

MOSAIC PREGNANCY
AND HEALTH CENTERS
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2019

MOSAIC PREGNANCY AND HEALTH CENTERS

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***Fick, Eggemeyer
& Williamson***

Certified Public Accountants, PC



MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

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, 2019, 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 of 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 more 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, 2019, 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 & Williamson, CPAs

St. Louis, Missouri

February 20, 2020

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	\$	252,802
Prepaid insurance		1,068
Prepaid expenses		1,500
Escrow deposit		<u>5,000</u>
Total current assets		<u>260,370</u>
NONCURRENT ASSETS		
Property and equipment, net of depreciation		<u>134,049</u>
Total noncurrent assets		<u>134,049</u>
Total assets	\$	<u><u>394,419</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$	1,916
Accrued compensation and taxes		9,228
Compensated absences		<u>2,989</u>
Total current liabilities		<u>14,133</u>
NONCURRENT LIABILITIES		
None		<u>-</u>
Total noncurrent liabilities		<u>-</u>
Total liabilities		<u>14,133</u>
NET ASSETS		
Without donor restriction		290,734
With donor restriction		<u>89,552</u>
Total net assets		<u>380,286</u>
Total liabilities and net assets	\$	<u><u>394,419</u></u>

See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2019

	Without Donor restriction	With Donor restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 201,182	\$ -	\$ 201,182
Fundraising	435,352	88,294	523,646
Grant revenue	-	15,000	15,000
Non-cash contributions	41,205	-	41,205
Other income	474	-	474
	<u>678,213</u>	<u>103,294</u>	<u>781,507</u>
Total support and revenue			
Net assets released from restrictions			
Satisfaction of restrictions	25,190	(25,190)	-
	<u>703,403</u>	<u>78,104</u>	<u>781,507</u>
Total			
EXPENSES			
Program expenses			
Client	295,462	-	295,462
REL8	8,040	-	8,040
C2 Mobile	58,972	-	58,972
	<u>362,474</u>	<u>-</u>	<u>362,474</u>
Total program expenses			
Support expenses			
General and administration	142,127	-	142,127
Fundraising	94,312	-	94,312
	<u>236,439</u>	<u>-</u>	<u>236,439</u>
Total support expenses			
Total expenses	<u>598,913</u>	<u>-</u>	<u>598,913</u>
Changes in net assets from operations	<u>104,490</u>	<u>78,104</u>	<u>182,594</u>
INVESTMENT ACTIVITIES			
Interest and dividend income	524	-	524
	<u>524</u>	<u>-</u>	<u>524</u>
Total investment activities			
Changes in net assets	105,014	78,104	183,118
Net assets - beginning of year	<u>185,720</u>	<u>11,448</u>	<u>197,168</u>
Net assets - end of year	<u>\$ 290,734</u>	<u>\$ 89,552</u>	<u>\$ 380,286</u>

See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER, 31 2019

	Programs			Administration	Fundraising	Total
	Clients	REL8	C2 Mobile			
Payroll and taxes	\$ 153,753	\$ 5,633	\$ 48,932	\$ 121,524	\$ 15,632	\$ 345,474
Advertising	6,383	-	-	-	-	6,383
Dues and subscriptions	1,360	-	-	-	-	1,360
Education	4,424	-	-	-	-	4,424
Equipment	874	-	384	-	-	1,258
Fundraising	-	-	-	-	78,680	78,680
Grant	7,937	-	-	-	-	7,937
Kingdom	140	-	-	-	-	140
Automobile	-	156	5,633	-	-	5,789
Insurance	11,001	-	771	-	-	11,772
Office	24,182	46	-	-	-	24,228
Parenting donation	41,205	-	-	-	-	41,205
Postage	1,521	-	-	-	-	1,521
Printing	2,595	-	-	-	-	2,595
Professional fees	-	2,182	-	4,600	-	6,782
Rent	15,455	-	1,150	-	-	16,605
Repairs and maintenance	818	-	-	-	-	818
Supplies	9,408	23	666	-	-	10,097
Telecommunications	7,533	-	1,436	-	-	8,969
Utilities	6,873	-	-	-	-	6,873
Depreciation	-	-	-	15,936	-	15,936
Amortization	-	-	-	67	-	67
Total	<u>\$ 295,462</u>	<u>\$ 8,040</u>	<u>\$ 58,972</u>	<u>\$ 142,127</u>	<u>\$ 94,312</u>	<u>\$ 598,913</u>

See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$	183,118
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Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:

Depreciation		15,936
Amortization		67

Changes in assets and liabilities:

(Increase) decrease in prepaid insurance		1,363
(Increase) decrease in prepaid expenses		150
(Increase) decrease in escrow deposit		(5,000)
(Increase) decrease in right of use assets		13,750
Increase (decrease) in accounts payable		(7,076)
Increase (decrease) in accrued compensation and taxes		(204)
Increase (decrease) in compensated absences		(1,872)
Increase (decrease) in future minimum lease obligations		<u>(13,750)</u>

Net cash provided by (used in) operating activities		<u>186,482</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment		<u>(1,451)</u>
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Net cash provided by (used in) investing activities		<u>(1,451)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

None		<u>-</u>
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Net cash provided by (used in) financing activities		<u>-</u>
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Net increase (decrease) in cash and cash equivalents		185,031
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Cash and cash equivalents - beginning of year		<u>67,771</u>
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Cash and cash equivalents - end of year	\$	<u><u>252,802</u></u>
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See accompanying notes and independent auditors' report

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

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, 2019, no amounts have been recognized for uncertain tax positions. Any returns that the Center would have prepared for tax years 2016 or earlier are now closed.

Property and Equipment

The Center capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Contributed property and 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 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. Routine repairs and maintenance are expensed as incurred. Depreciation and amortization expense for the year ended December 31, 2019 was \$15,936 and \$67, respectively.

MOSAIC PREGNANCY AND HEALTH CENTERS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2019

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 - AVAILABILITY AND LIQUIDITY

The following represents the Center's financial assets at December 31, 2019:

Financial assets at year-end:	
Cash and cash equivalents	\$ 252,802
Total financial assets at year-end	<u>252,802</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	89,552
Total amounts not available to meet general expenditures with one year	<u>89,552</u>
Financial assets available to meet general expenditures within one year	<u>\$ 163,250</u>

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 are available for the following purposes or periods:

Restricted for:	Purpose	Periods
Volunteer coordinator	\$ 6,658	\$ -
Fairview Heights building	82,894	-
Total	<u>\$ 89,552</u>	<u>\$ -</u>

MOSAIC PREGNANCY AND HEALTH CENTERS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 - 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, 2019 was \$2,989.

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of fixed assets as of December 31, 2019 follows:

Building	\$ 163,171
Building improvements	41,148
Equipment	114,394
Vehicles	108,484
Furniture	6,628
Software	695
Website/logo design	674
Trademark	<u>16,989</u>
Total depreciable assets	452,183
Accumulated depreciation	(319,843)
Accumulated amortization	<u>(18,291)</u>
Total depreciable assets, net	114,049
Land	<u>20,000</u>
Property and equipment, net	<u><u>\$ 134,049</u></u>

NOTE 7 - OPERATING LEASE

The Center has a lease for the use of office space in Belleville, Illinois. Monthly lease payments are \$1,250, and the lease is on a month-to-month basis.

Operating lease payments totaled \$15,444 during the year ended December 31, 2019.

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 20, 2020, the date the financial statements were available to be issued, and noted the following reportable event. In January 2020, the Center obtained a \$400,000 loan to purchase a building in Fairview Heights, Illinois.