

PREGNANCY ASSISTANCE CENTER NORTH, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

December 31, 2022 and 2021

 SLOAN
CARTAGENA
& ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Pregnancy Assistance Center North, Inc.
The Woodlands, Texas

Opinion

We have audited the financial statements of Pregnancy Assistance Center North, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, statements of functional expenses and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pregnancy Assistance Center North as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Pregnancy Assistance Center North 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.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 that Pregnancy Assistance Center North's ability to continue as a going concern within one year after the date the financial statements available to be issued.

Independent Auditor's Report (continued)

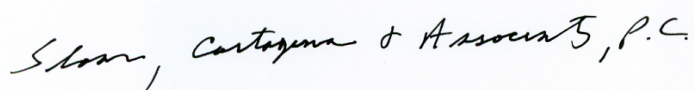
Auditor's Responsibilities for the Audit of the Financial Statements

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 GAAS 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 GAAS, 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 PACN'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 PACN'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.



July 10, 2023
Houston Texas

PREGNANCY ASSISTANCE CENTER NORTH, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,327,685	\$ 897,998
Prepaid Expenses	<u>895</u>	<u>3,524</u>
TOTAL CURRENT ASSETS	1,328,580	901,522
FIXED ASSETS		
Property, Plant, and Equipment - Net	496,983	527,930
OTHER ASSETS		
Rental Lease and Utility Deposit	<u>4,464</u>	<u>4,464</u>
TOTAL ASSETS	<u>\$ 1,830,027</u>	<u>\$ 1,433,916</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 989	\$ 7,721
Payroll Liabilities	<u>7,965</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	8,954	7,721
NET ASSETS		
With Donor Restrictions	29,550	15,937
Without Donor Restrictions	<u>1,791,523</u>	<u>1,410,258</u>
TOTAL NET ASSETS	<u>1,821,073</u>	<u>1,426,195</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,830,027</u>	<u>\$ 1,433,916</u>

See independent auditor's report and notes to financial statements

PREGNANCY ASSISTANCE CENTER NORTH, INC.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND GAINS:		
Contributions/Fundraising/Program Income	\$ 1,506,816	\$ 1,462,387
Thrift Store	166,759	141,145
Grants	107,827	34,902
Other Income	<u>3,088</u>	<u>1,673</u>
TOTAL REVENUE AND GAINS WITHOUT DONOR RESTRICTIONS	1,784,490	1,640,107
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	<u>29,550</u>	<u>42,219</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	1,814,040	1,682,326
EXPENSES AND LOSSES:		
Program Expenses	1,113,976	981,881
General & Administrative	102,623	98,381
Thrift Store	109,575	105,695
Fundraising Expense	<u>93,977</u>	<u>111,785</u>
TOTAL EXPENSES AND LOSSES	<u>1,420,151</u>	<u>1,297,742</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	393,889	384,584
Changes in Net Assets with Donor Restrictions		
Contributions	30,539	32,135
Net assets released from restrictions	<u>29,550</u>	<u>42,219</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>989</u>	<u>(10,084)</u>
Increase (Decrease) in Total Net Assets	394,878	374,500
Net Assets, Beginning of Year	<u>1,426,195</u>	<u>1,051,695</u>
Net Assets, End of Year	<u>\$ 1,821,073</u>	<u>\$ 1,426,195</u>

See independent auditor's report and notes to financial statements

PREGNANCY ASSISTANCE CENTER NORTH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022

