SAVE THE STORKS

Financial Statements
With Independent Auditors' Report

December 31, 2019 and 2018

SAVE THE STORKS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Save the Storks
Colorado Springs, Colorado

We have audited the accompanying financial statements of Save the Storks, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 auditor's 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.

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Board of Directors
Save the Storks
Colorado Springs, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Save the Storks as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
July 15, 2020

SAVE THE STORKS

Statements of Financial Position

	December 31, 2019		December 31, 2018	
ASSETS:				
Cash and cash equivalents	$	1,691,617	$	1,138,946
Certificate of deposit		-		300,000
Accounts receivable–net		29,899		232,750
Prepaid expenses and other assets		1,204,111		431,038
Asset held for sale		-		83,551
Property and equipment–net		1,535,271		295,070
Total Assets	$	4,460,898	$	2,481,355
LIABILITIES AND NET ASSETS:				
Accounts payable and accrued expenses	$	687,060	$	323,981
Deferred income		443,194		323,235
Deferred lease incentive–net		249,095		-
Note payable		279,226		-
		1,658,575		647,216
Net assets:				
Without donor restrictions		469,863		383,809
With donor restrictions		2,332,460		1,450,330
		2,802,323		1,834,139
Total Liabilities and Net Assets	$	4,460,898	$	2,481,355

See notes to financial statements

SAVE THE STORKS

Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	$ 7,507,976	$ 1,245,373	$ 8,753,349	$ 4,135,803	$ 473,288	$ 4,609,091
Service and product income	920,713	-	920,713	1,443,138	-	1,443,138
Special events:						
Contributions	1,127,966	-	1,127,966	933,981	-	933,981
Other revenue	35,077		35,077	38,325		38,325
Costs of direct benefits to donors	(231,025)	-	(231,025)	(88,807)	-	(88,807)
	932,018	-	932,018	883,499	-	883,499
Other income (loss)	(28,350)	-	(28,350)	71,964	-	71,964
Total Support and Revenue	9,332,357	1,245,373	10,577,730	6,534,404	473,288	7,007,692
NET ASSETS RELEASED:						
Purpose restrictions	363,243	(363,243)	-	259,817	(259,817)	-
EXPENSES:						
Program activities	6,330,223	-	6,330,223	4,297,898	-	4,297,898
Supporting activities:						
Fund-raising	1,567,791	-	1,567,791	2,080,073	-	2,080,073
General and administrative	1,711,532	-	1,711,532	781,310	-	781,310
	3,279,323	-	3,279,323	2,861,383	-	2,861,383
Total Expenses	9,609,546	-	9,609,546	7,159,281	-	7,159,281
Change in Net Assets	86,054	882,130	968,184	(365,060)	213,471	(151,589)
Net Assets, Beginning of Year	383,809	1,450,330	1,834,139	748,869	1,236,859	1,985,728
Net Assets, End of Year	$ 469,863	$ 2,332,460	$ 2,802,323	$ 383,809	$ 1,450,330	$ 1,834,139

See notes to financial statements

SAVE THE STORKS

Statement of Functional Expense

Year Ended December 31, 2019

	Program Activities	Supporting Activities: Fund-raising	Supporting Activities: General and Administrative	Total
Salaries and benefits	$ 1,679,001	$ 185,612	$ 787,585	$ 2,652,198
Professional services	733,575	997,176	271,324	2,002,075
Office and other expenses	545,429	97,753	454,159	1,097,341
Communications and events	819,072	180,049	25,277	1,024,398
Contributions to others	1,013,170	-	-	1,013,170
Mobile medical unit building costs	797,821	-	-	797,821
Travel	403,362	85,442	89,631	578,435
Facilities and maintenance	253,294	16,247	55,570	325,111
Depreciation expense	85,499	5,512	27,986	118,997
Total Expenses	$ 6,330,223	$ 1,567,791	$ 1,711,532	$ 9,609,546

See notes to financial statements

SAVE THE STORKS

Statement of Functional Expense

Year Ended December 31, 2018

		Supporting Activities:		
	Program Activities	Fund-raising	General and Administrative	Total
Salaries and benefits	$ 874,003	$ 464,895	$ 520,683	$ 1,859,581
Professional services	667,159	880,977	75,277	1,623,413
Mobile medical unit building costs	1,150,055	-	-	1,150,055
Communications and events	475,696	290,209	8,686	774,591
Travel	330,827	176,182	31,924	538,933
Contributions to others	521,301	-	-	521,301
Office and other expenses	155,335	233,596	76,939	465,870
Facilities and maintenance	107,444	30,353	54,657	192,454
Depreciation expense	16,078	3,861	13,144	33,083
Total Expenses	$ 4,297,898	$ 2,080,073	$ 781,310	$ 7,159,281

