

Pregnancy Resource Center of Gwinnett, Inc.
(d/b/a The Obria Medical Clinics)

Financial Statements

As of and for the Year Ended June 30, 2021

Pregnancy Resource Center of Gwinnett, Inc.

(d/b/a The Obria Medical Clinics)

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Independent Auditor's Report

To the Board of Directors
Pregnancy Resource Center of Gwinnett, Inc.
(d/b/a The Obria Medical Clinics)
Lawrenceville, Georgia

Report on Financial Statements

We have audited the accompanying financial statements of Pregnancy Resource Center of Gwinnett, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year 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 (U.S. GAAP); 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

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 (U.S. GAAS). 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 auditor's 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 Pregnancy Resource Center of Gwinnett, Inc. as of June 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with U.S. GAAP.

K. Glenn Aldridge, PC
(d/b/a Aldridge & Associates)
September 20, 2021

Pregnancy Resource Center of Gwinnett, Inc.

(d/b/a The Obria Medical Clinics)

Statement of Financial Position

As of June 30, 2021

Assets

Cash and cash equivalents	\$ 776,722
Medical service receivables	1,403
Inventory	27,655
Prepaid expenses and other assets	16,506
Property and equipment, net	147,166
Beneficial interest in assets held by community foundation	<u>69,337</u>
Total assets	<u>\$ 1,038,789</u>

Liabilities and Net Assets

Liabilities:

Accounts payable	\$ 6,644
Deferred rent	46,496
Capital lease obligation	<u>13,636</u>
Total liabilities	<u>66,776</u>

Net assets:

Without donor restrictions:

Undesignated	242,103
Designated by the Board	<u>365,000</u>
	<u>607,103</u>

With donor restrictions:

Purpose restrictions	<u>364,910</u>
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Total net assets	<u>972,013</u>
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Total liabilities and net assets	<u>\$ 1,038,789</u>
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Pregnancy Resource Center of Gwinnett, Inc.

(d/b/a The Obria Medical Clinics)

Statement of Activities For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and gains:			
Contributions and grants	\$ 869,772	\$ 340,800	\$ 1,210,572
In-kind contributions	97,200	-	97,200
Medical services, net	46,193	-	46,193
Change in beneficial interest in assets held by community foundation	12,864	-	12,864
Investment income	376	-	376
Other revenue, gains and losses	96,016	-	96,016
Net assets released from restrictions	41,506	(41,506)	-
Total revenues, support and gains	1,163,927	299,294	1,463,221
Expenses:			
Program activities:			
Medical	520,575	-	520,575
Thrive	178,328	-	178,328
Empowered	24,313	-	24,313
Other	5,623	-	5,623
Total program activities	728,839	-	728,839
Supporting activities:			
Management and general	174,100	-	174,100
Fundraising and development	183,768	-	183,768
Total support activities	357,868	-	357,868
Total expenses	1,086,707	-	1,086,707
Changes in net assets	77,220	299,294	376,514
Net assets, beginning of year	560,904	34,595	595,499
Reclassification	(31,021)	31,021	-
Net assets, end of year	\$ 607,103	\$ 364,910	\$ 972,013

Pregnancy Resource Center of Gwinnett, Inc.

(d/b/a The Obria Medical Clinics)

