

Skylark Clinic, Inc.

Doing Business As

Skylark

Financial Statements and Auditors' Report

For the Years Ended

December 31, 2025 and 2024

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HARRIS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Skylark Clinic, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025 and 2024, and the related statements of activities, 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 Skylark Clinic, Inc. as of December 31, 2025 and 2024, and the changes in 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 Skylark Clinic, 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 Skylark Clinic, 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 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.

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 Skylark Clinic, 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 Skylark Clinic, 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.



Harris & Company, PC

Jesup, Georgia

May 20, 2026

Skylark Clinic, Inc.
d/b/a Skylark
Statement of Financial Position
As of December 31, 2025
(with summarized comparative information for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
Assets				
Current Assets				
Cash and cash equivalents	388,233	154,355	542,588	645,941
Inventory	62,893	-	62,893	110,780
Pledge Receivables, net	57,124	850,570	907,694	1,000,393
Prepaid Expenses	18,756	-	18,756	19,786
Investments	-	2,615,526	2,615,526	507,113
Total Current Assets	<u>527,006</u>	<u>3,620,451</u>	<u>4,147,457</u>	<u>2,284,013</u>
Fixed Assets				
Construction in progress	-	302,810	302,810	107,950
Land	125,000	-	125,000	125,000
Buildings	178,718	-	178,718	178,718
Furniture and Equipment	631,770	-	631,770	631,770
	<u>935,488</u>	<u>302,810</u>	<u>1,238,298</u>	<u>1,043,438</u>
Less: Accumulated Depreciation	(677,322)	-	(677,322)	(655,115)
Intangible Right to use assets	659,749	-	659,749	659,749
Less: Accumulated Amortization	(203,000)	-	(203,000)	(152,250)
Fixed Assets, Net	<u>714,915</u>	<u>302,810</u>	<u>1,017,725</u>	<u>895,822</u>
Other Assets				
Donated property held for sale	66,045	-	66,045	22,692
Refundable deposits	5,140	-	5,140	5,140
Total Other Assets	<u>71,185</u>	<u>-</u>	<u>71,185</u>	<u>27,832</u>
Total Assets	<u>1,313,106</u>	<u>3,923,261</u>	<u>5,236,367</u>	<u>3,207,667</u>

The accompanying notes to the financial statements
are an integral part of this statement.

Skylark Clinic, Inc.
d/b/a Skylark
Statement of Financial Position
As of December 31, 2025
(with summarized comparative information for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2024</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	35,743	-	35,743	50,308
Accrued Expenses	18,477	-	18,477	12,350
Lease payable due in one year	50,477	-	50,477	48,865
Total Current Liabilities	<u>104,697</u>	<u>-</u>	<u>104,697</u>	<u>111,523</u>
Long-term Liabilities				
Lease Payable due in more than one year	468,613	-	468,613	519,090
Total Long-term Liabilities	<u>468,613</u>	<u>-</u>	<u>468,613</u>	<u>519,090</u>
Total Liabilities	<u>573,310</u>	<u>-</u>	<u>573,310</u>	<u>630,613</u>
Without donor restrictions:				
Board-Designated	250,000	-	250,000	250,000
Undesignated	489,796	-	489,796	503,767
Total without donor restrictions	<u>739,796</u>	<u>-</u>	<u>739,796</u>	<u>753,767</u>
With donor restrictions	<u>-</u>	<u>3,923,261</u>	<u>3,923,261</u>	<u>1,823,287</u>
Total Net Assets	<u>739,796</u>	<u>3,923,261</u>	<u>4,663,057</u>	<u>2,577,054</u>
Total Liabilities and Net Assets	<u>1,313,106</u>	<u>3,923,261</u>	<u>5,236,367</u>	<u>3,207,667</u>

The accompanying notes to the financial statements
are an integral part of this statement.

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Activities
For the Year Ending December 31, 2025
(with summarized comparative information for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
Revenues and Other Support				
Banquet income	254,781	-	254,781	265,061
Banquet underwriting	148,795	-	148,795	107,751
Build for Life Campaign	-	2,065,815	2,065,815	740,175
Contributions	1,031,601	-	1,031,601	876,641
Contributions-non-cash	274,851	-	274,851	230,147
Christmas appeal	167,951	-	167,951	173,917
Grant revenue	20,650	-	20,650	-
Miscellaneous income	695	-	695	6,668
Interest income	2,393	64,747	67,140	33,262
Gain (loss) on sale of donated property Released from Donor Restrictions	(6,196)	-	(6,196)	(2,595)
	<u>1,895,521</u>	<u>2,130,562</u>	<u>4,026,083</u>	<u>2,431,027</u>
Expenses				
Program expenses	1,448,299	-	1,448,299	1,397,115
Supporting expenses				
General and administrative	134,625	-	134,625	127,772
Fundraising	326,568	30,588	357,156	316,126
Total supporting expenses	<u>461,193</u>	<u>30,588</u>	<u>491,781</u>	<u>443,898</u>
Total Expenses	<u>1,909,492</u>	<u>30,588</u>	<u>1,940,080</u>	<u>1,841,013</u>
Change in net assets from operations	(13,971)	2,099,974	2,086,003	590,014
Net Assets, Beginning of Year	<u>753,767</u>	<u>1,823,287</u>	<u>2,577,054</u>	<u>1,987,040</u>
Net Assets, End of Year	<u>739,796</u>	<u>3,923,261</u>	<u>4,663,057</u>	<u>2,577,054</u>