See notes to financial statements

SAVE THE STORKS

Statements of Cash Flows

	Year Ended December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 968,184	$ (151,589)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	118,997	33,083
Loss on disposal of property and equipment	103,481	-
Change in operating assets and liabilities:		
Accounts receivable–net	202,851	(198,000)
Prepaid expenses and other assets	(773,073)	109,812
Asset held for sale	83,551	-
Accounts payable and accrued expenses	363,079	202,290
Deferred income	119,959	(267,145)
Deferred lease incentive–net	249,095	-
Net Cash Provided (Used) by Operating Activities	1,436,124	(271,549)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,556,929)	(121,990)
Proceeds from sale of investments	300,000	-
Proceeds from sale of property and equipment	94,250	-
Net Cash Used by Investing Activities	(1,162,679)	(121,990)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on note payable	279,226	-
Net Cash Provided by Investing Activities	279,226	-
Change in Cash and Cash Equivalents	552,671	(393,539)
Cash and Cash Equivalents, Beginning of Year	1,138,946	1,532,485
Cash and Cash Equivalents, End of Year	$ 1,691,617	$ 1,138,946
SUPPLEMENTAL DISCLOSURE:		
Construction in progress and other assets acquired through accounts payable and accrued expenses	$ 247,302	$ 83,525
Noncash additions of property and equipment–net	$ 30,000	$ -

See notes to financial statements

SAVE THE STORKS

Notes to Financial Statements

December 31, 2019 and 2018

1. NATURE OF ORGANIZATION:

   Officially founded in 2012, Save the Storks (STS) is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state laws. Save The Storks is not a private foundation under Section 509(a) of the Internal Revenue Code.

   The initial program of Save the Storks was developing partnerships with pregnancy resource centers across the nation and helping them launch Mobile Medical Units (MMU). As the organization grew, the goal of serving abortion vulnerable moms and saving babies continued to expand. There was an increased need to equip pregnancy resource centers with more than just mobile ministry. Save the Storks has since developed and implemented training curriculum and services to help the centers more efficiently and effectively serve their communities.

   The stated mission of Save the Storks is to revolutionize the meaning of pro-life. This is accomplished by: 1) changing the language and conversation around pro-life, 2) creating innovative ways to engage and serve abortion vulnerable women and save babies, 3) equipping grassroots leaders with strategies and tools to provide love, compassion and action to women in crisis pregnancies, and 4) mobilize cultural influences to create catalytic change.

2. SIGNIFICANT ACCOUNTING POLICIES:

   STS maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures 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. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

   CASH AND CASH EQUIVALENTS

   Cash and cash equivalents consist of cash held in checking and savings accounts, cash on hand, and money market funds. As of December 31, 2019 and 2018, cash on deposit with financial institutions exceeded federally insured limits by approximately $1,169,000 and $750,000, respectively. STS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

   CERTIFICATE OF DEPOSIT

   Certificate of deposit is held at contract value plus accrued interest and held as collateral for the line of credit described in Note 5 below. The original maturity date was over ninety days, therefore it is not considered cash equivalents. Gains and losses are reported within other income on the statement of activities. This account was closed during December 2019 when the related line of credit was closed.

2. <u>SIGNIFICANT ACCOUNTING POLICIES, continued:</u>

ACCOUNTS RECEIVABLE–NET

Accounts receivable represents miscellaneous amounts due to STS that have not been received as of year end. Accounts receivable is stated net of an allowance of $29,750 and $0, at December 31, 2019 and 2018, respectively.

VEHICLES AND EQUIPMENT–NET

Vehicles and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Assets costing greater than $2,500 are capitalized. Depreciation is recorded over the estimated useful lives of the assets on a straight-line basis, which range from three to seven years.

DEFERRED INCOME

Deferred income is recorded for the unearned portion of payments received on mobile medical units (MMU). Revenue is recognized as earned, which is at point of delivery of the MMU. Deferred income is also recorded for the unearned portion of ticket sales related to upcoming events.

NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are those resources currently available at the discretion of the board of directors for use in STS's operations.

Net assets with donor restrictions are those contributions restricted by donors for various ministry projects and programs.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, 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. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Service and product income consists primarily of MMU sales to pregnancy resource centers and is recognized when earned.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued:
The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of STS. These expenses include salaries and benefits, facilities, travel, depreciation, and other. Depreciation and facilities are allocated based on square footage. Costs of other categories are allocated on estimates of time and effort. Total expenses include all operating expenses.

JOINT COSTS
STS hosts events and sends marketing materials throughout the year that result in joint cost. Joint costs are incurred when requests for contributions and program service activities are conducted simultaneously. Joint costs are allocated based on time and effort or space used on marketing materials. Total joint costs consist of the following:

	December 31,	
	2019	2018
Program services	$ 152,780	$ 573,983
Fundraising	16,976	192,561
	$ 169,756	$ 766,544

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT
In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* STS adopted the provisions of this new standard during the year ended December 31, 2019 as a recipient organization. This new standard provides guidance on determining whether transactions should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. This standard did not have a material impact on the presentation of the December 31, 2019 financial statements and had no effect on change in net assets or net assets in total.

