				
Without donor restrictions:				
Board-Designated	250,000	-	250,000	250,000
Undesignated	647,552	-	647,552	718,923
Total without donor restrictions	<u>897,552</u>	<u>-</u>	<u>897,552</u>	<u>968,923</u>
With donor restrictions	<u>-</u>	<u>154,236</u>	<u>154,236</u>	<u>88,062</u>
Total Net Assets	<u>897,552</u>	<u>154,236</u>	<u>1,051,788</u>	<u>1,056,985</u>
Total Liabilities and Net Assets	<u>\$ 948,921</u>	<u>\$ 154,236</u>	<u>\$ 1,103,157</u>	<u>\$ 1,217,977</u>

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Activities
For the Year Ended December 31, 2023
(with summarized comparative information for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	2022
Revenues and Other Support				
Banquet income	\$ 211,344	\$ -	\$ 211,344	\$ 182,452
Banquet underwriting	98,188	-	98,188	142,980
Build for Life Campaign	-	110,043	110,043	
Contributions	882,661	1,800	884,461	1,014,680
Contributions - non-cash	177,927	-	177,927	191,581
Christmas appeal	97,765	-	97,765	124,779
Grant revenue	68,600	-	68,600	35,207
SBA EIDL grant	-	-	-	-
Miscellaneous income	11,218	-	11,218	16,637
Interest income	13,364	-	13,364	3,618
Gain (loss) on sale of donated property	(395)	-	(395)	-
Released from Donor Restrictions	45,669	(45,669)	0	-
Total Revenues and Other Support	<u>1,606,342</u>	<u>66,174</u>	<u>1,672,516</u>	<u>1,711,934</u>
Expenses				
Program expenses	1,482,323	-	1,482,323	1,358,141
Supporting expenses				
General and administrative	61,762	-	61,762	59,408
Fundraising	133,703	-	133,703	133,988
Total supporting expenses	<u>195,465</u>	<u>-</u>	<u>195,465</u>	<u>193,395</u>
Total Expenses	<u>1,677,788</u>	<u>-</u>	<u>1,677,788</u>	<u>1,551,536</u>
Change in net assets from operations	(71,446)	66,174	(5,272)	160,398
Net Assets, Beginning of Year, as previously stated	<u>968,923</u>	<u>88,062</u>	<u>1,056,985</u>	<u>896,587</u>
Net Assets, End of Year, as previously stated	<u>897,477</u>	<u>154,236</u>	<u>1,051,713</u>	<u>1,056,985</u>
Prior Period Adjustment	75	-	75	75
Net Assets, Beginning of Year, restated	<u>968,923</u>	<u>88,062</u>	<u>1,057,060</u>	<u>896,587</u>
Net Assets, End of Year, restated	<u>\$ 897,552</u>	<u>\$ 154,236</u>	<u>\$ 1,051,788</u>	<u>\$ 1,057,060</u>

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operational Activities		
Change in net assets	\$ (5,272)	\$ 160,398
Adjustments to reconcile changes in net assets to net cash provided for operating activities		
Depreciation expense	51,472	61,455
(Increase) / decrease in inventory	(47,822)	19,252
(Increase) / decrease in prepaid expenses	(21,153)	3,703
(Increase) / decrease in refundable deposits	-	-
Increase / (decrease) in accounts payable	15,970	1,123
Increase / (decrease) in accrued expenses	19,438	(155)
Net cash provided (used) by operating activities	12,633	245,776
Investing Activities		
Purchase of fixed assets	-	(25,326)
Donated property held for sale	-	-
Net cash provided (used) by investing activities	-	(25,326)
Financing Activities		
Payments on EDIL loan	(145,031)	(3,456)
Forgiveness of PPP Loan	-	-
Net cash provided (used) by financing activities	(145,031)	(3,456)
Net Increase (Decrease) in Cash and Cash Equivalents	(132,398)	216,994
Cash and Cash Equivalents, Beginning of Year	\$ 817,581	600,587
Cash and Cash Equivalents, End of Year	\$ 685,183	\$ 817,581

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Functional Expenses
For the Year Ended December 31, 2023
(with summarized comparative information for 2022)

