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

Financial Statements

As of and for the Year Ended June 30, 2023

obria MEDICAL CLINICS
GWINNETT

The Georgia Wellness Group, Inc.
(d/b/a The Obria Medical Clinics)

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As of and for the Year Ended June 30, 2023

Independent Auditor's Report

To Management and the Board of Directors of
The Georgia Wellness Group, Inc.
(d/b/a The Obria Medical Clinics)
Lawrenceville, Georgia

Opinion

We have audited the accompanying financial statements of The Georgia Wellness Group, Inc. (formerly, Pregnancy Resource Center of Gwinnett, Inc.) (the Organization) (a not-for-profit entity), which comprise the statement of financial position as of June 30, 2023 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 the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). 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 the Organization 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 these financial statements in accordance with U.S. GAAP, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' 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 U.S. GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgement 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 the Organization'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

K. Glenn Aldridge

K. Glenn Aldridge, PC
(d/b/a Aldridge & Associates)
Duluth, Georgia
October 14, 2023

The Georgia Wellness Group, Inc.
(d/b/a The Obria Medical Clinics)

Statement of Financial Position
As of June 30, 2023

Assets		
Current assets:		
Cash and cash equivalents	$	613,056
Current portion of promises to give, net		474,679
Grant receivable		34,056
Medical service receivables, net		15,092
Inventory		61,283
Prepaid expenses and other assets		87,427
Total current assets		1,285,593
Noncurrent assets:		
Property and equipment, net		15,947
Long-term portion of promises to give, net		428,473
Operating lease, right-of-use asset, net		417,202
Beneficial interest in assets held by community foundation		375,833
Total noncurrent assets		1,237,455
Total assets	$	2,523,048
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$	41,316
Accrued liabilities		2,084
Current portion of operating lease liability		71,167
Total current liabilities		114,567
Long-term liabilities:		
Long-term portion of operating lease liability		347,436
Total liabilities		462,003
Net assets:		
Without donor restrictions:		
Undesignated		86,626
Designated by the Board		365,000
		451,626
With donor restrictions:		
Purpose restrictions		706,267
Time restrictions		903,152
		1,609,419
Total net assets		2,061,045
Total liabilities and net assets	$	2,523,048

The Georgia Wellness Group, Inc.
(d/b/a The Obria Medical Clinics)

Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and gains:			
Contributions and pledges, monetary	$ 744,670	$ 1,168,926	$ 1,913,596
Grant revenue	476,289	-	476,289
Donated goods and services	103,016	-	103,016
Medical services, net	232,264	-	232,264
Investment income	7,069	-	7,069
Other revenue, support and gains	6,718	-	6,718
Net assets released from restrictions	13,137	(13,137)	-
Total revenues, support and gains	1,583,163	1,155,789	2,738,952
Expenses and losses:			
Program activities:			
Medical	726,048	-	726,048
Thrive	212,150	-	212,150
Empowered	82,364	-	82,364
Other	40,017	-	40,017
Total program activities	1,060,579	-	1,060,579
Supporting activities:			
Management and general	380,023	-	380,023
Fundraising and development	343,040	-	343,040
Total supporting activities	723,063	-	723,063
Losses:			
Investment losses, net	3,284	-	3,284
Total expenses and losses	1,786,926	-	1,786,926
Changes in net assets	(203,763)	1,155,789	952,026
Net assets, beginning of year	655,389	453,630	1,109,019
Net assets, end of year	$ 451,626	$ 1,609,419	$ 2,061,045

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Activities					Supporting Activities			
	Medical	Thrive	Empowered	Other	Total	Management and general	Fundraising and development	Total	Total expenses by nature
Compensation and benefits	$ 514,554	$ 114,345	$ 57,173	$ 22,869	$ 708,941	$ 228,690	$ 205,822	$ 434,512	$ 1,143,453
Fees for services	22,409	14,939	7,470	7,470	52,288	74,695	22,409	97,104	149,392
Advertising and promotion	2,483	1,552	1,552	621	6,208	-	27,208	27,208	33,416
Information technology	4,240	2,827	1,413	1,413	9,893	14,132	4,240	18,372	28,265
Occupancy	36,198	19,004	8,145	4,525	67,872	13,573	9,050	22,623	90,495
Conferences, conventions, and meetings	384	96	58	38	576	-	14,670	14,670	15,246
Insurance	24,603	1,483	384	154	26,624	3,531	-	3,531	30,155
Bank charges	-	-	-	-	-	16,315	-	16,315	16,315
Training	11,316	3,433	415	138	15,302	6,100	829	6,929	22,231
Furniture and equipment	4,848	889	445	178	6,360	2,934	-	2,934	9,294
Supplies	34,535	42,765	1,098	-	78,398	4,591	3,116	7,707	86,105
Bad debt expense	24,776	-	-	-	24,776	-	-	-	24,776
Other expenses	11,607	3,473	1,588	1,037	17,705	8,644	55,696	64,340	82,045
Depreciation	34,095	7,344	2,623	1,574	45,636	6,818	-	6,818	52,454
Total expenses by function	726,048	212,150	82,364	40,017	1,060,579	380,023	343,040	723,063	1,783,642
Investment losses	-	-	-	-	-	-	-	-	3,284
Total expenses and losses	$ 726,048	$ 212,150	$ 82,364	$ 40,017	$ 1,060,579	$ 380,023	$ 343,040	$ 723,063	$ 1,786,926

