

LAKESHORE PREGNANCY CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

August 11, 2022

Board of Directors
Lakeshore Pregnancy Center, Inc.
Holland, Michigan

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakeshore Pregnancy Center, Inc. as of December 31, 2021, 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 Lakeshore Pregnancy Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Lakeshore Pregnancy Center, Inc. as of December 31, 2020 were audited by Ferris, Busscher & Zwiars P.C., who merged with Hungerford Nichols CPAs + Advisors as of May 1, 2022. Their report dated August 17, 2021 expressed an unmodified opinion on those financial statements.

Responsibilities of Management of the Financial Statements

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

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 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 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 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.

Hungerford Nichols

Certified Public Accountants
Holland, Michigan

LAKESHORE PREGNANCY CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 748,163	\$ 316,149
Accounts receivable	124,273	120,365
Employee retention credit receivable	117,762	-
Marketable securities	21,848	21,905
Inventories	87,728	94,170
Prepaid expenses	12,498	9,931
Total current assets	1,112,272	562,520
Property and equipment, net	1,250,756	1,267,515
Total assets	\$ 2,363,028	\$ 1,830,035
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 16,799	\$ 13,434
Accrued wages and related expenses	20,747	19,645
Accrued payroll liabilities	3,320	1,985
Line of credit	-	70,017
Total current liabilities	40,866	105,081
Net assets:		
Without donor restrictions	2,211,797	1,716,636
With donor restrictions	110,365	8,318
Total net assets	2,322,162	1,724,954
Total liabilities and net assets	\$ 2,363,028	\$ 1,830,035

See notes to financial statements

LAKESHORE PREGNANCY CENTER, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support						
Public support:						
Cash contributions	\$ 1,002,221	\$ 110,365	\$ 1,112,586	\$ 1,014,248	\$ 8,318	\$ 1,022,566
Special events, net of direct expenses of \$50,938 and \$22,465, respectively	164,199	-	164,199	156,687	-	156,687
In-kind contributions	157,469	-	157,469	95,798	-	95,798
Other revenue:						
Employee retention credit	328,887	-	328,887	-	-	-
Miscellaneous income	877	-	877	-	-	-
Investment income (loss)	(148)	-	(148)	1,773	-	1,773
Gain (loss) on sale of assets	17,763	-	17,763	(2,191)	-	(2,191)
PPP loan forgiveness	-	-	-	109,000	-	109,000
Net assets released from restrictions	8,318	(8,318)	-	105,166	(105,166)	-
Total revenue, gains and other support	<u>1,679,586</u>	<u>102,047</u>	<u>1,781,633</u>	<u>1,480,481</u>	<u>(96,848)</u>	<u>1,383,633</u>
Expenses						
Program services	810,205	-	810,205	713,966	-	713,966
Management and general	240,666	-	240,666	226,782	-	226,782
Fundraising	133,554	-	133,554	135,270	-	135,270
Total expenses	<u>1,184,425</u>	<u>-</u>	<u>1,184,425</u>	<u>1,076,018</u>	<u>-</u>	<u>1,076,018</u>
Change in net assets	495,161	102,047	597,208	404,463	(96,848)	307,615
Net assets - beginning of year	<u>1,716,636</u>	<u>8,318</u>	<u>1,724,954</u>	<u>1,312,173</u>	<u>105,166</u>	<u>1,417,339</u>
Net assets - end of year	<u>\$ 2,211,797</u>	<u>\$ 110,365</u>	<u>\$ 2,322,162</u>	<u>\$ 1,716,636</u>	<u>\$ 8,318</u>	<u>\$ 1,724,954</u>

