

**LAKESHORE PREGNANCY CENTER, INC.**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**MEYAARD TOLMAN & VENLET p.c.**  
**Certified Public Accountants**  
**Zeeland, Michigan**

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**INDEPENDENT AUDITOR'S REPORT**

Charles D. Olszewski, CPA (1955-2020)  
Kenneth Tolman, CPA (1959-2003)

To the Board of Directors of  
Lakeshore Pregnancy Center, Inc.  
Holland, MI

**Opinion**

We have audited the accompanying financial statements of Lakeshore Pregnancy Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 Lakeshore Pregnancy Center, Inc. as of December 31, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lakeshore Pregnancy Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Prior Period Financial Statements**

The financial statements of Lakeshore Pregnancy Center, Inc. as of December 31, 2022 were audited by other auditors whose report dated October 11, 2023 expressed an unmodified opinion on those statements.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about Lakeshore Pregnancy Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lakeshore Pregnancy Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lakeshore Pregnancy Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Meygaard Tolman & Venlet p.c.*

Meygaard Tolman & Venlet p.c.  
Certified Public Accountants

May 2, 2024

**LAKESHORE PREGNANCY CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**

	2023	2022
<u>ASSETS</u>		
CURRENT:		
Cash and cash equivalents	\$ 1,113,938	\$ 1,008,804
Accounts receivable	86,322	181,360
Marketable securities	68,150	156,414
Inventories	75,714	73,078
Prepaid expenses	10,003	8,655
Total Current Assets	1,354,127	1,428,311
PROPERTY AND EQUIPMENT, NET	1,197,000	1,256,559
OTHER ASSETS:		
Operating lease right-of-use assets	74,720	86,890
Total Other Assets	74,720	86,890
<b>TOTAL ASSETS</b>	<b>\$ 2,625,847</b>	<b>\$ 2,771,760</b>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 15,188	\$ 16,681
Accrued wages and related expenses	27,098	19,326
Accrued payroll liabilities	13,972	7,889
Current portion of operating lease liabilities	18,967	19,262
Total Current Liabilities	75,225	63,158
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	55,592	72,974
Total Long-Term Liabilities Liabilities	55,592	72,974
Total Liabilities	130,817	136,132
NET ASSETS:		
Without donor restrictions	\$ 2,380,989	2,411,634
With donor restrictions	114,041	223,994
Total Net Assets	2,495,030	2,635,628
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,625,847</b>	<b>\$ 2,771,760</b>

See accompanying notes.

**LAKESHORE PREGNANCY CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31,**

	2023		Total
	Without Donor Restriction	With Donor Restriction	
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Public support:			
Cash contributions	\$ 1,054,368	\$ 114,041	\$ 1,168,409
Special events, net of direct expenses of \$52,030	238,408	-	238,408
Contributions of nonfinancial assets	99,496	-	99,496
Other revenue:			
Investment income	20,923	-	20,923
Gain on disposal of assets	930	-	930
Other income	715	-	715
Net assets released from restrictions	223,994	(223,994)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<u>1,638,834</u>	<u>(109,953)</u>	<u>1,528,881</u>
<b>EXPENSES</b>			
Program services	1,137,614	-	1,137,614
Management and general	332,887	-	332,887
Fundraising	198,978	-	198,978
<b>TOTAL EXPENSES</b>	<u>1,669,479</u>	<u>-</u>	<u>1,669,479</u>
<b>CHANGE IN NET ASSETS</b>	(30,645)	(109,953)	(140,598)
<b>NET ASSETS, January 1, 2023</b>	<u>2,411,634</u>	<u>223,994</u>	<u>2,635,628</u>
<b>NET ASSETS, December 31, 2023</b>	<u>\$ 2,380,989</u>	<u>\$ 114,041</u>	<u>\$ 2,495,030</u>

See accompanying notes.