Statement of Functional Expenses For the Year Ended June 30, 2021

	Program Activities					Supporting Activities			Total expenses by nature
	Medical	Thrive	Empowered	Other	Total	Management and general	Fundraising and development	Total	
Compensation and benefits	\$ 284,823	\$ 65,776	\$ 11,968	\$ 5,430	\$ 367,997	\$ 124,771	\$ 106,809	\$ 231,580	\$ 599,577
Fees for services	5,873	575	418	-	6,866	9,797	889	10,686	17,552
Advertising and promotion	17,395	-	-	-	17,395	-	412	412	17,807
Office expense	3,000	948	527	-	4,475	1,407	975	2,382	6,857
Information technology	14,764	-	84	-	14,848	910	2,733	3,643	18,491
Occupancy	29,024	13,545	5,805	-	48,374	9,674	6,450	16,124	64,498
Conferences, conventions, and meeting	-	-	-	-	-	-	52,304	52,304	52,304
Insurance	17,858	1,019	464	-	19,341	3,934	-	3,934	23,275
Repairs and maintenance	2,508	-	-	-	2,508	2,310	-	2,310	4,818
Telephone	2,673	1,247	535	-	4,455	890	594	1,484	5,939
Bank charges	4,716	-	-	-	4,716	-	7,074	7,074	11,790
Training	2,662	1,858	1,109	-	5,629	219	188	407	6,036
Furniture and equipment	14,950	1,913	1,365	-	18,228	3,834	-	3,834	22,062
Supplies	73,815	81,048	-	-	154,863	-	46	46	154,909
Other expenses	3,504	279	140	193	4,116	5,213	5,294	10,507	14,623
Interest expense	-	-	-	-	-	2,919	-	2,919	2,919
Depreciation and amortization	43,010	10,120	1,898	-	55,028	8,222	-	8,222	63,250
Total expenses by function	\$ 520,575	\$ 178,328	\$ 24,313	\$ 5,623	\$ 728,839	\$ 174,100	\$ 183,768	\$ 357,868	\$ 1,086,707

Pregnancy Resource Center of Gwinnett, Inc.

(d/b/a The Obria Medical Clinics)

Statement of Cash Flows For the Year Ended June 30, 2021

Cash flows from operating activities

Cash provided by operating activities:

Cash received from donors and grantors \$ 1,227,015

Cash received from patients 46,193

Cash received from other sources 316

Cash received from interest 376

Cash used by operating activities:

Cash paid to employees (599,577)

Cash paid to service providers and vendors (361,274)

Net cash provided by operating activities 313,049

Cash flows from investing activities

Cash purchases of property and equipment (68,372)

Net cash used by investing activities (68,372)

Cash flows from financing activities

Payment on capital lease obligation (3,201)

Net cash used by financing activities (3,201)

Net increase in cash and cash equivalents 241,476

Cash and cash equivalents, beginning of year 535,246

Cash and cash equivalents, end of year \$ 776,722

Supplemental disclosure of noncash activities:

Change in beneficial interest in assets held by community foundation \$ 12,864

In-kind noncapital goods and services \$ 97,200

Notes to Financial Statements

1. NATURE OF ACTIVITIES

Pregnancy Resource Center of Gwinnett, Inc. (the Organization) was incorporated on February 7, 2014 under the laws of the state of Georgia as a not-for-profit corporation for the purpose of developing and administering peer-counseling and guidance programs designed to assist women and their families in confronting and dealing with the physical, emotional, and social problems associated with pregnancy; developing and administering programs designed to assist pregnant women who wish to carry their unborn child(ren) to term; and to protect the gift of human life. The Organization's corporate office and medical clinic are located in Lawrenceville, Georgia.

The Organization is funded primarily by contributions and grants.

As a fully-licensed community care clinic, doing business as The Obria Medical Clinics (see Note 5), the Organization accomplishes its exempt purpose through three primary program activities:

Medical: The Medical program provides compassionate health care and evidence-based education to women regarding their reproductive health and family well-being by offering early detection pregnancy testing, limited ultrasound imaging, sexually transmitted disease (STD) testing and treatment, abortion pill reversal treatment, well-woman care, options counseling, and community referrals.

Thrive: The Thrive program provides education through birthing, nutrition, child care, and other family classes and baby clothes, equipment, and supplies through a baby boutique.

Empowered: The Empowered program serves local schools and the community to empower youth and young adults with evidence-based information about the factual consequences associated with at risk sexual behaviors.

The Organization has been accredited by the Accreditation Association for Ambulatory Health Care, which demonstrates the Organization's commitment to provide high-quality patient care and services.