See notes to financial statements

LAKESHORE PREGNANCY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	2021						Total
	Program Services			Total Program Services	Management and General	Fundraising	
	Medical	Education	Outreach				
Salaries and wages	\$ 107,511	\$ 253,725	\$ 68,807	\$ 430,043	\$ 145,553	\$ 86,009	\$ 661,605
Payroll taxes	7,231	17,065	4,628	28,924	9,789	5,784	44,497
Workers' compensation	83	197	53	333	113	67	513
Other employee benefits	51	2,169	34	2,254	494	-	2,748
Total employee costs	<u>114,876</u>	<u>273,156</u>	<u>73,522</u>	<u>461,554</u>	<u>155,949</u>	<u>91,860</u>	<u>709,363</u>
Advertising and promotion	351	33,677	1,052	35,080	-	8,770	43,850
Bank charges	-	-	-	-	3,291	4,545	7,836
Conferences and meetings	219	3,717	437	4,373	9,476	729	14,578
Contract labor	-	-	-	-	-	23,691	23,691
Dues and subscriptions	-	8,588	-	8,588	-	-	8,588
Equipment rentals	73	3,128	49	3,250	4,469	406	8,125
Freight and postage	-	46	-	46	1,132	1,132	2,310
Insurance	292	12,508	195	12,995	2,853	-	15,848
Interest expense	-	261	-	261	463	-	724
Miscellaneous	5	20,782	3	20,790	3,594	29	24,413
Occupancy	1,366	58,428	911	60,705	12,732	593	74,030
Office supplies	128	5,454	85	5,667	7,791	709	14,167
Professional fees	-	-	-	-	11,442	-	11,442
Repairs and maintenance	5,660	13,359	3,623	22,642	10,174	1,043	33,859
Staff support and training	3,343	35	140	3,518	3,968	-	7,486
Supplies	139	5,962	93	6,194	513	47	6,754
Travel and meals	-	3,716	4,542	8,258	1,460	-	9,718
Volunteer support and training	-	1,348	14	1,362	-	-	1,362
Total operating costs	<u>126,452</u>	<u>444,165</u>	<u>84,666</u>	<u>655,283</u>	<u>229,307</u>	<u>133,554</u>	<u>1,018,144</u>
In-kind distributions	-	103,178	-	103,178	-	-	103,178
Depreciation	1,164	49,804	776	51,744	11,359	-	63,103
Total functional expenses	<u>\$ 127,616</u>	<u>\$ 597,147</u>	<u>\$ 85,442</u>	<u>\$ 810,205</u>	<u>\$ 240,666</u>	<u>\$ 133,554</u>	<u>\$ 1,184,425</u>

See notes to financial statements

LAKESHORE PREGNANCY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	2020						Total
	Program Services			Total Program Services	Management and General	Fundraising	
	Medical	Education	Outreach				
Salaries and wages	\$ 98,327	\$ 232,052	\$ 62,929	\$ 393,308	\$ 133,120	\$ 78,662	\$ 605,090
Payroll taxes	8,158	19,252	5,221	32,631	11,044	6,526	50,201
Workers' compensation	142	335	91	568	192	113	873
Other employee benefits	35	1,483	23	1,541	338	-	1,879
Total employee costs	<u>106,662</u>	<u>253,122</u>	<u>68,264</u>	<u>428,048</u>	<u>144,694</u>	<u>85,301</u>	<u>658,043</u>
Advertising and promotion	403	38,771	1,212	40,386	-	10,097	50,483
Bank charges	-	-	-	-	3,854	5,322	9,176
Conferences and meetings	20	346	41	407	881	68	1,356
Contract labor	-	-	-	-	-	29,447	29,447
Dues and subscriptions	-	4,972	-	4,972	-	-	4,972
Equipment rentals	57	2,420	38	2,515	3,456	314	6,285
Freight and postage	-	80	-	80	1,972	1,972	4,024
Insurance	322	13,788	215	14,325	3,146	-	17,471
Interest expense	-	1,036	-	1,036	1,840	-	2,876
Miscellaneous	5	9,159	4	9,168	2,632	26	11,826
Occupancy	1,357	58,034	904	60,295	12,742	493	73,530
Office supplies	292	12,509	195	12,996	17,869	1,624	32,489
Professional fees	-	-	-	-	14,290	-	14,290
Repairs and maintenance	2,552	6,023	1,633	10,208	5,879	580	16,667
Staff support and training	2,296	24	97	2,417	2,726	-	5,143
Supplies	253	10,860	169	11,282	282	26	11,590
Travel and meals	-	2,096	2,562	4,658	569	-	5,227
Volunteer support and training	-	2,595	26	2,621	-	-	2,621
Total operating costs	<u>114,219</u>	<u>415,835</u>	<u>75,360</u>	<u>605,414</u>	<u>216,832</u>	<u>135,270</u>	<u>957,516</u>
In-kind distributions	-	63,226	-	63,226	-	-	63,226
Depreciation	1,020	43,626	680	45,326	9,950	-	55,276
Total functional expenses	<u>\$ 115,239</u>	<u>\$ 522,687</u>	<u>\$ 76,040</u>	<u>\$ 713,966</u>	<u>\$ 226,782</u>	<u>\$ 135,270</u>	<u>\$ 1,076,018</u>