**LAKESHORE PREGNANCY CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31,**

	2022		
	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Public support:			
Cash contributions	\$ 1,123,087	\$ 223,994	\$ 1,347,081
Special events, net of direct expenses of \$60,618	160,924	-	160,924
Contributions of nonfinancial assets	219,980	-	219,980
Other revenue:			
Investment income	2,860	-	2,860
Loss on disposal of assets	(3,204)	-	(3,204)
Net assets released from restrictions	110,365	(110,365)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<u>1,614,012</u>	<u>113,629</u>	<u>1,727,641</u>
<b>EXPENSES</b>			
Program services	795,460	-	795,460
Management and general	347,425	-	347,425
Fundraising	271,290	-	271,290
<b>TOTAL EXPENSES</b>	<u>1,414,175</u>	<u>-</u>	<u>1,414,175</u>
CHANGE IN NET ASSETS	199,837	113,629	313,466
NET ASSETS, January 1, 2022	<u>2,211,797</u>	<u>110,365</u>	<u>2,322,162</u>
NET ASSETS, December 31, 2022	<u>\$ 2,411,634</u>	<u>\$ 223,994</u>	<u>\$ 2,635,628</u>

**LAKESHORE PREGNANCY CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31,**

	2023						
	Program Services			Supporting Services			
	Medical	Community Engagement	Outreach	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 156,801	\$ 370,049	\$ 100,352	\$ 627,202	\$ 212,284	\$ 125,440	\$ 964,926
Payroll taxes	12,210	28,817	7,815	48,842	16,531	9,768	75,141
Workers' compensation	202	478	130	810	274	162	1,246
Other employee benefits	709	30,358	473	31,540	6,924	-	38,464
<b>Total Employee Costs</b>	<b>169,922</b>	<b>429,702</b>	<b>108,770</b>	<b>708,394</b>	<b>236,013</b>	<b>135,370</b>	<b>1,079,777</b>
Advertising and promotion	1,074	103,134	3,223	107,431	-	26,858	134,289
Bank charges	-	-	-	-	3,762	5,194	8,956
Conferences and meetings	225	3,829	451	4,505	9,761	751	15,017
Contract Labor	-	-	-	-	-	26,561	26,561
Dues and subscriptions	-	13,317	-	13,317	-	-	13,317
Equipment rentals	303	12,969	202	13,474	7,746	518	21,738
Freight and postage	-	66	-	66	1,629	1,629	3,324
Insurance	308	13,164	205	13,677	3,002	-	16,679
Miscellaneous	4	191	3	198	4,614	25	4,837
Occupancy	1,139	48,739	759	50,637	10,538	578	61,753
Office supplies	103	4,399	69	4,571	6,284	571	11,426
Professional fees	-	-	-	-	9,350	-	9,350
Repairs and maintenance	3,281	7,742	2,100	13,123	8,787	851	22,761
Staff support and training	9,658	102	407	10,167	11,464	-	21,631
Supplies	193	8,266	129	8,588	787	72	9,447
Travel and meals	-	7,303	8,927	16,230	3,182	-	19,412
Volunteer support and training	-	1,580	16	1,596	-	-	1,596
<b>Total Expenses Before In-Kind Distributions and Depreciation</b>	<b>186,210</b>	<b>654,503</b>	<b>125,261</b>	<b>965,974</b>	<b>316,919</b>	<b>198,978</b>	<b>1,481,871</b>
In-kind distributions	-	98,900	-	98,900	-	-	98,900
Depreciation	1,636	70,013	1,091	72,740	15,968	-	88,708
<b>TOTAL EXPENSES</b>	<b>\$ 187,846</b>	<b>\$ 823,416</b>	<b>\$ 126,352</b>	<b>\$ 1,137,614</b>	<b>\$ 332,887</b>	<b>\$ 198,978</b>	<b>\$ 1,669,479</b>
% of Expenses				68.14%	19.94%	11.92%	100.00%

See accompanying notes.