	Program Services	Mangt & General	Fundraising	Thrift Store	Total
Advertising	\$ 2,663	\$ -	\$ 2,670	\$ 1,380	\$ 6,713
Affiliation Fees	1,955	-	-	-	1,955
Audit	-	7,275	-	-	7,275
Cleaning & Maintenance	10,156	1,020	-	2,745	13,921
Compensation	640,242	49,994	74,992	83,324	848,552
Conferences & Training	9,489	-	-	-	9,489
Cost of Direct Benefit to Donors	79,822	-	-	-	79,822
Credit Card Fees	-	8,741	-	3,549	12,290
Events	-	-	1,667	-	1,667
Educational, Counseling & Assistance	25,949	-	-	-	25,949
Equipment Rental & Maintenance	10,745	6,408	-	96	17,249
Marketing and Mailings	-	-	8,269	-	8,269
Insurance	28,469	2,100	336	6,061	36,966
Office Supplies & Expense	6,517	2,214	-	-	8,731
Postage	-	1,734	-	-	1,734
Utilities	14,546	1,533	-	4,638	20,717
Rent	137,460	8,903	-	-	146,363
Repairs & Maintenance	14,313	-	-	832	15,145
Security	30,819	787	-	401	32,007
Supplies	8,042	128	-	3,343	11,513
Sonogram & Testing Supplies	23,110	-	-	-	23,110
Well Women Expenses	3,116	-	-	-	3,116
Telephone/Internet/IT	22,453	6,645	-	1,420	30,518
Depreciation	39,633	3,989	-	-	43,622
Other	4,477	1,152	6,043	1,786	13,458
	<u>\$ 1,113,976</u>	<u>\$ 102,623</u>	<u>\$ 93,977</u>	<u>\$ 109,575</u>	<u>\$ 1,420,151</u>

See independent auditor's report and notes to financial statements

PREGNANCY ASSISTANCE CENTER NORTH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Program Services	Mangt & General	Fundraising	Thrift Store	Total
Advertising	\$ 2,705	\$ -	\$ -	\$ 1,423	\$ 4,128
Affiliation Fees	1,825	-	-	-	1,825
Audit	-	6,880	-	-	6,880
Cleaning & Maintenance	10,003	1,405	-	6,226	17,634
Compensation	526,699	49,886	88,581	77,190	742,356
Conferences & Training	8,088	-	-	-	8,088
Cost of Direct Benefit to Donors	84,449	-	-	-	84,449
Credit Card Fees	-	7,824	-	2,556	10,380
Events	-	-	823	-	823
Educational, Counseling & Assistance	26,477	-	-	-	26,477
Equipment Rental & Maintenance	9,097	5,579	-	-	14,676
Marketing and Mailings	-	-	8,474	-	8,474
Insurance	20,895	1,665	177	5,682	28,419
Office Supplies & Expense	5,617	3,484	-	-	9,101
Postage	-	1,469	-	-	1,469
Utilities	11,244	1,122	-	3,918	16,284
Rent	136,862	8,530	-	-	145,392
Repairs & Maintenance	3,480	-	-	-	3,480
Supplies	6,400	134	-	3,251	9,785
Sonogram & Testing Supplies	26,655	-	-	-	26,655
Well Women Expenses	90	-	-	-	90
Telephone/Internet/IT	13,785	4,965	-	2,111	20,861
Depreciation	79,269	3,989	-	-	83,258
Other	8,241	1,449	13,730	3,338	26,758
	<u>\$ 981,881</u>	<u>\$ 98,381</u>	<u>\$ 111,785</u>	<u>\$ 105,695</u>	<u>\$ 1,297,742</u>

See independent auditor's report and notes to financial statements

PREGNANCY ASSISTANCE CENTER NORTH, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 394,878	\$ 374,500
Adjustments to Reconcile Change in Net Assets to Net Cash used by Operating Activities		
Depreciation	43,623	83,258
(Increase) Decrease in Prepaid Expenses	2,628	(1,539)
Increase (Decrease) in Accounts Payable	(6,732)	140
Increase (Decrease) in Payroll Liabilities	7,965	
Increase (Decrease) in Deferred Revenue	<u>-</u>	<u>(1,200)</u>
NET CASH FROM OPERATING ACTIVITIES	442,362	455,159
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Building Improvement and other assets	<u>(12,675)</u>	<u>(29,070)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(12,675)</u>	<u>(29,070)</u>
NET INCREASE (DECREASE) IN CASH	429,687	426,089
Cash, Beginning of Year	<u>897,998</u>	<u>471,909</u>
Cash, End of Year	<u><u>\$ 1,327,685</u></u>	<u><u>\$ 897,998</u></u>

See independent auditor's report and notes to financial statements

PREGNANCY ASSISTANCE CENTER NORTH, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 1 – Organization

Pregnancy Assistance Center North, Inc. (The Center) was incorporated in 1987 under the Texas Non-Profit Corporation Act.

