

MOSAIC PREGNANCY AND
HEALTH CENTERS

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020

MOSAIC PREGNANCY AND HEALTH CENTERS

CONTENTS

	<u>Pages</u>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position	1
Statement of Activities	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
Notes to Financial Statements	5-9



***Fick, Eggemeyer
& Williamson***

Certified Public Accountants, PC


MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mosaic Pregnancy and Health Centers
Granite City, Illinois

We have audited the accompanying financial statements of Mosaic Pregnancy and Health Centers (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mosaic Pregnancy and Health Centers as of December 31, 2020, 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.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, and Williamson CPAs
Saint Louis, Missouri
March 1, 2021

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	400,135
Prepaid insurance		1,273

Total current assets		<u>401,408</u>
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NONCURRENT ASSETS

Property and equipment, net of depreciation		<u>622,627</u>
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Total noncurrent assets		<u>622,627</u>
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Total assets	\$	<u><u>1,024,035</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	1,912
Credit card payable		3,255
Accrued compensation and taxes		11,591
Compensated absences		3,949
Notes payable, current portion		<u>78,802</u>

Total current liabilities		<u>99,509</u>
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NONCURRENT LIABILITIES

Notes payable, less current portion		<u>377,285</u>
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Total noncurrent liabilities		<u>377,285</u>
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Total liabilities		<u>476,794</u>
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NET ASSETS

Without donor restriction		538,983
With donor restriction		<u>8,258</u>

Total net assets		<u>547,241</u>
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Total liabilities and net assets	\$	<u><u>1,024,035</u></u>
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See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2020

	Without Donor restriction	With Donor restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 301,621	\$ -	\$ 301,621
Fundraising	402,462	7,078	409,540
Non-cash contributions	20,194	-	20,194
Rent	14,000	-	14,000
Other	3,036	-	3,036
	<u>741,313</u>	<u>7,078</u>	<u>748,391</u>
Net assets released from restrictions			
Satisfaction of restrictions	88,372	(88,372)	-
	<u>829,685</u>	<u>(81,294)</u>	<u>748,391</u>
EXPENSES			
Program expenses			
Client	336,753	-	336,753
REL8	1,248	-	1,248
C2 Mobile	76,750	-	76,750
	<u>414,751</u>	<u>-</u>	<u>414,751</u>
Support expenses			
General and administration	106,614	-	106,614
Fundraising	44,080	-	44,080
	<u>150,694</u>	<u>-</u>	<u>150,694</u>
	<u>565,445</u>	<u>-</u>	<u>565,445</u>
Changes in net assets from operations	<u>264,240</u>	<u>(81,294)</u>	<u>182,946</u>
INVESTMENT ACTIVITIES			
Interest and dividend income	828	-	828
Interest expense	(15,949)	-	(15,949)
Loss on disposal of assets	(870)	-	(870)
	<u>(15,991)</u>	<u>-</u>	<u>(15,991)</u>
Changes in net assets	248,249	(81,294)	166,955
Net assets - beginning of year	<u>290,734</u>	<u>89,552</u>	<u>380,286</u>
Net assets - end of year	<u>\$ 538,983</u>	<u>\$ 8,258</u>	<u>\$ 547,241</u>

See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER, 31 2020

	Programs			Administration	Fundraising	Total
	Clients	REL8	C2 Mobile			
Payroll and taxes	\$ 183,216	\$ -	\$ 65,435	\$ 98,428	\$ 12,416	\$ 359,495
Advertising	20,145	61	313	-	-	20,519
Dues and subscriptions	1,390	-	-	-	-	1,390
Education	6,158	-	-	-	-	6,158
Equipment	1,244	-	-	-	-	1,244
Fundraising	-	-	-	-	31,664	31,664
Automobile	10	-	5,011	-	-	5,021
Insurance	9,256	-	2,503	-	-	11,759
Office	22,969	46	-	3,486	-	26,501
Parenting donation	20,194	-	-	-	-	20,194
Postage	833	-	-	-	-	833
Printing	920	-	-	-	-	920
Professional fees	216	-	-	4,700	-	4,916
Rent	6,644	-	-	-	-	6,644
Repairs and maintenance	3,579	-	-	-	-	3,579
Supplies	14,073	1,141	2,129	-	-	17,343
Telecommunications	7,566	-	1,359	-	-	8,925
Utilities	9,627	-	-	-	-	9,627
Depreciation	28,646	-	-	-	-	28,646
Amortization	67	-	-	-	-	67
Total	\$ 336,753	\$ 1,248	\$ 76,750	\$ 106,614	\$ 44,080	\$ 565,445

See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 166,955
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	28,646
Amortization	67
Loss on disposal of assets	870
Changes in assets and liabilities:	
(Increase) decrease in prepaid insurance	(205)
(Increase) decrease in prepaid expenses	1,500
(Increase) decrease in escrow deposit	5,000
Increase (decrease) in accounts payable	1,504
Increase (decrease) in credit card payable	1,747
Increase (decrease) in accrued compensation and taxes	2,363
Increase (decrease) in compensated absences	960
	209,407
Net cash provided by (used in) operating activities	209,407