**LAKESHORE PREGNANCY CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31,**

	2022						
	Program Services			Supporting Services			
	Medical	Community Engagement	Outreach	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 207,903	\$ 298,992	\$ 22,972	\$ 529,867	\$ 82,693	\$ 209,877	\$ 822,437
Payroll taxes	14,898	21,425	1,646	37,969	5,926	15,039	58,934
Workers' compensation	-	-	-	-	1,047	-	1,047
Other employee benefits	-	-	-	-	14,826	-	14,826
<b>Total Employee Costs</b>	<b>222,801</b>	<b>320,417</b>	<b>24,618</b>	<b>567,836</b>	<b>104,492</b>	<b>224,916</b>	<b>897,244</b>
Advertising and promotion	88	1,527	17,514	19,129	-	30,506	49,635
Bank charges	-	-	-	-	1,089	7,321	8,410
Conferences and meetings	-	-	-	-	21,622	-	21,622
Contract Labor	-	-	-	-	26,227	-	26,227
Dues and subscriptions	-	-	-	-	6,098	-	6,098
Equipment rentals	-	-	-	-	7,558	-	7,558
Freight and postage	-	390	649	1,039	259	2,597	3,895
Insurance	-	-	-	-	20,770	-	20,770
Miscellaneous	32,007	1,630	115	33,752	718	1,140	35,610
Occupancy	-	-	-	-	69,427	-	69,427
Office supplies	194	1,162	3,630	4,986	22,078	3,014	30,078
Professional fees	-	-	-	-	10,484	-	10,484
Repairs and maintenance	-	-	-	-	31,617	-	31,617
Staff support and training	1,994	1,516	322	3,832	7,031	322	11,185
Supplies	4,975	1,477	-	6,452	1,707	-	8,159
Travel and meals	1,053	6,790	-	7,843	4,274	1,474	13,591
Volunteer support and training	-	1,334	-	1,334	493	-	1,827
<b>Total Expenses Before In-Kind Distributions and Depreciation</b>	<b>263,112</b>	<b>336,243</b>	<b>46,848</b>	<b>646,203</b>	<b>335,944</b>	<b>271,290</b>	<b>1,253,437</b>
In-kind distributions	-	96,960	-	96,960	-	-	96,960
Depreciation	1,176	50,337	784	52,297	11,481	-	63,778
<b>TOTAL EXPENSES</b>	<b>\$ 264,288</b>	<b>\$ 483,540</b>	<b>\$ 47,632</b>	<b>\$ 795,460</b>	<b>\$ 347,425</b>	<b>\$ 271,290</b>	<b>\$ 1,414,175</b>
% of Expenses				56.25%	24.57%	19.18%	100.00%

**LAKESHORE PREGNANCY CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31,**

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (140,598)	\$ 313,466
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	88,708	63,778
Unrealized (gain)/loss on marketable securities	(1,854)	3,204
Loss on disposal of equipment	924	-
Noncash lease expense	(5,507)	5,346
(Increase) decrease in:		
Accounts receivable	95,038	60,675
Inventory	(2,636)	14,650
Prepaid expenses	(1,348)	3,843
Increase (decrease) in:		
Accounts payable	(1,493)	(118)
Accrued wages and related expenses	7,772	(1,421)
Accrued payroll liabilities	6,083	4,569
Net Cash Provided (Used) by Operating Activities	45,089	467,992
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	(30,074)	(69,581)
Contributions of investments	-	(137,770)
Proceeds on sale of investments	90,119	-
Net Cash Provided (Used) by Investing Activities	60,045	(207,351)
Net increase (decrease) in cash and cash equivalents	105,134	260,641
Cash and cash equivalents, beginning	1,008,804	748,163
Cash and cash equivalents, ending	\$ 1,113,938	\$ 1,008,804

There were no interest or income taxes paid by the Organization.

**LAKESHORE PREGNANCY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES – Lakeshore Pregnancy Center, Inc. is a non-profit organization deeply entrenched in four communities along the lakeshore helping men and women, churches and kids in the classroom see the beauty and possibility of life. The Organization’s mission is to, “Love people to life before, during, and after a pregnancy decision”.

The Organization’s program services include the following:

Fatherhood – Provides expectant fathers information on pregnancy options and parenting education.

Community Life – Equips members of local churches to become safe, educated, and responsible encouragers for those facing an unplanned pregnancy, those considering abortion, and those who have experienced abortion.

Project Best Life – Serves area schools, churches, parents, and teenagers by empowering students to choose healthy lifestyles and relationships through social and sexual health education.

Medical – Provides medical services including pregnancy testing, ultrasounds, medical referrals, and limited prenatal consultation.

Family Support – Provides parenting education classes as well as material services to both men and women before and after childbirth.

BASIS OF PRESENTATION - The accompanying financial statements have been prepared on the accrual basis of accounting. The financial statements are presented in accordance with the provisions of FASB ASC 958, *Not-for-Profit Entities*, and the AICPA Audit and Accounting Guide for Not-for-Profit Organizations (the “Guide”).

