

MOSAIC PREGNANCY AND
HEALTH CENTERS

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2021

MOSAIC PREGNANCY AND HEALTH CENTERS

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📍 **Saint Louis, Missouri**
6240 S. Lindbergh Blvd Ste 101
Saint Louis, MO 63123

📞 (314) 845-7999
📠 (314) 845-7770
🌐 www.afewcpas.com



📍 **Columbia, Illinois**
205 S. Main
Columbia, IL 62236

📞 (618) 281-4999
📠 (618) 281-9533
🌐 www.afewcpas.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Mosaic Pregnancy and Health Centers

Opinion

We have audited the accompanying financial statements of Mosaic Pregnancy and Health Centers (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 Mosaic Pregnancy and Health Centers 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mosaic Pregnancy and Health Centers 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 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 Mosaic Pregnancy and Health Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 auditors' 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 Mosaic Pregnancy and Health Center'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 Mosaic Pregnancy and Health Center'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.

Fick, Eggemeyer & Williamson, CPAs

Fick, Eggemeyer & Williamson, CPAs
Saint Louis, Missouri
March 3, 2022

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	598,256
Prepaid insurance		1,273
Prepaid expenses		30,500
		630,029
Total current assets		630,029

NONCURRENT ASSETS

Intangible assets, net of amortization		1,347
Property and equipment, net of depreciation		704,135
		705,482
Total noncurrent assets		705,482

Total assets	\$	1,335,511
		1,335,511

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	2,489
Credit card payable		4,931
Accrued compensation and taxes		10,346
Compensated absences		3,472
Note payable, current portion		13,423
		34,661
Total current liabilities		34,661

NONCURRENT LIABILITIES

Note payable, less current portion		363,859
		363,859
Total noncurrent liabilities		363,859

Total liabilities		398,520
		398,520

NET ASSETS

Without donor restriction		936,991
With donor restriction		-
		936,991
Total net assets		936,991

Total liabilities and net assets	\$	1,335,511
		1,335,511

See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2021

	Without Donor restriction	With Donor restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 323,002	\$ -	\$ 323,002
Fundraising	511,625	-	511,625
Grants	42,750	-	42,750
Non-cash contributions	27,805	-	27,805
Rent	16,050	-	16,050
PPP loan forgiveness	121,280	-	121,280
Other	924	-	924
	<u>1,043,436</u>	<u>-</u>	<u>1,043,436</u>
Total support and revenue	1,043,436	-	1,043,436
Net assets released from restrictions			
Satisfaction of restrictions	8,258	(8,258)	-
	<u>8,258</u>	<u>(8,258)</u>	<u>-</u>
Total	1,051,694	(8,258)	1,043,436
EXPENSES			
Program expenses			
Clients	422,122	-	422,122
REL8	994	-	994
C2 Mobile	26,881	-	26,881
	<u>449,997</u>	<u>-</u>	<u>449,997</u>
Total program expenses	449,997	-	449,997
Support expenses			
General and administration	152,621	-	152,621
Fundraising	62,211	-	62,211
	<u>214,832</u>	<u>-</u>	<u>214,832</u>
Total support expenses	214,832	-	214,832
Total expenses	664,829	-	664,829
Changes in net assets from operations	386,865	(8,258)	378,607
INVESTMENT ACTIVITIES			
Interest and dividend income	143	-	143
Gain on disposal of assets	11,000	-	11,000
	<u>11,143</u>	<u>-</u>	<u>11,143</u>
Total investment activities	11,143	-	11,143
Changes in net assets	398,008	(8,258)	389,750
Net assets - beginning of year	538,983	8,258	547,241
Net assets - end of year	\$ 936,991	\$ -	\$ 936,991

See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER, 31 2021

	Programs			General and Administration	Fundraising	Total
	Clients	REL8	C2 Mobile			
Payroll and taxes	\$ 219,388	\$ -	\$ 23,334	\$ 127,288	\$ 1,928	\$ 371,938
Advertising	39,999	-	100	-	-	40,099
Dues and subscriptions	1,525	-	-	-	-	1,525
Education	4,871	-	-	-	-	4,871
Equipment	1,286	-	-	-	-	1,286
Fundraising	645	-	-	-	58,674	59,319
Automobile	9,680	-	2,637	-	-	12,317
Insurance	11,995	-	-	-	-	11,995
Office	8,970	61	28	3,900	1,609	14,568
Parenting donation	27,805	-	-	-	-	27,805
Postage	1,874	-	-	-	-	1,874
Printing	2,231	-	-	-	-	2,231
Professional fees	1,497	640	-	3,203	-	5,340
Repairs and maintenance	3,929	-	-	-	-	3,929
Supplies	13,891	293	322	-	-	14,506
Telecommunications	6,687	-	460	-	-	7,147
Utilities	14,022	-	-	-	-	14,022
Interest	-	-	-	18,230	-	18,230
Depreciation	51,677	-	-	-	-	51,677
Amortization	150	-	-	-	-	150
Total	\$ 422,122	\$ 994	\$ 26,881	\$ 152,621	\$ 62,211	\$ 664,829