The accompanying notes to the financial statements
are an integral part of this statement.

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Cash Flows
For the Years Ending December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operational Activities		
Change in net assets	2,086,003	590,014
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation Expense	22,207	34,465
Amortization Expense	50,750	50,750
(Increase)/decrease in inventory	47,887	(21,813)
(Increase)/decrease in Pledge receivables	92,699	(50,340)
(Increase)/decrease in prepaid expenses	1,030	1,367
Increase/(decrease) in accounts payable	(14,565)	32,143
Increase/(decrease) in accrued expenses	6,127	(21,058)
Net cash Provided (used) by operating activities	<u>2,292,138</u>	<u>615,528</u>
Investing Activities		
Purchase of fixed assets	(194,860)	(93,315)
Donated property held for sale	(43,353)	(21,987)
Net cash provided (used) by investing activities	<u>(238,213)</u>	<u>(115,302)</u>
Financing Activities		
Payment on Right to use asset - Lease obligation	(48,865)	(32,612)
Net cash provided (used) by financing activities	<u>(48,865)</u>	<u>(32,612)</u>
Net Increase/(decrease) in Cash and Cash Equivalents	2,005,060	467,614
Cash and Cash Equivalents, Beginning of Year	<u>1,153,054</u>	<u>685,440</u>
Cash and Cash Equivalents, End of Year	<u><u>3,158,114</u></u>	<u><u>1,153,054</u></u>

The accompanying notes to the financial statements
are an integral part of this statement.

Skylark Clinic, Inc.
d/b/a Skylark
Statements of Functional Expenses
For the Year Ending December 31, 2025
(with summarized comparative information for 2024)

	Program Sevices	Supporting Services		Total Supporting Expenses	Total	2024
		General & Adminsitration	Fundraising			
Abstinence education expense	15,489			-	15,489	21,610
Advertising expense	25,812			-	25,812	40,515
Bank and credit card charges	17,785	741		741	18,526	18,784
Banquet and fundraising expenses	-		180,549	180,549	180,549	147,870
Benevolence - Clients	260,987			-	260,987	172,355
Build for life Expense	-		30,588	30,588	30,588	25,042
Conferences and seminars	8,488			-	8,488	10,277
Dues and Subscriptions	3,925	164		164	4,089	5,273
Educational literature	6,720			-	6,720	7,491
Employee benefits	21,983	916		916	22,899	22,313
Food and entertainment	149			-	149	404
Fuel expense	10,882	453		453	11,335	10,885
Insurance expense	32,289	3,844		3,844	36,133	23,015
Interest expense	17,783			-	17,783	19,036
Legal and professional expense	4,474	17,897		17,897	22,371	18,220
Office expense	18,831	785		785	19,616	19,541
Post-abortion counseling	355			-	355	211
Postage expense	9,364	1,171	1,171	2,342	11,706	10,120
Penalties	657			-	657	608
Public education expense	230			-	230	6,225
Repairs and maintenance	40,415	1,684		1,684	42,099	33,515
Salaries and wages	738,898	97,229	134,332	231,561	970,459	986,593
Software	13,116	547		547	13,663	11,014
Payroll taxes	57,084	7,511	10,516	18,027	75,111	76,380
Medical supplies	18,231			-	18,231	13,235
Taxes and licenses	3,266	136		136	3,402	2,592
Telephone expense	13,768	574		574	14,342	14,294
Training expense	2,818			-	2,818	8,031
Travel expense	3,124			-	3,124	3,097
Utilities expense	23,356	973		973	24,329	21,356
Volunteer expense	5,063			-	5,063	5,897
	<u>1,375,342</u>	<u>134,625</u>	<u>357,156</u>	<u>491,781</u>	<u>1,867,123</u>	<u>1,755,799</u>
Depreciation expense	22,207			-	22,207	34,464
Amortization expense	50,750			-	50,750	50,750
Total expenses	<u>1,448,299</u>	<u>134,625</u>	<u>357,156</u>	<u>491,781</u>	<u>1,940,080</u>	<u>1,841,013</u>

The accompanying notes to the financial statements
are an integral part of this statement.

