

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

Financial Statements and Auditors' Report

For the Years Ended
December 31, 2017 and 2016

Table of Contents

Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3-4
Statements of Activities	5
Statements of Cash Flows	6
Statements of Functional Expenses	7
Notes to the Financial Statements	8-12



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Crisis Pregnancy Center of Coastal Georgia, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Crisis Pregnancy Center of Coastal Georgia, Inc. as of December 31, 2017 and 2016, 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.

Coastal CPAs, LLC

Coastal CPAs, LLC
St Simons Island, Georgia

April 23, 2018

Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Statements of Financial Position
As of December 31, 2017 and 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2016</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 9,628	\$ -	\$ 9,628	\$ 73,235
Inventory	93,839	-	93,839	88,013
Prepaid expenses	6,515	-	6,515	6,483
Total Current Assets	<u>109,982</u>	<u>-</u>	<u>109,982</u>	<u>167,731</u>
			-	
Fixed Assets				
Land	125,000	-	125,000	125,000
Buildings	165,818	-	165,818	165,818
Furniture and equipment	464,118	-	464,118	206,476
	754,936	-	754,936	497,294
Less: Accumulated depreciation	(275,450)	-	(275,450)	(246,113)
Fixed Assets, Net	<u>479,486</u>	<u>-</u>	<u>479,486</u>	<u>251,181</u>
Other Assets				
Donated property held for sale	15,350	-	15,350	10,005
Refundable deposits	2,515	-	2,515	2,515
Total Other Assets	<u>17,865</u>	<u>-</u>	<u>17,865</u>	<u>12,520</u>
Total Assets	<u>\$ 607,333</u>	<u>\$ -</u>	<u>\$ 607,333</u>	<u>\$ 431,432</u>

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

Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Statements of Financial Position
As of December 31, 2017 and 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2016</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 5,783	\$ -	\$ 5,783	\$ 9,103
Accrued expenses	9,217	-	9,217	7,563
Total Current Liabilities	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>16,666</u>
Total Liabilities	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>16,666</u>
Net Assets				
Unrestricted				
General	112,847	-	112,847	163,585
Fixed assets	479,486	-	479,486	251,181
Total Unrestricted	<u>592,333</u>	<u>-</u>	<u>592,333</u>	<u>414,766</u>
Temporarily restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>592,333</u>	<u>-</u>	<u>592,333</u>	<u>414,766</u>
Total Liabilities and Net Assets	<u>\$ 607,333</u>	<u>\$ -</u>	<u>\$ 607,333</u>	<u>\$ 431,432</u>

Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Statements of Activities
For the Years Ended December 31, 2017 and 2016

	Unrestricted	Temporarily Restricted	Total	2016
Revenues and Other Support				
Banquet income	\$ 137,218	\$ -	\$ 137,218	\$ 101,395
Banquet underwriting	56,680	-	56,680	58,225
Contributions	625,271	-	625,271	585,640
Contributions - non-cash	350,148	-	350,148	319,394
Christmas appeal	53,938	-	53,938	65,789
Grant revenue	206,768	-	206,768	-
Miscellaneous income	15,798	-	15,798	13,165
Interest income	67	-	67	28
Gain (loss) on sale of donated property	(670)	-	(670)	(2,505)
Total Revenues and Other Support	<u>1,445,218</u>	<u>-</u>	<u>1,445,218</u>	<u>1,141,131</u>
Expenses				
Program expenses	1,116,907	-	1,116,907	1,077,719
Supporting expenses				
General and administrative	45,897	-	45,897	44,301
Fundraising	104,847	-	104,847	87,215
Total supporting expenses	<u>150,744</u>	<u>-</u>	<u>150,744</u>	<u>131,516</u>
Total Expenses	<u>1,267,651</u>	<u>-</u>	<u>1,267,651</u>	<u>1,209,235</u>
Change in net assets from operations	177,567	-	177,567	(68,104)
Net Assets, Beginning of Year	<u>414,766</u>	<u>-</u>	<u>414,766</u>	<u>482,870</u>
Net Assets, End of Year	<u>\$ 592,333</u>	<u>\$ -</u>	<u>\$ 592,333</u>	<u>\$ 414,766</u>

Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Operational Activities		
Change in net assets	\$ 177,567	\$ (68,104)
Adjustments to reconcile changes in net assets to net cash provided for operating activities		
Depreciation expense	29,337	10,213
(Increase) / decrease in inventory	(5,826)	(35,937)
(Increase) / decrease in prepaid expenses	(32)	5,467
Increase / (decrease) in accounts payable	(3,320)	3,049
Increase / (decrease) in accrued expenses	1,654	3,349
Net cash provided (used) by operating activities	199,380	(81,963)
Investing Activities		
Purchase of fixed assets	(257,642)	(1,400)
Donated property held for sale	(5,345)	14,170
Net cash provided (used) by investing activities	(262,987)	12,770
Net Increase (Decrease) in Cash and Cash Equivalents	(63,607)	(69,193)
Cash and Cash Equivalents, Beginning of Year	73,235	142,428
Cash and Cash Equivalents, End of Year	\$ 9,628	\$ 73,235

Crisis Pregnancy Center of Coastal Georgia, Inc.
d/b/a Skylark
Statements of Functional Expenses
For the Years Ended December 31, 2017 and 2016

	Program Services	Supporting Services			Total	2016
		General & Administration	Fundraising	Total Supporting Expenses		
Abstinence education expense	\$ 15,372	\$ -	\$ -	\$ -	\$ 15,372	\$ 14,516
Advertising expense	47,412	1,975	-	1,975	49,387	119,378
Bank and credit card charges	6,289	262	-	262	6,551	5,350
Banquet and fundraising expenses	-	-	104,847	104,847	104,847	87,215
Benevolence - Clients	294,146	12,256	-	12,256	306,402	286,778
Walk for Life	4,310	180	-	180	4,490	5,128
Conferences and seminars	5,700	237	-	237	5,937	5,971
Dues and subscriptions	1,865	78	-	78	1,943	2,193
Educational literature	1,555	65	-	65	1,620	3,907
Employee benefits	12,833	535	-	535	13,368	10,431
Food and entertainment	271	11	-	11	282	135
Fuel expense	817	34	-	34	851	-
Insurance expense	11,363	473	-	473	11,836	19,393
Insurance proceeds expenditure	1,500	62	-	62	1,562	-
Legal and professional expense	8,564	357	-	357	8,921	10,007
Medical waste expense	406	17	-	17	423	453
Office expense	23,116	964	-	964	24,080	22,017
Post-abortion counseling	322	13	-	13	335	378
Postage expense	9,668	403	-	403	10,071	10,066
Pregnancy tests expense	992	41	-	41	1,033	1,029
Public education expense	1,500	62	-	62	1,562	4,620
Rent expense	18,432	768	-	768	19,200	19,200
Repairs and maintenance	13,116	547	-	547	13,663	25,748
Salaries and wages	498,723	20,780	-	20,780	519,503	450,647
Payroll taxes	38,587	1,608	-	1,608	40,195	35,560
Medical supplies	8,519	355	-	355	8,874	8,889
Taxes and licenses	12,908	538	-	538	13,446	6,369
Telephone expense	10,607	442	-	442	11,049	11,306
Training expense	10,953	456	-	456	11,409	977
Travel expense	2,734	114	-	114	2,848	3,713
Utilities expense	18,408	767	-	767	19,175	19,213
Volunteer expense	7,756	323	-	323	8,079	8,435
	<u>1,088,743</u>	<u>44,724</u>	<u>104,847</u>	<u>149,571</u>	<u>1,238,314</u>	<u>1,199,022</u>
Depreciation expense	28,164	1,173	-	1,173	29,337	10,213
Total expenses	<u>\$ 1,116,907</u>	<u>\$ 45,897</u>	<u>\$ 104,847</u>	<u>\$ 150,744</u>	<u>\$ 1,267,651</u>	<u>\$ 1,209,235</u>