Notes to Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are described to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Reporting Period

The Organization has selected June 30 as its fiscal year end. Accordingly, the fiscal year ended June 30, 2021 is referred to herein as 2021.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash, checking and savings accounts, and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalent balances may exceed federally insured amounts. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Grants Receivable

Grants receivable are unsecured, noninterest-bearing outstanding balances due from grantors less an allowance for uncollectible grants receivable based on an assessment of grant agreements and knowledge of circumstances that may affect the ability of the grantors

Notes to Financial Statements (Continued)

to meet their obligations. Grants receivable are evaluated for impairment if full payments are not received in accordance with contractual terms. Grants receivable are written off when deemed uncollectible. At June 30, 2021, management has determined that no allowance for uncollectible grants receivable is required.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value.

Unconditional promises to give expected to be collected in future years are initially recorded at fair value using the present value of estimated future cash flows. The discounts on those amounts are computed using the average rate the Organization is earning on its investments or its idle cash applicable to the years in which the pledges are received. Amortization of the discounts would be included in contributions in the accompanying statement of activities. At June 30, 2021, management has determined that no promises to give have occurred or should be recognized.

A valuation allowance for uncollectible promises to give is recorded based on an assessment of historical experience, current creditworthiness, economic conditions and subsequent collections. Payments due in future periods on promises to give are restricted for time until collected. Promises to give are written off when deemed uncollectible. At June 30, 2021, management has determined that no allowance for uncollectible promises to give is required.

Inventory

Inventory, which consists of merchandise and baby boutique clothes, equipment, and supplies, is valued at cost for items purchased and fair value for items donated. The Organization only allows donors to donate new items for its baby boutique. Mothers are able to attend Thrive education classes and earn points that can be used to purchase items from the baby boutique.

Management believes that net realizable value is not a relevant measure for inventory items provided to program beneficiaries without charge or for a minimal fee; accordingly, those items are valued at cost (or fair value at date of donation) if the utility of the items has not diminished since acquisition.

The carrying amount of inventory is reduced, as needed, by a reserve for probable inventory

Notes to Financial Statements (Continued)

losses related to diminished value, obsolescence or spoilage. The reserve is maintained at a level that, in management's judgment, is adequate to absorb obsolescence and other probable inventory losses. The amount is based upon historical inventory write-down experience, specific known risks or commitments, and current and anticipated economic conditions. Evaluation of these factors involves subjective estimates that may change. Actual losses are recorded as a charge to the reserve as incurred; additions to the reserve are provided through a charge to supplies expense. Management believes that no reserve for probable inventory losses is required; accordingly, no reserve has been provided at June 30, 2021.

The carrying amount of inventory items given away is charged to supplies expense as part of the Medical or Thrive programs. Sales of merchandise are included in other revenues, gains and losses.

Property and Equipment

The Organization's capitalization policy is to capitalize property and equipment with a purchase price, or donation value, in excess of \$5,500 and which has a useful life greater than one year. Property and equipment purchased are recorded at cost, or fair value at the date of donation, if donated.

Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Property items retired, or otherwise disposed of, are removed from the asset and accumulated depreciation accounts and any resulting gain or loss is reflected in the statement of activities.

Depreciation is provided over the estimated useful lives of the individual assets using the straight-line method as follows: office and medical equipment, 5 years.

Leasehold improvements are amortized using the straight-line method over the lesser of the useful lives of the improvements or the term of the lease.

Fair Value Measurement

When required or elected, the Organization reports certain assets and liabilities (financial instruments) at fair value (the estimated price at which an asset can be sold or a liability settled in an orderly transaction to a third party under current market conditions) using appropriate valuation techniques based on available inputs.

Notes to Financial Statements (Continued)

Available inputs are categorized (based on the amount of subjectivity associated with the information source) using a three-level fair value hierarchy defined by U.S. GAAP as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 - Observable inputs other than quoted prices for identical assets and liabilities

Level 3 - Unobservable inputs supported by little or no market activity

The Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 and Level 2 are not available.