2. <u>SIGNIFICANT ACCOUNTING POLICIES, continued:</u>

CONDITIONAL PROMISES TO GIVE

STS received conditional promises to give to support the annual Stork Ball fund-raising event in matching gifts of specified amounts, which are not recognized prior to receipt of the contribution. As of December 31, 2019, total conditional promises to give approximated $250,000 expected to be received in 2020.

RECLASSIFICATIONS

In order to correctly show contributions with donor restrictions that were received and released during the year ended December 31, 2018 and prior, STS reclassified net assets with donor restrictions. This reclassification increased net assets with donor restrictions and decreased net assets without donor restrictions as of December 31, 2017 by $94,865. For the year ended December 31, 2018, reclassifications were made that increased the change in net assets with donor restrictions by $39,020. The change in net assets without donor restrictions decreased by $39,020. This was due to a reclassification that decreased contributions with donor restrictions by $23,763 and decreased net assets released from purpose restrictions by $62,783. These reclassifications had no effect on the total net assets as of December 31, 2018 or on the total change in net assets for the years then ended.

3. <u>LIQUIDITY AND FUNDS AVAILABLE:</u>

The following table reflects STS’s financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. All of STS's financial assets as of December 31, 2019 and 2018 are considered available for general expenditure within one year.

	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 1,691,617	$ 1,138,946
Accounts receivable–net	29,899	232,750
	$ 1,721,516	$ 1,371,696

STS has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	December 31, 2019	December 31, 2018
Leasehold improvements	$ 944,907	$ -
Buildings	331,464	-
Equipment	145,008	75,973
Vehicles	61,878	86,521
Land	31,300	-
	1,514,557	162,494
Less accumulated depreciation and amortization	(183,067)	(91,098)
	1,331,490	71,396
Construction in progress	203,781	223,674
	$ 1,535,271	$ 295,070

5. LINES OF CREDIT:

During the year ended December 31, 2018, STS obtained an unsecured line of credit of $50,000, with a variable interest rate based on the Wall Street Journal prime rate, plus 4.99% (effective rate of 10.24%), held at a financial institution. The line of credit matures December 2021. STS also obtained a revolving line of credit of $300,000, with an interest rate 3.45%, held at a financial institution, secured by a certificate of deposit at the financial institution. The line of credit was closed in December 2019. As of December 31, 2019 and 2018, there were no outstanding balance on the lines of credit.

6. NOTE PAYABLE:
Note payable consists of:

	December 31, 2019	December 31, 2018
Note payable consists of a mortgage to a financial institution. The mortgage bears interest at 4.98% and has monthly principal and interest payments of $1,855. The mortgage matures in November 2029 and is secured by land and buildings.	$ 279,226	$ -

Future minimum payments are:

Year Ending December 31,	
2020	$ 8,553
2021	8,989
2022	9,447
2023	9,929
2024	10,435
Thereafter	231,873
	$ 279,226

7. NET ASSETS WITH DONOR RESTRICTIONS:
Net assets with donor restrictions consist of:

	December 31, 2019	December 31, 2018
Mobile medical units	$ 2,267,536	$ 1,180,177
Other	64,924	136,268
	$ 2,332,460	$ 1,316,445

8. RELATED PARTIES:
During the year ended December 31, 2019 and 2018, STS paid $86,000 and $73,000, respectively, for consulting services provided by board members. A board member and the chief executive officer also hold positions on boards of organizations to which STS contributed approximately $130,000 and $19,000, during the year ended December 31, 2019, and 2018, respectively. STS also paid $172,500 to companies owned by board members during the year ended December 31, 2019.

9. OPERATING LEASE:

During the year ended December 31, 2019, STS entered into a lease agreement with an unrelated third party vendor for use of office space. Per the agreement, the lessor agreed to pay for leasehold improvements up to $271,740. This is considered a lease incentive. The total costs of the leasehold improvements were capitalized, and the amount paid directly by the lessor, $271,740, was recorded as a deferred lease incentive liability. The deferred lease incentive will be amortized at a rate of $3,774 per month over the life of the lease as an offset against rent expense. As of December 31, 2019, the deferred lease incentive is stated net of amortization of $22,645. Net lease expense for the year ended December 31, 2019 and 2018 was $97,373 and $146,355, respectively.

Future minimum payments required under lease agreements and other contractual obligations as of December 31, 2019, are:

Year Ending December 31,		
2020	$	124,548
2021		129,077
2022		133,605
2023		138,135
2024		142,664
Thereafter		72,464
	$	740,493

10. SUBSEQUENT EVENTS:

In January 2020, STS entered into an agreement in which STS is obligated to pay $745,200 for fund-raising services. According to the terms of the agreement, STS will pay $31,050 per month for twenty-four months, beginning on January 31, 2020. As this contract was entered into after December 31, 2019, this liability and related expense are not included in the financial statements as of December 31, 2019.

Subsequent to the year ended December 31, 2019, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy, and has contributed to significant declines and volatility in financial markets. Due to COVID-19's impact, there is potential for contributions to decrease from the levels reflected in the December 31, 2019 financial statements.

Subsequent events were evaluated through July 15, 2020, which is the date the financial statements were available to be issued.