CareNet Pregnancy Center of Coastal Georgia
d/b/a Skylark
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

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

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

Income Taxes

The Center is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

The Center files informational returns in the U.S. federal jurisdiction and one state jurisdiction. The Center uses a calendar year for tax reporting. The Center is generally no longer subject to federal or state tax audits for years before 2011. Interest and penalties are expensed as incurred. There were no interest and penalties charged to expense for the tax years ended December 31, 2017 and 2016.

Basis of Accounting

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

Basis of Presentation

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

Unrestricted: Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

CareNet Pregnancy Center of Coastal Georgia
d/b/a Skylark
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Temporarily restricted: Temporarily restricted net assets include those net assets whose use by the organization has been donor restricted by specified time or purpose limitations.

Permanently restricted: Permanently restricted net assets must be maintained in perpetuity by the organization. In accordance with donor instruction, the organization may use the investment income earned on permanently restricted net assets for specified purposes.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, all unrestricted instruments with original maturities of three months or less are considered cash equivalents. The Center had no cash equivalents as of December 31, 2017 and 2016.

Contributions: The Center accounts for contributions in accordance with the Financial Accounting Standards Board ASC 958, *Not-for-Profit Entities* and ASC 310, *Receivables*. The contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, 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 temporarily or permanently restricted net assets depending upon the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional allocation of expenses: The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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

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

CareNet Pregnancy Center of Coastal Georgia
d/b/a Skylark
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

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.

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, 2017 and 2016 was \$29,337 and \$10,213 respectively.

Donated Facilities, Services and Materials

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

Beginning with the fiscal year ended September 30, 2008, the Center adopted a means of accounting for donated material that are subsequently given to clients, such as diapers, children's clothing and furniture. A physical inventory of donated goods is maintained and valued based upon thrift store prices. Items received are recorded as in-kind

**CareNet Pregnancy Center of Coastal Georgia
d/b/a Skylark
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016**

donations (noncash donations) and items given to clients are recorded as benevolence-clients. In January 2017, the Center received three one ounce eagle coins valued at \$3,634, which were subsequently sold for \$3,709. A gain of \$75 was recognized. In February 2017, the Center received a 2002 Chevrolet Impala with a value of \$2,995 and subsequently sold for \$2,500. A loss of \$495 was recognized. In March 2017, the center received a 1998 Ford Expedition with a value of \$2,000 and subsequently sold for \$1,800. A loss of \$200 was recognized. In April 2017, the Center received a 1993 Gator Boat Trailer with a value of \$250 and subsequently sold for \$200. A loss of \$50 was recognized. In October 2017, the Center received a 1982 Cadillac Eldorado with a value of \$2,995. In December 2017, the Center received a 1991 Jayco Camper with a value of \$2,350. All non-cash donations were properly recorded when received in 2017.

Recent Accounting Pronouncements

Management does not anticipate that any of the recent accounting pronouncements, when effective and implemented if necessary, would have a material impact on the financial condition, results of operations, or liquidity of the Center.

Note 2 – Operating Leases

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

2018	\$19,200
2019	-
2020	-
2021	-
2022 and after	-
Total	<u>\$19,200</u>

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

Note 3 – Retirement Plan

The Center participates in a SIMPLE IRA plan. Employees employed for 90 days and at least 28 hours a week are eligible to participate in the plan. The Center matches employee contributions up to 3%. All employees participating are 100% vested in the plan. As of December 31, 2017 and 2016, the Center paid \$13,368 and \$10,431, respectively, in employer matching expense.

CareNet Pregnancy Center of Coastal Georgia
d/b/a Skylark
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Note 6 -Subsequent Events

The Center's date for evaluating the existence of subsequent events that would affect the financial statements for the year ended December 31, 2017, was April 23, 2018, which was the date the financial statements were issued.