The fair value of our beneficial interest in assets held by community foundation is based on the fair value of fund investments as reported by the community foundation, which is considered to be a Level 3 input.

Beneficial Interest in Assets Held by Community Foundation

On February 26, 2019, the Organization entered into an agency fund agreement with a community foundation to create *Obria Gwinnett Fund* (the Fund), a component fund of the community foundation. The Fund is owned, held and invested by the community foundation for the Organization's benefit. Distributions from the Fund are intended to benefit the Organization; however, the community foundation has been granted variance power, which allows the community foundation to modify any restriction or condition on distributions from the Fund if, in the sole judgment of the community foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

The Organization's initial investment to the Fund was \$50,000. The Fund is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

The community foundation is paid a tiered administration fee (currently 1%) on the average daily balance of the Fund as compensation for its services; such fees were not significant during 2021.

Notes to Financial Statements (Continued)

Impairment

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If a long-lived asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

Deferred Rent

Deferred rent, a liability, consists of lease incentives that are being allocated on a straight-line basis over the term of a lease (see Note 5).

Estimated Malpractice Costs

The Organization carries insurance to cover malpractice costs. Periodically, the Organization evaluates its historical and current malpractice claims to determine whether a provision for estimated malpractice costs, based on an estimate of the ultimate costs for both reported claims and claims incurred but not reported, is warranted. If a provision is deemed necessary, the provision would be included in insurance expense. Management believes that, based on its historical and anticipated malpractice costs, a provision for estimated malpractice costs is not required as of June 30, 2021.

Net Assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, amounts reported in the financial statements are classified in two self-balancing net asset categories as follows:

- Net assets without donor restrictions are resources currently available for use in general operations, including internal limits imposed by board decisions.
- Net assets with donor restrictions are resources whose use is limited by donor / grantor-imposed restrictions for specific purpose, passage of time, or perpetual donor-imposed stipulations that neither expire by the passage of time nor can be removed by actions of the Organization.

Notes to Financial Statements (Continued)

Recognition of Revenue

Unconditional Contributions

Contributions are reported when made, which is generally when cash (or notification of a beneficial interest) is received, unconditional promises to give are made, or ownership of donated assets is transferred to the Organization.

The Organization recognizes contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and presented in the accompanying statement of activities as net assets released from restrictions.

In certain cases, contributions are solicited for support and project accounts that have been previously funded by unrestricted resources in anticipation of receiving donor restricted contributions. Such contributions are immediately recognized as reclassifications to unrestricted support in the period received since the donor-imposed restrictions have already been satisfied.

Contributions to Acquire Long-Term Assets

Contributions of cash and other assets that must be used to acquire long-term assets are recognized as restricted support. In the absence of explicit donor stipulations about how long those long-term assets must be maintained, the Organization reports expirations of donor-imposed restrictions when the acquired long-term assets are placed into service.

Conditional Contributions

Conditional contributions received are either accounted for as a liability or are unrecognized initially until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional. There were no conditional contributions at June 30, 2021.

Exchange Transactions

The Organization receives revenue from grantors pursuant to grant contracts. The characteristics of each individual grant are considered to determine if a resource provider is receiving commensurate value in return for the resources transferred. A benefit received by the public is treated as a contribution and a benefit received by the resource provider is treated as an exchange transaction. Exchange transaction revenue is recorded as the costs

Pregnancy Resource Center of Gwinnett, Inc.

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Notes to Financial Statements (Continued)

are incurred for cost reimbursement grants or as the services are performed for operating and performance grants. Management has determined that all 2021 grants should be treated as contributions.

Medical Services

Fees for medical services, net of discounts, are collected from patients and recognized as revenue at the time services are rendered based on predetermined rates. Currently, the only fees collected are those paid by patients; no additional amounts are billed to health insurers or other third parties.

Charity Care

In the ordinary course of business, the Organization accepts all patients regardless of their ability to pay. Charity care services to patients for which payment is never expected is not recorded.