The Georgia Wellness Group, Inc.
(d/b/a The Obria Medical Clinics)

Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities		
Cash provided by operating activities:		
Cash received from donors and grantors	$	1,660,995
Cash received from patients		194,936
Cash received from other sources		4,944
Cash used by operating activities:		
Cash paid to employees		(1,143,453)
Cash paid to service providers and vendors		(471,482)
Cash paid for operating lease expense		(22,608)
Net cash provided by operating activities		223,332
Cash flows from investing activities		
Escrow payments		(25,000)
Net cash used by investing activities		(25,000)
Net increase in cash and cash equivalents		198,332
Cash and cash equivalents, beginning of year		414,724
Cash and cash equivalents, end of year	$	613,056
Supplemental disclosure of noncash activities:		
Promises to give	$	753,152
Right-of-use asset obtained in exchange for operating lease liability		437,399
Noncash donated goods and services		103,016
Depreciation		52,454
Bad debt expense		24,776
Amortization of operating lease right-of-use asset		20,197
Accrued interest on operating lease liability		3,812
Noncash income from beneficial interest in assets held by community foundation		7,069
Noncash fees from beneficial interest in assets held by community foundation		4,996
Loss in beneficial interest in assets held by community foundation		3,284
Other assets written off		20,714
Noncash other revenue, support and gains		11,958
Capitalized donated services		30,948
Use of donated goods and services		38,332
Inventory give aways		33,736

1. NATURE OF ACTIVITIES

On March 1, 2023, Pregnancy Resource Center of Gwinnett, Inc. (the Organization) was legally renamed The Georgia Wellness Group, 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 6), 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, sexually transmitted disease (STD) testing and treatment, well-woman care, prenatal 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.

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, 2023 is referred to herein as 2023.

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. As of June 30, 2023, the Organization’s cash and cash equivalent balances exceed federally insured amounts by $363,056. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Medicaid Receivable

The Organization requested and has been granted permission to submit certain allowable medical costs to Medicaid for reimbursement. These costs must pass certain criteria to be eligible for reimbursement. Medicaid receivables are written off when deemed uncollectible and past historical reimbursement rates. At June 30, 2023, management recorded a $24,776 allowance for uncollectible Medicaid receivables.

Grant Receivable

Grant receivable is 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 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, 2023, 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 risk-free rate as of the closest fiscal year-end date for the period that the gift is to be received over. Amortization of the discounts would be included in contributions in the accompanying statement of activities.

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, at which point, the gift is either restricted for purpose or released from restriction based on the donor's promise. Promises to give are written off when deemed uncollectible. At June 30, 2023, management has determined that no allowance for uncollectible promises to give is required, and no promises to give were written off as uncollectible during 2023.

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 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, 2023.

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 revenue, support and gains.

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.

Leases

Arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the statement of financial position as both a right of use (ROU) asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease. Lease terms are determined by assuming the exercise of renewal options that are reasonably certain.

Lease liabilities are increased by interest and reduced by payments each period, and the ROU asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the ROU asset result in straight-line rent expense over the lease term.

In calculating the ROU asset and lease liability, the Organization elects to combine lease and nonlease components; exclude short-term leases having initial terms of 12 months or less with no option to purchase the underlying asset that is deemed reasonably certain to be exercised and, for all leases, use a risk-free discount rate in the absence of an implicit rate.

In the case of the nonlease components requiring variable payments that are not known to the Organization until invoiced by the lessor, the payments are expensed when the invoice is received and disclosed as variable lease costs.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Rent expense for short-term leases and leases with an annual cash outlay of less than $25,000 is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

During 2023, all of the Organization's leases were classified as operating leases.

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.

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 and during 2022 an additional $350,000 was added. 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 2023.