See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 389,750
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Amortization	150
Depreciation	51,677
Debt forgiveness income - Paycheck Protection Program	(121,280)
Gain on disposal of assets	(11,000)
Changes in assets and liabilities:	
(Increase) decrease in prepaid expenses	(30,500)
Increase (decrease) in accounts payable	577
Increase (decrease) in credit card payable	1,676
Increase (decrease) in accrued compensation and taxes	(1,245)
Increase (decrease) in compensated absences	(477)
	279,328
Net cash provided by (used in) operating activities	279,328

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of intangible assets	(1,497)
Purchase of property and equipment	(122,185)
	(123,682)
Net cash provided by (used in) investing activities	(123,682)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on notes payable	(12,805)
Proceeds from notes payable	55,280
	42,475
Net cash provided by (used in) financing activities	42,475

Net increase (decrease) in cash and cash equivalents	198,121
Cash and cash equivalents - beginning of year	400,135
	400,135
Cash and cash equivalents - end of year	\$ 598,256

SUPPLEMENTAL INFORMATION

Cash paid for interest	\$ 18,230
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See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF 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 of the Center have been prepared on the accrual basis in accordance with auditing standards generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

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 that are 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. The Center currently has no net assets with donor restrictions.

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

Use of Estimates

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 FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF 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.

Investments

The Center has adopted "Accounting for Certain Investments Held by Non-Profit Organizations." Under the standard investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Property Taxes

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

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, 2021 was \$150.

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, 2021 was \$51,677.

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021, no amounts have been recognized for uncertain tax positions. Any returns that the Center would have prepared for 2018 and prior are closed.

Contributed Services

A number of volunteers contributed services to the Center. Only the contributed services that meet the reporting criteria for recognition have been reported at the fair market value for the services provided. Contributed services that do not meet the reporting criteria have not been included in the financial statements.

New Accounting Pronouncement

On January 1, 2021, the Center adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which replaces previously existing revenue recognition guidance. The new standard requires companies to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of ASU 2014-09 has no impact on the previously reported financial statements.

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, 2021 was \$3,472.

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2021 follows:

Building	\$ 668,275
Building improvements	41,124
Equipment	104,672
Vehicles	120,800
Furniture	<u>4,803</u>
Total depreciable assets	939,674
Accumulated depreciation	<u>(255,539)</u>
Total depreciable assets, net	684,135
Land	<u>20,000</u>
Property and equipment, net	<u><u>\$ 704,135</u></u>

NOTE 5 - INTANGIBLE ASSETS

A summary of intangible assets as of December 31, 2021 follows:

Trademark	<u>\$ 1,497</u>
Total amortizable assets	1,497
Accumulated amortization	<u>(150)</u>
Intangible assets, net	<u><u>\$ 1,347</u></u>

NOTE 6 - 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, 2021, the loan balance was \$377,282.

In April 2020 and January 2021, the Center received loan proceeds in the amount of \$66,000 and \$55,280 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. On March 9, 2021 and September 30, 2021, the entire loan balances for both loans were forgiven and \$121,280 was recorded as PPP loan forgiveness on the statement of activities. The balance as of December 31, 2021 was \$0.

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 - NOTE PAYABLE (continued)

Future maturities of notes payable follows:

Year ending December 31,	
2022	\$ 13,423
2023	14,074
2024	14,709
2025	<u>335,076</u>
Total	<u><u>\$ 377,282</u></u>

NOTE 7 - 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, 2021, the Center's bank balance at PNC Bank exceeded the federally insured limit by \$321,146.

NOTE 8 - AVAILABILITY AND LIQUIDITY

The following represents the Center's financial assets at December 31, 2021:

Financial assets at year-end:	
Cash and cash equivalents	<u>\$ 598,256</u>
Total financial assets at year-end	<u>598,256</u>
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	<u>-</u>
Total amounts not available to meet general expenditures with one year	<u>-</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 598,256</u></u>

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 3, 2022, the date the financial statements were available to be issued, and noted no reportable events.