See notes to financial statements

LAKESHORE PREGNANCY CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 597,208	\$ 307,615
Noncash items included in change in net assets:		
Depreciation	63,103	55,276
In-kind contributions of fixed assets	(33,804)	-
Loss (gain) on sale of assets	(17,763)	2,191
Interest, dividends and proceeds reinvested	(11,222)	(21)
Unrealized loss (gain) on marketable securities	954	(1,538)
Realized gain on marketable securities	(552)	-
PPP loan forgiveness	-	(109,000)
Changes in operating assets and liabilities:		
Increase in accounts receivable, inventories and prepaid expenses	(117,795)	(91,333)
Increase (decrease) in accounts payable, accrued wages, related expenses and accrued liabilities	<u>5,802</u>	<u>(31,661)</u>
Net cash provided by operating activities	<u>485,931</u>	<u>131,529</u>
 Cash Flows from Investing Activities		
Contributions of investments	(20,927)	(20,335)
Proceeds due to sale of investments	31,804	1,954
Proceeds from sale of assets	20,449	-
Purchase of property and equipment	<u>(15,226)</u>	<u>(91,255)</u>
Net cash provided (used) by investing activities	<u>16,100</u>	<u>(109,636)</u>
 Cash Flows from Financing Activities		
Borrowings, PPP	-	109,000
Debt reduction, short-term	<u>(70,017)</u>	<u>(29,696)</u>
Net cash provided (used) by financing activities	<u>(70,017)</u>	<u>79,304</u>
 Net increase in cash and cash equivalents	432,014	101,197
Cash and cash equivalents - beginning of year	<u>316,149</u>	<u>214,952</u>
 Cash and cash equivalents - end of year	<u>\$ 748,163</u>	<u>\$ 316,149</u>
 Other Cash Flow Information		
Cash paid for:		
Interest	\$ 724	\$ 2,876

See notes to financial statements

LAKESHORE PREGNANCY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies and Nature of Organization

Nature of Activities

Lakeshore Pregnancy Center, Inc. is a non-profit organization seeking to provide pregnancy information to facilitate the physical, emotional, and spiritual well-being of women and their children. The Organization is supported primarily through donor contributions.

The Organization's program services include the following:

Best Life Hero – Provides expectant fathers information on pregnancy options and parenting education

Best Life Community – 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.

Mobile Medical Center – Brings medical services to unreached communities. In 2021, the Organization has decided to end this program and sold the mobile medical center to an unrelated party.

Positive Options – Provides parenting education classes to both men and women before and after childbirth.

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions

LAKESHORE PREGNANCY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies and Nature of Organization (Continued)

The Organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

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 Organization occasionally maintains deposits in excess of federally insured limits. 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, 2021 and 2020.

Employee Retention Credit Receivable

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Organization is eligible for a refundable employee retention credit subject to certain criteria, which the Organization has met. The employee retention credit receivable represents refunds filed on quarterly IRS form 941-X forms. Accordingly, the Organization recognized \$328,887 in revenue for the year ended December 31, 2021.

Marketable Securities

Investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

Inventories

Donated inventory for the years ended December 31, 2021 and 2020 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.

LAKESHORE PREGNANCY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies and Nature of Organization (Continued)

Property and Equipment

Property and equipment are carried at cost and the provision for depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. Fixed assets over \$1,000 that have a useful life over one year are capitalized. Depreciation expense was \$63,103 and \$55,276 for the years ended December 31, 2021 and 2020, respectively.

Contributed Equipment

Contributed equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, the contributions are recorded as net assets without donor restrictions.

Donated Services and Materials

Material gift-in-kind items used in the Organization's programs and fundraising events are recorded as income at the time the items are received, and expensed as they are distributed, placed into service or sold.

Donated materials for years ended December 31:

	2021	2020
Mobile unit storage	\$ 6,000	\$ 14,400
Leasehold improvements	33,804	-
Furniture and fixtures	-	6,955
Training	196	-
Supplies	3,552	900
Event supplies	4,611	-
COVID-19 supplies	-	36
Fundraiser gifts	-	2,561
Stock	20,927	20,335
Inventory	88,379	70,946
Total donated services and materials	<u>\$ 157,469</u>	<u>\$ 116,133</u>

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 under ASC 958-605-20, nor is a value for these services readily determinable.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

LAKESHORE PREGNANCY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies and Nature of Organization (Continued)

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Tax-exempt Status

The Organization is recognized as a non-profit organization under Sec. 501(c)(3) of the Internal Revenue Code. As such, it is exempt from federal, state and local income taxes.

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.

Advertising Costs

The Organization expenses all advertising costs as incurred. Advertising costs were \$43,850 and \$50,483 for the years ended December 31, 2021 and 2020, respectively.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

Salaries, payroll taxes and benefits are allocated based on consideration of time and effort spent per employee for program or support services.