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 2023.

Estimated Malpractice Costs

The Organization carries insurance to cover malpractice costs. Periodically, the Organization evaluates is 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, 2023.

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.

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, 2023.

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 are incurred for cost reimbursement grants or as the services are performed for operating and performance grants. Management has determined that all 2023 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 and reimbursed by Medicaid; 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 2023 was approximately $157,160. 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, 2023.

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.

Fundraising Revenues and Expenses

During 2023, the Organization raised $438,716 of unrestricted funds through organized fundraising events. Costs associated with these events totaled $36,276, which are included in fundraising and development activities in the accompanying statement of functional expenses.

Major Ministry Partners

During 2023, the Organization had one major ministry partner that accounted for approximately 33% of total revenue and, at June 30, 2023, this major ministry partner and two other ministry partners accounted for approximately 83% of total promises to give to the Organization.

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 2023, advertising costs totaled $33,416.

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 bad debt expense, depreciation, occupancy and bank fees, all expenses are allocated based on an estimate of where time and efforts are made and benefits are received. Bad debt expense occurs as a result of writing off medical service revenue; accordingly, bad debt expense is allocated to the medical program activity. Depreciation and occupancy are allocated based on estimated usage and square footage. Bank fees 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 2023 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 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, 2023.

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 2020.

Credit Risk and Geographic Concentration

At June 30, 2023, 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.

3. PROMISES TO GIVE

A summary of promises to give at June 30, 2023 follows:

Capital campaign (see Note 6)	$	962,651
Less discount to present value		59,499
Total promises to give, net		903,152
Estimated pledges to be given within one year	$	474,679
Estimated pledges to be given within two to three years		428,473

At June 30, 2023, promises to give were discounted to the present values using an interest rate of approximately 4.68%.

4. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2023 follows:

Leasehold improvements	$	201,474
Medical equipment		96,057
		297,531
Less accumulated depreciation		281,584
Property and equipment, net	$	15,947

Depreciation expense totaled $52,454 for 2023.

5. 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, 2023. The following table presents assets measured at fair value on a recurring basis at June 30, 2023:

		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Fair Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Beneficial interest in assets held by community foundation	$ 375,833	$ -	$ -	$ 375,833	$ 375,833

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, 2023:

Balance at beginning of year	$ 377,044
Interest and dividends	7,069
Administrative and investment fees	(4,996)
Unrealized losses	(3,284)
Balance at end of year	$ 375,833

6. COMMITTMENTS

Licensing Affiliate

On January 3, 2022, 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. The agreement automatically renews in 24-month periods in perpetuity unless terminated by either party at least sixty days prior to the end of the then-current term.

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.

Operating Lease

In April 2023, the Organization renewed an operating lease that expires on March 2028. The Organization has a right to terminate the lease after the initial twelve months by providing 120 days notice, and a single three-year optional renewal period.

During 2023, all lease costs were primarily reported as occupancy expenses in the statement of functional expenses. Following is a table of lease costs and other information associated with the Organization's lease follows:

Operating lease costs	$	24,010
Variable lease costs	$	-
Sublease income	$	-
Net lease cost	$	24,010
Operating cash flows from operating leases	$	(22,608)
Noncash accrual of interest on operating lease liability	$	3,812
ROU asset obtained in exchange for operating lease liability	$	437,399
Weighted-average remaining lease term for operating lease in years		4.75
Weighted-average discount rate for operating lease		3.60%

The future payments for operating leases as of June 30, 2023, are as follows:

For the year ended June 30,		
2024	$	84,764
2025		93,670
2026		96,477
2027		99,384
2028		83,291
Total lease payments		457,586
Less imputed interest		38,983
Operating lease liability recognized		418,603

<u>Escrow Paid</u>

On June 14, 2023, the Organization deposited $25,000 in escrow in accordance with a purchase and sale agreement for a new facility that requires a $2,300,000 purchase price at closing expected to occur during fiscal 2024; however, substantial renovations will delay occupancy until at least fiscal 2025.

During fiscal 2022, the Organization initiated a $4,000,000 capital campaign for the purchase and renovation of this new facility. As of June 30, 2023, the Organization has raised $1,635,422 of which $672,771 has been received and $962,651 will be is in promises to give over the next three years. Expenses incurred to raise funds for the capital campaign totaled $28,959 during 2023 and are included in fundraising and development activities in the accompanying statement of functional expenses.

7. NET ASSETS WITHOUT DONOR RESTRICTIONS

A summary of net assets without donor restrictions at June 30, 2023 were as follows:

Undesignated	$	86,626
Board designated for liquidity		365,000
Total net assets without donor restrictions	$	451,626

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.