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(518,161)
Net cash provided by (used in) investing activities	(518,161)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on notes payable	(9,913)
Proceeds from notes payable	466,000
Net cash provided by (used in) financing activities	456,087

Net increase (decrease) in cash and cash equivalents	147,333
Cash and cash equivalents - beginning of year	252,802
Cash and cash equivalents - end of year	\$ 400,135

SUPPLEMENTAL INFORMATION

Cash paid for interest	\$ 15,949
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See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Mosaic Pregnancy and Health Centers (the "Center") is a nonprofit corporation headquartered in Granite City, Illinois. The Center's exempt purpose is to provide assistance and counseling for women faced with unexpected pregnancies in the greater Granite City, Illinois area. Revenue is generated primarily through various fundraising campaigns throughout the year.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statements of the Center have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Center to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center's management and the board of directors.

Net Assets With Donor Restriction - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates in the Financial Statements

The preparation of 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 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 those estimates.

Cash and Cash Equivalents

The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows.

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Center's program services and support services. Nonoperating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual or nonrecurring nature.

Contributions

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 the 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 statement of activities as net assets released from restrictions.

Property Taxes

The Center has been issued a certificate of exemption for property taxes by the State of Illinois.

Income Taxes

The Center is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Center adopted the provisions of *Accounting for Uncertainty in Income Taxes* on January 1, 2011. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2020, no amounts have been recognized for uncertain tax positions. Any returns that the Center would have prepared for 2017 and prior are closed.

Intangible Assets

Intangible assets are amortized on a straight-line basis over a period of 5-10 years. Amortization expense for the year ended December 31, 2020 was \$67.

Property and Equipment

The Center capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without restrictions. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from 5-39 years. Routine repairs and maintenance are expensed as incurred. Depreciation expense for the year ended December 31, 2020 was \$28,646.

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between fundraising, administration, or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

NOTE 3 - COMPENSATED ABSENCES

Employees of the Center are entitled to paid vacation depending on the length of service. Vacation days are based on employee anniversary dates and are not carried forward. Upon separation, all accumulated time is paid out at the employee's current pay rate. Accrued compensated absences as of December 31, 2020 was \$3,949.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Center maintains various deposit accounts at PNC Bank. Each depositor is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2020, the Center's bank balance at PNC Bank exceeded the federally insured limit by \$110,257.

NOTE 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2020 follows:

Building	\$ 668,275
Building improvements	31,549
Equipment	102,629
Vehicles	108,484
Furniture	<u>6,628</u>
Total depreciable assets	917,565
Accumulated depreciation	<u>(314,938)</u>
Total depreciable assets, net	602,627
Land	<u>20,000</u>
Property and equipment, net	<u><u>\$ 622,627</u></u>

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 - INTAGIBLE ASSETS

A summary of intangible assets as of December 31, 2020 follows:

Website/logo design	\$	674
Trademark		8,614
Total amortizable assets		9,288
Accumulated amortization		(9,288)
Intangible assets, net	\$	-

NOTE 7 - NOTE PAYABLE

In January 2020, the Center entered into a mortgage agreement with PNC Bank. The note is secured by the property purchased with the loan proceeds and accrues interest at 4.68%. Monthly payments are \$2,586, and the agreement matures on February 5, 2025. As of December 31, 2020, the loan balance was \$390,087.

In April 2020, the Center received loan proceeds in the amount of \$66,000 under the Paycheck Protection Program (“PPP”). The PPP is administered by the Small Business Administration. The loan and accrued interest are forgivable after eight to twenty-four weeks as long as the Center uses the loan proceeds for eligible purposes, such as payroll, benefits, rent, and utilities. The amount of loan forgiveness may be reduced if the Center reduces payroll during the eight to twenty-four week period. The unforgiven portion of the PPP loan is payable over a two-year period at an interest rate of 1%, with a deferral of payments for the first six months. The loan may be prepaid by the Center at any time prior to maturity with no prepayment penalties. The Center currently believes that its use of the loan proceeds will meet the conditions for forgiveness. As of December 31, 2020 the loan balance was \$66,000. Subsequent to year-end, the Center applied for and received loan forgiveness

Future maturities of notes payable follows:

Year ending December 31,	
2021	\$ 78,802
2022	13,423
2023	14,074
2024	14,709
2025	335,079
Total	\$ 456,087

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 are restricted as follows:

	Purpose	Periods
Fairview Heights building	\$ 8,258	\$ -
Total	\$ 8,258	\$ -

NOTE 9 - AVAILABILITY AND LIQUIDITY

The following represents the Center's financial assets at December 31, 2020:

Financial assets at year-end:	
Cash and cash equivalents	\$ 400,135
Total financial assets at year-end	400,135
Less amounts not available for general expenditures within one year:	
Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	8,258
Total amounts not available to meet general expenditures with one year	8,258
Financial assets available to meet general expenditures within one year	\$ 391,877

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 1, 2021, the date the financial statements were available to be issued, and noted the following reportable events:

- Per the agreement with the Paycheck Protection Program, the entire loan balance of the initial draw was forgiven as noted in note 7.
- The Center received an additional loan draw for \$55,280 under the Paycheck Protection Program.