Under the provisions of FASB ASC 958 and the Guide, net assets and revenues, expenses, gains and losses are classified according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- a.) Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations.
- b.) Net Assets with Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

ESTIMATES - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents include cash in checking accounts and all highly liquid investments with an original maturity of three months or less. The checking accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time during the year, the Organization may have cash in a bank checking account in excess of the federally insured limit. This risk is managed by maintaining all deposits in highly quality financial institutions. The Organization seeks to manage its risk associated with its investments by maintaining an adequately diversified investment portfolio among issuers.

ACCOUNTS RECEIVABLE – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through the provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through the valuation allowance and a credit to the applicable receivable. There was no allowance at December 31, 2023 and 2022.

INVESTMENTS – Investments held by the Organization consist of money market funds and stocks. Such investments are carried at fair value, based on quoted market prices and significant other observable inputs. Investments received as donations are initially recorded at fair value on the date of receipt. Thereafter, the carrying value of such investments is adjusted to fair value, which is determined by published market quotations and other observable inputs. Realized gains and losses are included in nonoperating items on the statement of activities.

INVENTORIES – Donated inventory for the years ended December 31, 2023 and 2022 is stated at estimated fair value. The Organization receives a substantial amount of donated goods during the year from individuals and commercial enterprises, which are valued at fair value in accordance with accounting principles generally accepted in the United States of America. The donated goods are given away to clients of the Organization on an as-needed basis and as the clients earn points to redeem these goods at no cost. The Organization estimates fair value based upon reasonable retail resale rates within the area.

PROPERTY AND EQUIPMENT AND DEPRECIATION - Property and equipment are stated at cost, if purchased, or fair value at date of gift, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 39 years. The Organization follows a capitalization policy of \$1,000 in determining assets to be depreciated. Depreciation expense was \$88,708 and \$63,778 for the years ended December 31, 2023 and 2022, respectively.

REVENUE RECOGNITION – Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the contribution. Contributions are considered to be available for general purposes unless restricted by the donor for specific purposes.

Performance obligations are determined based on the nature of the goods or services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Receipts received prior to events occurring or before revenues are earned are classified as deferred revenue in the accompanying statements of financial position. Revenue for performance obligations satisfied at a point in time is generally recognized when goods or services are provided to customers at a single point in time and the Organization does not believe it is required to provide additional goods or services related to that sale. The Organization determines the transaction price based on standard charges for goods and services provided. The Organization's revenue streams do not have significant financing components or contract costs. Revenues are recorded net of any sales taxes charged.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (ie., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

In-kind contributions are recorded at fair value and consist of baby clothes, baby equipment, and toys.

**DONATED GOODS AND SERVICES** – The Organization recognized contributions of nonfinancial assets that create or enhance nonfinancial assets or require specialized skills and would typically be purchased had they not been provided by donation. These contributions assist the programs and supportive services of the Organization and are recorded at their fair value as contributions and expenses in the statement of activities in the period the service is provided. Contribution revenue includes nonfinancial assets, which consist of various inventory with a value of \$99,496 for the year ended December 31, 2023, which have been recorded in accordance with FASB ASC 958. Contributions revenue includes nonfinancial assets, which consist of various inventory with a value of \$82,210 and marketable securities with a value of \$137,770 for the year ended December 31, 2022, which have been recorded in accordance with FASB ASC 958.

Numerous volunteers have donated significant amounts of time to the Organization's program services. No amounts have been reflected in the financial statements for these services because they did not meet the criteria for recognition ASC 958-605-20, nor is a value for these services readily determinable.

**ADVERTISING COSTS** – The Organization expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2023 and 2022 were \$134,289 and \$49,635, respectively.

**FUNCTIONAL ALLOCATION OF EXPENSES** – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**INCOME TAXES** - The Organization is a not-for-profit charitable organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from similar state and local taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Organization has no significant unrecognized tax benefits under that criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. The Organization's federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

**CONCENTRATION OF CREDIT RISK** - The Organization maintains its deposits in two financial institutions which may at times exceed federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk due to cash concentration.