8. NET ASSETS WITH DONOR RESTRICTIONS

A summary of net assets with donor restrictions at June 30, 2023 were as follows:

Subject to expenditure for specific purpose:		
Maternity home	$	3,630
Operations		29,866
Capital expenditures		672,771
		706,267
Time-restricted for capital expenditures		903,152
Total net assets with donor restrictions	$	1,609,419

A summary of 2023 net assets released from donor restrictions were as follows:

Purpose restrictions accomplished:		
Baby Boutique	$	1,200
Operations		11,937
Net assets released from donor restrictions	$	13,137

9. LIQUIDITY AND AVAILABILITY DISCLOSURES

The Board has a goal to maintain cash and cash equivalents on hand to meet approximately four and a half months of normal operating expenses, average monthly expenses are approximately $136,500; accordingly, the Board periodically designates a portion of the Organization's operating surplus to its liquidity reserve. As of June 30, 2023, the liquidity reserve totaled $365,000 (see Note 7).

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 $49,700 that it could draw upon.

Following is a schedule, as of June 30, 2023, reflected the financial assets available to meet cash needs for general expenditures within one year:

Financial assets, at year end:		
Cash and cash equivalents	$	613,056
Receivables expected to be collected within one year		542,913
Beneficial interest in assets held by community foundation		375,833
		1,531,802
Less:		
Donor-imposed restrictions likely to be met within one year		(1,180,946)
Board designated liquidity reserve		(365,000)
Financial assets available to meet cash needs for general expenditures within one year	$	(14,144)

10. RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions for the year ending December 31, 2023.

Nature of service:		
Monetary contributions from board members, employees, and affiliates	$	487,584
Promises to give from board members, employees, and affiliates		753,726
Donated goods and services from board members (See Note 11)		53,828

11. DONATED GOODS AND SERVICES

A summary of donated goods and services received during 2023 follows:

Donated services:		
Fees for services	$	56,828
Printing		100
Total donated services		56,928
Donated goods:		
Inventory donated for baby boutique		46,088
Total donated goods and services	$	103,016

The fair value of the contributed services is based on the hourly rates that would be charged for conducting the services provided in the normal course of business. The Organization relied completely on the level 3 fair market values provided by donors for the contribution of services.

Contributed goods are valued at the level 3 estimated fair value of estimated retail values that would be received for selling identical or similar products.

During 2023, all donated goods and services were unrestricted and used in program operations as follows:

	Program Activities					Supporting Activities			
	Medical	Thrive	Empowered	Other	Total	Management and general	Fundraising and development	Total	Totals by type
Donated fees for services	$ 3,882	$ 2,588	$ 1,294	$ 1,294	$ 9,058	$ 12,940	$ 3,882	$ 16,822	$ 25,880
Other donated services	70	-	-	-	70	-	30	30	100
Total donated services	$ 3,952	$ 2,588	$ 1,294	$ 1,294	$ 9,128	$ 12,940	$ 3,912	$ 16,852	$ 25,980
Donated goods	-	33,736	-	-	33,736	-	-	-	33,736
Total donated goods and services	$ 3,952	$ 36,324	$ 1,294	$ 1,294	$ 42,864	$ 12,940	$ 3,912	$ 16,852	$ 59,716
Capitalized Costs:									
Inventory donated for baby boutique									12,352
Legal costs									30,948
									$ 103,016

12. ACCOUNTING PRONOUNCEMENT ADOPTED

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) (the leases standard) to reflect leasing activities mor accurately by eliminating off-balance sheet recording of lease obligations; accordingly, an entity will record a ROU asset and corresponding lease obligation on the balance sheet. The leases standard became effective for non-profit entities for fiscal years beginning after December 15, 2021.

The Organization adopted the leases standard effective July 1, 2022 (the adoption date), at which time the Organization had one operating and one capital lease recorded under the previous lease standard. The Organization's operating lease ended during 2023, and was renewed and recorded as described in Note 6. As part of the adoption of the new lease standard, the Organization created a new lease policy (see Note 2) as allowed under the leases standard, which allows the Organization to only record leases with an annual capital outlay of more than $25,000. In accordance with this new policy, the Organization wrote off the capital lease as the annual cash outlay was well below the $25,000 threshold. Accordingly, liabilities decreased $9,774, assets decreased $8,000, and a noncash gain of $1,774 was recorded in other revenue, support and gains in the accompanying statement of activities.

13. 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. As of October 14, 2023, there were no events identified by Management that required disclosure.

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