Skylark Clinic, Inc.
d/b/a Skylark
Notes to Financial Statements
For the Year Ending December 31, 2025 and 2024

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 information 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, 2025 and 2024.

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*.

Skylark Clinic, Inc.
d/b/a Skylark
Notes to Financial Statements
For the Year Ending December 31, 2025 and 2024

Net assets: 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.

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, 2025 and 2024.

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 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.

Promises to Give: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions

Skylark Clinic, Inc.
d/b/a Skylark
Notes to Financial Statements
For the Year Ending December 31, 2025 and 2024

expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

The organization has discounted the pledge receivable using the net present value discount rate of 4.3%. This pledge receivable listed on the statement of Financial Position is net of the net present value discount of \$49,572.

Accounting for Leases: The organization adopted ASC 842 of the FASB standard update No. 2016-02, *Leases*. The organization capitalizes lease obligations as a right-to-use asset on the statement of position. A lease obligation is also presented on the statement of position as a short-term and long-term liability. Each year the organization will recognize interest expense associated with the lease obligation and amortization of the right to use asset over the lease term.

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.
d/b/a Skylark
Notes to Financial Statements
For the Year Ending December 31, 2025 and 2024

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 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 to or charged to income. Depreciation for furniture and equipment is calculated on the 200 percent declining method over the estimated useful life of the assets. Estimated useful lives are as follows:

<u>Type of Property</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	39 years
Leasehold improvements	15 years
Furniture, fixtures, and Equipment	3-7 years

Depreciation expense recognized for the years ended December 31, 2025 and 2024 was \$22,207 and \$34,464 respectively.

Donated Facilities, Services and Materials

Skylark receives significant donated services from unpaid volunteers who provide services to clients and the clinic. Donated services are valued and reported at the estimated fair market value in the financial statements based on current rates for similar services.

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,

Skylark Clinic, Inc.
d/b/a Skylark
Notes to Financial Statements
For the Year Ending December 31, 2025 and 2024

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 2025.

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 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 classifications. The above-mentioned 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.

Accounting for Leases: The organization adopted FASB standard update No. 2016-02, *Leases*. The organization capitalizes lease obligations as a right-to-use asset on the statement of position. A lease obligation is also presented on the statement of position as a short-term and long-term liability. Each year the organization will recognize interest expense associated with the lease obligation and amortization of the right to use asset over the lease term.

Note 2 – Operating Leases

Skylark has no operating leases outside of the lease agreement for the Camden County and Wayne County real estate offices they reside in. These leases are capitalized as a right-to-use asset on the statement of financial position and have a lease obligation which is presented as a short-term and long-term liability. Below shows the current year impact to the financial statements.

Skylark Clinic, Inc.
d/b/a Skylark
Notes to Financial Statements
For the Year Ending December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Right to use - Lease obligation	659,749	659,749
Accumulated amortization of right to use asset	(203,000)	(152,250)
<u>Liabilities</u>		
Short-term - Lease obligation	50,477	48,865
Long-term - Lease obligation	468,613	519,090
<u>Statement of net position</u>		
Interest Expense	17,783	19,036
Amortization	50,750	50,750

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, 2025 and 2024, Skylark paid \$22,899 and \$22,313 in employer matching expense, respectively.

Note 4 – Liquidity and Availability of Assets

The organization has \$4,147,457 of current financial assets as of December 31, 2025 consisting of cash of \$542,588, investments of \$2,615,526, prepaid expenses of \$18,756 and pledge receivables of \$907,694. Of this total financial asset, \$3,620,451 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 \$527,006, excluding the donor-restricted funds.

Skylark Clinic, Inc.
d/b/a Skylark
Notes to Financial Statements
For the Year Ending December 31, 2025 and 2024

Note 5 – Capital Campaign

The organization intends to renovate their current Glynn County facility to better accommodate their mission. To fund the building project, the organization has raised \$4,030,973 in funds for this project, of which \$95,232 of interest has been earned on the capital campaign funds and is also restricted. Of the amount raised, the organization has spent \$394,774 in construction in progress and Capital Campaign related expenses. The board has also matched \$50,000 of contributions as of the end of the fiscal year.

The total capital project costs are projected to be \$3,322,917 for phase I and an additional \$1,709,301 for phase II for a total project cost of \$5,032,218. This amount includes \$1,000,000 of operating costs for the first five years.

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, 2025, was May 15, 2026, which was the date the financial statements were issued. No material subsequent events have come to our attention.