The Center is a Christian, non-profit organization that provides practical assistance without charge to women and men experiencing unplanned pregnancy. The Center provides pregnancy testing, options counseling, STD testing and treatment, childbirth and relationship classes, life skills education, and post abortion recovery services. The Center also provides free material assistance, including baby formula and food, diapers and wipes, and baby clothing, to clients in need. Through webinar and in-person classes, clients are able to earn needed baby items, such as cribs, car seats and baby furniture.

In April 1996, the Center became a Care Net affiliate. Care Net is a national organization dedicated to equipping crisis pregnancy centers to offer high quality, biblically based client services.

Note 2 – Summary of Significant Accounting Policies

Basis of Statements

The financial statements of the Center are prepared using the accrual basis of accounting. Contributions are recognized when a donor makes an unconditional promise to give and expenses are recognized when incurred.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, occupancy and property insurance, which are allocated on a square footage basis.

PREGNANCY ASSISTANCE CENTER NORTH, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 2 – Summary of Significant Accounting Policies - Continued

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

General Fixed Assets

Property and equipment are recorded at cost. Depreciation is calculated using the straight- line method with assets depreciated over the following useful lives:

Furniture and Fixtures	5 years
Office Equipment	3-5 years
Building	39 years

Federal Income Taxes

Pregnancy Assistance Center North, Inc. is a nonprofit corporation as defined by section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes. Pregnancy Assistance Center North, Inc. is up to date with all of its tax filings. Tax years ended December 31, 2020, 2021, and 2022 are open to examination by the Internal Revenue Service.

Donated Services

Client services are provided primarily by staff and trained volunteers. The value of time and effort contributed by volunteers is not reflected in these financial statements.

Non-Cash Donations

The Center receives various non-cash donations including formula, diapers, and clothes. The value of the non-cash donations are immaterial and not reflected in the financial statements.

PREGNANCY ASSISTANCE CENTER NORTH, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 2 – Summary of Significant Accounting Policies - Continued

Cash equivalents and Cash

Cash equivalents are highly liquid investments with a maturity date no longer than 90 days.

Credit Risk

The Center maintains bank accounts at four banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2022 the Center had an uninsured bank balance of \$430,805 and at December 31, 2021 the Center had an uninsured bank balance of \$504,393.

Note 3 – Fixed Assets

Fixed assets as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Building and Improvements	631,331	\$ 631,332
Land	117,300	117,300
Furniture and Fixtures	21,833	9,158
Equipment	166,793	166,793
Box Truck	9,775	9,775
	<u>947,032</u>	<u>934,358</u>
Less - Accumulated Depreciation	<u>450,049</u>	<u>406,428</u>
Total Fixed Assets	<u>\$ 496,983</u>	<u>\$ 527,930</u>

PREGNANCY ASSISTANCE CENTER NORTH, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 4 – Commitments

The Center leases office space, copiers and a postage machine under non-cancelable operating leases. The Center also has a maintenance agreement on its ultrasound machines which is non-cancelable. Expenses for the year ended December 31, 2022 amounted to \$ 147,794 and the year ended December 31, 2021 amounted to \$171,054. The leases and maintenance agreement expire February 14, 2023. The future minimum lease and maintenance agreement commitments are as follows:

Year ended December 31, 2023	\$ 23,808
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Note 5 – Restrictions on Net Assets

Net assets with donor restrictions as of December 31, 2022 and 2021 are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Subject of expenditure for specified purposes:		
APR Program	\$ 12,275	\$ -
CARE	-	6,925
Bibles	1,134	1,371
Pro U	3,475	3,475
Ultrasound	<u>12,666</u>	<u>4,166</u>
Total Net Assets with Donor Restrictions	<u>\$ 29,550</u>	<u>\$ 15,937</u>

PREGNANCY ASSISTANCE CENTER NORTH, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 6 - Liquidity and availability of Financial Assets

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 donor-imposed restrictions within one year of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Financial assets at year end	\$ 1,327,685	\$ 897,998
Less financial assets unavailable for general expenditures within one year due to:		
Net assets with donor restrictions - See note 5	<u>29,550</u>	<u>15,937</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,298,135</u>	<u>\$ 882,061</u>

Note 7 – Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 8 – Subsequent Events

Subsequent events have been evaluated through July 10, 2023, which is the date the financial statements were issued.

Note 9 – New Accounting Pronouncements

The effects of accounting pronouncements that have been issued but have not yet taken effect are not believed to be material to the financial statements.