**LEASES** – The Organization calculates operating lease liabilities with its incremental borrowing rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

## FAIR VALUE

The Organization utilizes fair value measurements to record fair value adjustments to its investment securities and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

Under FASB ASC 820, the Organization groups its investments at fair value into three levels (termed the *fair value hierarchy*), based on the markets in which the investments are traded and the reliability of the assumptions used to determine fair value. These levels are:

*Level 1:* Valuation is based upon quoted prices for identical instruments traded in active markets. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets, and money market funds. All of the Organization's direct investments are classified as level 1.

*Level 2:* Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. The Organization holds no securities classified as Level 2.

*Level 3:* Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. The Organization holds no securities classified as Level 3.

## PROMISES TO GIVE

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Specific promises to give are written-off when management believes that collection is unlikely. The following is a schedule of unconditional promises to give as of December 31:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 86,322	\$ 181,360
Total unconditional promises to give	<u>\$ 86,322</u>	<u>\$ 181,360</u>

## PROPERTY AND EQUIPMENT

Property and equipment consists of the following amounts at December 31:

	<u>2023</u>	<u>2022</u>
Building and improvements	\$1,592,851	\$1,591,126
Equipment	191,041	177,627
Furniture and fixtures	<u>190,815</u>	<u>186,215</u>
Total	1,974,707	1,954,968
Less accumulated depreciation	<u>777,707</u>	<u>698,409</u>
Property and equipment, net	<u>\$1,197,000</u>	<u>\$1,256,559</u>

NET ASSETS WITH DONOR RESTRICTIONS

At December 31, net assets with donor restrictions are available for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Purpose restrictions, available for spending:		
Client supplies	\$ 16,216	\$ 11,772
Advertising	17,694	21,735
Equipment	12,747	15,816
Building	2,539	15,623
Church	-	49,788
Expanded Hours	14,432	-
Programs	<u>50,413</u>	<u>109,260</u>
Total net assets with donor restrictions	<u>\$ 114,041</u>	<u>\$ 223,994</u>

INVESTMENTS

The Organization's investments (at fair value) consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Edward Jones – Money Market Account	\$ 62,925	\$ 60,357
Edward Jones – Stock	<u>5,225</u>	<u>96,057</u>
Total	<u>\$ 68,150</u>	<u>\$ 156,414</u>

DESCRIPTION OF LEASING ARRANGEMENTS

The Organization leases its office space in Allendale from an unrelated party under an operating lease agreement. The lease expires on June 12, 2028 and requires monthly payments of \$1,400. The Organization is also responsible for property taxes and building insurance.

The Organization is also leasing a printer and copy machine. The lease requires monthly payments of \$483 for machine rental and copy usage. The lease expires on July 31, 2024.

The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2023:

Operating lease right-of-use assets	<u>\$ 74,720</u>
Current portion of long-term debt and operating lease liabilities	\$ 18,967
Operating lease liabilities	<u>55,592</u>
Total operating lease liabilities	<u>\$ 74,559</u>

The components of operating lease expenses that are included in the statement of activities for the year ended December 31, 2023 were as follows:

Occupancy	<u>\$ 15,438</u>
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The following summarizes the cash flow information related to operating leases for the year ended December 31, 2023:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows for operating leases \$ 15,599

Weighted average lease term and discount rate as of December 31, 2023 were as follows:

Weighted average remaining lease term 4.28 years  
 Weighted average discount rate 1.90%

The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2022:

Operating lease right-of-use assets \$ 86,890  
 Current portion of long-term debt and operating lease liabilities \$ 19,262  
 Operating lease liabilities 72,974  
 Total operating lease liabilities \$ 92,236

Future minimum lease payments under operating leases:

2024 \$ 20,183  
 2025 16,800  
 2026 16,800  
 2027 16,800  
 2028 7,000  
 77,583  
 Less present value discount 3,024  
 Total \$ 74,559

LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Donor-restricted amounts that are available for use within one year for general purposes include the payment from promises to give.

Financial assets at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,113,938	\$ 1,008,804
Accounts receivable, net	86,322	181,360
Marketable securities	<u>68,150</u>	<u>156,414</u>
Total financial assets at year-end	1,268,410	1,346,578
Less donor-restricted for specific purposes	<u>114,041</u>	<u>223,994</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,154,369</u>	<u>\$ 1,122,584</u>



## SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through May 2, 2024, the date the financial statements were available to be issued.