	Program Services	Supporting Services		Total Supporting Expenses	Total	2022
		General & Administration	Fundraising			
Abstinence education expense	24,895	1,037	\$ -	\$ 1,037	25,932.24	\$ 33,029
Advertising expense	17,781	741	-	741	18,522.00	24,127
Bank and credit card charges	15,131	630	-	630	15,761.00	13,743
Banquet and fundraising expenses	-	-	133,703	133,703	133,703.00	133,988
Benevolence - Clients	127,883	5,328	-	5,328	133,211.00	215,376
Build for Life Expense	47,394	1,975	-	1,975	49,368.68	14,500
Conferences and seminars	10,136	422	-	422	10,558.00	13,982
Dues and subscriptions	3,456	144	-	144	3,600.00	3,820
Educational literature	6,360	265	-	265	6,625.00	5,111
Employee benefits	21,016	876	-	876	21,892.00	20,627
Food and entertainment	665	28	-	28	693.00	535
Fuel expense	12,325	514	-	514	12,839.00	14,173
Insurance expense	15,995	666	-	666	16,661.00	18,031
Interest expense	5,609	234	-	234	5,843.00	4,236
Legal and professional expense	14,622	609	-	609	15,231.00	12,738
Office expense	27,816	1,159	-	1,159	28,975.43	25,079
Post-abortion counseling	150	6	-	6	156.00	276
Postage expense	9,599	400	-	400	9,999.00	11,018
Pregnancy tests expense	-	-	-	-	-	150
Public education expense	-	-	-	-	-	-
Rent expense	47,232	1,968	-	1,968	49,200.00	47,600
Repairs and maintenance	28,394	1,183	-	1,183	29,577.00	43,167
Salaries and wages	866,715	36,113	-	36,113	902,827.57	721,775
Payroll taxes	68,339	2,847	-	2,847	71,186.00	55,210
Medical supplies	10,430	435	-	435	10,865.00	8,671
Taxes and licenses	4,906	204	-	204	5,110.00	4,969
Telephone expense	13,834	576	-	576	14,410.00	13,957
Training expense	2,130	89	-	89	2,219.00	1,973
Travel expense	1,803	75	-	75	1,878.00	2,432
Utilities expense	22,563	940	-	940	23,503.00	17,713
Volunteer expense	5,731	239	-	239	5,970.00	8,074
	<u>1,432,910</u>	<u>59,703</u>	<u>133,703</u>	<u>193,406</u>	<u>1,626,316</u>	<u>1,490,081</u>
Depreciation expense	49,413	2,059	-	2,059	51,472	61,455
Total expenses	<u>\$ 1,482,323</u>	<u>61,762</u>	<u>\$ 133,703</u>	<u>\$ 195,465</u>	<u>\$ 1,677,788</u>	<u>\$ 1,551,536</u>

Skylark Clinic, Inc.
Doing Business As Skylark
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

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 women's spiritual, emotional and physical needs 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, in Kingsland, Georgia in 2003, and a mobile medical unit in 2017.

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.

Income Taxes

Skylark is exempt from paying 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. No interest and penalties were charged to expense for the tax years ended December 31, 2023 and 2022.

Basis of Accounting

Skylark prepares its financial statements on the accrual basis of accounting following 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 must 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 its donors place. 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 used is subject to donor-imposed restrictions.

Skylark Clinic, Inc.
Doing Business As Skylark
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

Use of estimates: Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect specific 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: All unrestricted instruments with original maturities of three months or less are considered cash equivalents for financial statement purposes. Skylark had no cash equivalents as of December 31, 2023 and 2022.

Contributions: Skylark accounts for contributions following 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 (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, 2023 and 2022

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 loss exposure to be minimal.

Property and Equipment

Acquisitions of fixed assets in over \$2,500 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, 2023 and 2022 was \$51,472 and \$61,455 respectively.

Donated Facilities, Services and Materials

Skylark receives significant donated services from unpaid volunteers who provide services to clients and the clinic. 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 yet to be 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. All non-cash donations were recorded correctly when received in 2023.

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

Skylark Clinic, Inc.
Doing Business As Skylark
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

restrictions. The update also enhanced disclosures regarding governing board designations, liquidity of financial assets to meet cash needs for general expenditures within one year of the balance sheet date, and disclosing expenses by both their natural and functional classification. The abovementioned changes 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 satellite offices in Jesup, Georgia and Kingsland, Georgia. The Kingsland 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:

2024	43,200
2025	19,200
2026	19,200
2027	19,200
2028 and after	19,200
Total	<u>\$120,000</u>

Skylark leases various copiers and printers for business usage. These lease agreements are renewed annually 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 can participate in the plan. Skylark matches employee contributions up to 3%. All employees participating are 100% vested in the plan. As of December 31, 2023 and 2022, Skylark paid \$21,892 and \$20,627 in employer matching expense, respectively.

Skylark Clinic, Inc.
Doing Business As Skylark
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 4 – Prior Period Adjustment

Certain amounts in the consolidated financial statements of prior years have been reclassified to conform to current year presentation.

In 2022, prior period adjustments were made to unrestricted net assets. The financial statements were adjusted to account for \$75 of expenses in 2022 for Banquet and fundraising expenses. This oversight led to the net assets at the beginning of the year 2023 to be off by \$75. The correction in results in an increase of unrestricted net assets in the amount of \$75.

Note 5 – Liquidity and Availability of Assets

The organization has \$706,408 of financial assets as of December 31, 2023 consisting of cash of \$340,828, investments of \$344,427, and prepaid expenses of \$21,153. Of the total financial assets, \$203,052 is subject to donor restrictions that require the funds to be used for specific projects not scheduled to occur within one year. Therefore, these assets are not available for general expenditures within the next year. Consequently, the total financial assets available within one year for general expenditures amount to \$503,356, excluding the donor-restricted funds.

Also, Skylark Clinic, Inc. applied for and received a thirty-year Economic Injury Disaster Loan of \$150,000. This loan is to be paid back 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 2022 is \$145,031. The loan was paid in full on June 12, 2023 with a payment of \$146,332.78. The balance as of December 2023 is \$0.

Note 6 -Subsequent Events

Skylark's date for evaluating the existence of subsequent events that would affect the financial statements for the year ended December 31, 2023, was _____, which was the date the financial statements were issued.