The cost of charity care services for 2021 was approximately \$415,000. Costs are estimated as the total amount of direct and indirect costs for medical services and supplies, net of medical services revenue.

Donated Goods and Services

Unconditional contributions of goods are recorded at fair value at the date of donation. Conditional contributions of goods are either accounted for as a liability or are unrecognized initially until the barriers to entitlement are overcome, at which point the asset is recognized as unconditional. There were no conditional contributions of goods at June 30, 2021.

Contributions of long-term assets, such as property and equipment, are recorded as unrestricted support unless explicit donor stipulations specify how the long-term asset must be used. Contributions of long-term assets with explicit restrictions that specify how the assets are to be used are recognized as restricted support when received and are released from restrictions when the donated assets are placed into service.

Donated professional services that create or enhance nonfinancial assets, or require skills that would otherwise typically be purchased, are recorded as contributions at their estimated fair values when the services are rendered.

Volunteers contribute significant amounts of time to our program and supporting activities. No value has been assigned to this volunteer time.

Pregnancy Resource Center of Gwinnett, Inc.

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Notes to Financial Statements (Continued)

Major Ministry Partners

During 2021, the Organization had two major ministry partner that accounted for approximately 48% of total contributions and grants.

Advertising Costs

Advertising costs, which are reflected as advertising and promotion, consist primarily of direct advertisements, graphic design, promotional materials, and participation in health fairs, are expensed as incurred. During 2021, advertising costs totaled \$17,807, of which \$7,752.

Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Except for depreciation and occupancy and accounting, all expenses are allocated based on an estimate of where time and efforts are made and benefits are received. Depreciation and occupancy are allocated based on estimated usage and square footage. Accounting costs are charged to management and general.

Tax Exempt Status

The Organization has been organized as a Georgia nonprofit corporation, recognized by the IRS as exempt from federal income tax under Internal Revenue Code Section 501(c)(3), and determined not to be a private foundation.

The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income derived from business activities that are unrelated to its exempt purpose. Management has determined that the Organization had no unrelated business income during 2021 and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization only recognizes the tax benefit from an uncertain tax position taken or to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where

Notes to Financial Statements (Continued)

the Organization operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2021.

The Organization is subject to federal and state examinations, generally three years from the date that the returns are filed; currently there are no examinations in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years prior to 2017.

Credit Risk and Geographic Concentration

At June 30, 2021, there was no credit risk associated with grants receivable and promises to give since all outstanding amounts were collected timely.

The Organization conducts its operations solely within Gwinnett County, Georgia, and, therefore, is subject to risks from changes in local economic conditions. A downturn in the local economy could cause a decrease in contributions concurrently with an increase in community need for the Organization's services.

Pending Accounting Pronouncements:

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. Adoption of this standard is expected to result in the Organization's recognizing right-of-use assets and lease liabilities for some leases currently accounted for as operating leases under the legacy lease accounting guidance. This ASU is effective for the Organization for reporting periods beginning after December 15, 2021.

Management has not yet determined the impact of this pending accounting pronouncements on the Organization's financial statements.

Pregnancy Resource Center of Gwinnett, Inc.
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Notes to Financial Statements (Continued)

3. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2021 follows:

Leasehold improvements	\$ 201,474
Office equipment	20,000
Medical equipment	96,057
	317,531
Less accumulated depreciation and amortization	170,365
Net property and equipment	\$ 147,166

Depreciation and amortization expense totaled \$63,250 for 2021.

4. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Organization had no liabilities carried at fair value on a recurring basis and no assets or liabilities carried at fair value on a nonrecurring basis at June 30, 2021. The following table presents assets measured at fair value on a recurring basis at June 30, 2021:

		<small>Quoted Prices in Active Markets for Identical Assets</small>	<small>Significant Other Observable Inputs</small>	<small>Significant Unobservable Inputs</small>	
	Fair Value	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by community foundation	\$ 69,337	\$ -	\$ -	\$ 69,337	\$ 69,337

Following is a summary of changes in the fair value of assets measured at fair value on a recurring basis using Level 3 inputs for the year ended June 30, 2021:

	<small>Beneficial Interest in Assets Held by Community Foundation</small>
Balance at beginning of year	\$ 56,473
Contributions	-
Investment return, net	12,864
Distributions	-
Balance at end of year	\$ 69,337

Notes to Financial Statements (Continued)

5. COMMITMENTS

Licensing Affiliate

On January 3, 2020, the Organization renewed a nonexclusive licensing agreement with The Obria Group, Inc. (Obria Group), a trademarked, life-affirming national brand of affiliate clinics and telemedicine. This licensing agreement requires the Organization to pay a royalty fee of \$1,000 annually with allows the Organization to do business as Obria Medical Clinics through January 2, 2022.

Operating Leases

In October 2017, the Organization relocated to a new facility and entered into an operating lease that included certain lease incentives, such as free and escalating rent and a landlord allowance for leasehold improvements. These incentives are being allocated on a straight-line basis over the term of the lease. The difference between the expense and the cash payments plus the unamortized landlord allowance for leasehold improvements is reported as a deferred rent liability. This lease expires in March 2023; however, the Organization has the option to exercise up to two additional five-year term renewals.

During 2018, the Organization used \$79,500 of an \$80,000 tenant improvement allowance. This amount has been capitalized with property and equipment and is being amortized to depreciation and amortization expense over the term of the lease. The unamortized balance of this tenant improvement allowance totaled \$25,295 at June 30, 2021 and the amount of amortization included in depreciation and amortization expense related to this landlord concession totaled \$14,455 for 2021.

At June 30, 2021, minimum annual lease payments under the facility lease agreement were as follows:

For the year ended June 30,		
2022	\$	86,960
2023		66,952

Rent expense, which includes payments for base rent, deferred rent adjustments and additional ancillary fees such as insurance, utilities, property taxes, and common area maintenance, totaling \$62,225 for facility rental and \$1,153 for equipment rental are included in occupancy and furniture and equipment expense, respectively.

Pregnancy Resource Center of Gwinnett, Inc.

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Notes to Financial Statements (Continued)

Capital Lease

In June 2019, the Organization entered into a lease agreement for office equipment that has been accounted for as a capital lease. The office equipment has been capitalized at the lesser of fair market value or the present value of the minimum lease payments at the inception of the lease using the Organization's incremental borrowing rate.

At June 30, 2021, future minimum payments under the capital lease, together with the present value of minimum lease payments were as follows:

Year ending June 30,	
2022	\$ 6,120
2023	6,120
2024	5,610
	17,850
Less amount representing interest	4,214
Discounted minimum lease payments	13,636
Less current portion	3,201
	\$ 10,435

At June 30, 2021, equipment under capital lease and accumulated amortization thereon totaled \$20,000 and \$8,000, respectively, and is included in property and equipment, net. Amortization expense related to equipment under capital lease totaled \$4,000 for 2021.

Grant Compliance

Certain grants entered into by the Organization are subject to discretionary review by the grantor agencies, which could result in requests for reimbursements of disallowed costs or noncompliance with grantor restrictions. Currently there are no grantor agency reviews in progress and management believes that the Organization has adhered to the terms of its grants and such reviews, if they occur, are not expected to have a material adverse effect on the Organization's past results.