Occupancy expenses are allocated based on square footage basis dependent on the programs and supporting activities occupying the space and include rent, repairs and maintenance, and utilities. Insurance and depreciation are allocated based on a square footage basis dependent on the programs and supporting activities occupying the space.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

LAKESHORE PREGNANCY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies and Nature of Organization (Continued)

Revenue Recognition

Revenue and expenses are recorded on the accrual basis. The Organization has analyzed the provisions of the FASB's ASC 606, *Revenue from Contracts with Customers*, and has concluded that no changes to the current policy are necessary to conform to the new standard.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified to conform to current-year presentation.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31 are:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 748,163	\$ 316,149
Accounts receivable	124,273	120,365
Employee retention credit receivable	117,762	-
Marketable securities	<u>21,848</u>	<u>21,905</u>
Total financial assets	<u>1,012,046</u>	458,419
Less financial assets held to meet donor-imposed restrictions:		
Purpose restricted net assets (note 8)	<u>(110,365)</u>	<u>(8,318)</u>
Total available for general expenditures within one year	<u>\$ 901,681</u>	<u>\$ 450,101</u>

The above table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed or time restrictions within one year. The Organization has a goal to maintain financial assets on hand to meet a minimum of six months of normal operating expenses.

3. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of 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:

	2021	2020
Receivables in less than one year	<u>\$ 124,273</u>	<u>\$ 120,365</u>

LAKESHORE PREGNANCY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

4. Property and Equipment

Details of property and equipment as of December 31 are as follows:

	2021	2020
Buildings and improvements	\$1,591,126	\$1,566,071
Equipment	127,948	269,989
Furniture and fixtures	<u>186,215</u>	<u>171,215</u>
Total	1,905,289	2,007,275
Accumulated depreciation	<u>(654,533)</u>	<u>(739,760)</u>
Property and equipment, net	<u>\$1,250,756</u>	<u>\$1,267,515</u>

5. Fair Values of Assets

The Organization adopted the Financial Accounting Standards Board's (FASB) standard regarding Fair Value Measurements. The standard establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets valued using level 3 inputs are based on pricing models, discounted cash flow methodologies or similar techniques where at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation. Valuation techniques utilized to determine fair values are consistently applied.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at March 31, 2022 and 2021.

Money market and mutual funds: Valued based on quoted net asset values (NAV) of the shares held by the Organization on the last business day of the year.

	Fair value	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2021				
Edward Jones – Money market account	\$ 11,838	\$ -	\$ 11,838	\$ -
Edward Jones – Stock	<u>10,010</u>	<u>10,010</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 21,848</u>	<u>\$ 10,010</u>	<u>\$ 11,838</u>	<u>\$ -</u>
December 31, 2020				
Edward Jones – Money market account	\$ 32	\$ -	\$ 32	\$ -
Edward Jones – Stock	<u>21,873</u>	<u>21,873</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 21,905</u>	<u>\$ 21,873</u>	<u>\$ 32</u>	<u>\$ -</u>

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6. Line of Credit

The Organization has an operating line of credit from a local bank that had a maximum borrowing limit of \$200,000 that bears a variable interest rate at 1% under prime with a floor of 3%. The note requires monthly interest only payments until final maturity. This line of credit is due on demand. The line of credit had an outstanding balance of \$0 and \$70,017 as of December 31, 2021 and 2020, respectively.

7. Operating Leases

The Organization leases its office space in Allendale from an unrelated party under an operating lease agreement expiring June 1, 2023, with monthly lease payments of \$1,200. The Organization is also responsible for property taxes and building insurance under the agreement.

The Organization received a contribution of storage space for its Mobile Medical Center from an unrelated party. The fair market value of the storage space was \$6,000 for the year ended December 31, 2021. This amount is recorded as both in-kind contribution revenue and rent expense in the financial statements. The lease expired on June 1, 2021. During the year, the Mobile Medical Center was sold and the Organization is no longer renting out storage space.

The Organization is also leasing a printer and copy machine. The lease requires monthly payments of \$500 for machine rental and copy usage. The lease expires on July 31, 2024.

Future minimum lease payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31 are as follows:

2022	\$ 20,400
2023	12,000
2024	3,500

Total rent expense under the above agreement was \$31,810 and \$38,743 for the years ended December 31, 2021 and 2020, respectively.

8. Net Assets With Donor Restrictions

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

	2021	2020
Purpose restrictions, available for spending:		
Client supplies	\$ 3,340	\$ 21
Advertising	10,578	-
Equipment	7,602	888
Programs	88,845	7,409
Total net assets with donor restrictions	<u>\$ 110,365</u>	<u>\$ 8,318</u>

9. Subsequent Events

The Organization's management has evaluated subsequent events through August 11, 2022, the date on which the financial statements were available to be issued.