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Notes to Financial Statements (Continued)

6. NET ASSETS WITHOUT DONOR RESTRICTIONS

A summary of net assets without donor restrictions at June 30, 2021 were as follows:

Undesignated	\$ 242,103
Designated by the Board	
Board designated for liquidity	365,000
Total net assets without donor restrictions	\$ 607,103

The objective of board designations is to set aside funds to be drawn upon, pursuant to board approval, in the event of special project needs, financial distress, or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

7. NET ASSETS WITH DONOR RESTRICTIONS

A summary of net assets with donor restrictions at June 30, 2021 were as follows:

Subject to expenditure for specific purpose:	
Prenatal care	\$ 359,150
Maternity home	3,630
Search engine optimization	2,130
Total net assets with donor restrictions	\$ 364,910

A summary of 2021 net assets released from donor restrictions were as follows:

Purpose restrictions accomplished:	
Baby Boutique	\$ 2,188
Empowered activities	843
Prenatal care	34,850
Search engine optimization	3,625
Net assets released from donor restrictions	\$ 41,506

During 2021, Management reclassified \$31,021 from net assets without donor restrictions to net assets with donor restrictions.

Notes to Financial Statements (Continued)

8. LIQUIDITY AND AVAILABILITY DISCLOSURES

The Board has a goal to maintain cash and cash equivalents on hand to meet four months of normal operating expenses, average monthly expenses are approximately \$80,000; accordingly, the Board periodically designates a portion of the Organization's operating surplus to its liquidity reserve. As of June 30, 2021, the liquidity reserve totaled \$365,000 (see Note 6).

The Organization prepares an annual budget that is reviewed and approved by the Board of Directors in advance of the upcoming year. Quarterly meetings are held by the Finance Committee to review internal financial statements and budget to actual comparisons. The Organization does not commit to expenditures if cash is not available to pay the expenditures immediately; however, in the event of an unanticipated liquidity need, the Organization has a corporate credit card with a credit limit up to \$33,700 that it could draw upon. At June 30, 2021, the amount of available credit on this corporate credit card was approximately \$4,500.

Following is a schedule, as of June 30, 2021, reflected the financial assets available to meet cash needs for general expenditures within one year:

Financial assets, at year end:	
Cash and cash equivalents	\$ 776,722
Receivables expected to be collected within one year	1,403
	778,125
Less:	
Donor-imposed restrictions likely to be met within one year	(364,910)
Board designated liquidity reserve	(365,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 48,215

COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operation results. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and related financial impact.

Pregnancy Resource Center of Gwinnett, Inc.
(d/b/a The Obria Medical Clinics)

Notes to Financial Statements (Continued)

9. RELATED PARTY TRANSACTIONS

Contributions from board members, employees, and affiliates totaled \$42,248 for 2021.

10. DONATED GOODS AND SERVICES

A summary of donated goods and services received during 2021 follows:

	Program Activities					Supporting Activities			Totals by type
	Medical	Thrive	Empowered	Other	Total	Management and general	Fundraising and development	Total	
In-kind expenses:									
Fees for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,500	\$ -	\$ 6,500	\$ 6,500
Advertising and promotion	2,500	-	-	-	2,500	-	-	-	2,500
Information technology	2,450	-	-	-	2,450	-	-	-	2,450
Occupancy	473	221	74	84	852	124	74	198	1,050
Supplies	23	81,759	-	-	81,782	-	-	-	81,782
Other expenses	1,809	409	58	58	2,334	438	146	584	2,918
	<u>\$ 7,255</u>	<u>\$ 82,389</u>	<u>\$ 132</u>	<u>\$ 142</u>	<u>\$ 89,918</u>	<u>\$ 7,062</u>	<u>\$ 220</u>	<u>\$ 7,282</u>	<u>\$ 97,200</u>

11. PAYCHECK PROTECTION PROGRAM

On May 7, 2020, the Organization borrowed \$95,700 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan accrued interest at 1% and repayment was scheduled to start seven months after the date of the loan. On April 26, 2021, this loan was forgiven at which time the Organization recognized the outstanding balance as revenue and is reflected in the accompanying statement of activities as other revenue, gains and losses.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditor's report, the date on which the financial statements were available to be issued. Subsequent events after that date have not been evaluated. In general, these events are recognized in the financial statements if the conditions existed at the date of the statement of financial position, but are not recognized if the conditions did not exist at the statement of financial position date. The Organization discloses non-recognized events if required to keep the financial statements from being misleading. There were no events identified by Management that require disclosure.
