SAVE THE STORKS

Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

SAVE THE STORKS

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CAPINCROUSE LLP

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, 2020 and 2019, 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.

2435 Research Parkway, Suite 200
Colorado Springs, CO 80920
719.528.6225
capincrouse.com

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, 2020 and 2019, 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
April 13, 2021

SAVE THE STORKS

Statements of Financial Position

	December 31, 2020	December 31, 2019
ASSETS:		
Cash and cash equivalents	$ 2,003,656	$ 1,691,617
Accounts receivable–net	-	29,899
Prepaid expenses and other assets	282,258	1,204,111
Asset held for sale	70,560	-
Property and equipment–net	1,511,191	1,535,271
Total Assets	$ 3,867,665	$ 4,460,898
LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	$ 653,698	$ 687,060
Grants payable	169,000	-
Deferred income	10,000	443,194
Deferred lease incentive–net	203,805	249,095
Note payable	270,907	279,226
	1,307,410	1,658,575
Net assets:		
Without donor restrictions	1,897,195	578,410
With donor restrictions	663,060	2,223,913
	2,560,255	2,802,323
Total Liabilities and Net Assets	$ 3,867,665	$ 4,460,898

See notes to financial statements

SAVE THE STORKS

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	$ 7,288,977	$ 654,830	$ 7,943,807	$ 7,507,976	$ 1,245,373	$ 8,753,349
Government grant revenue	428,303	-	428,303	-	-	-
Service and product income	276,768	-	276,768	920,713	-	920,713
Special events:						
Contributions	487,159	-	487,159	1,127,966	-	1,127,966
Other revenue	173,298	-	173,298	35,077	-	35,077
Costs of direct benefits to donors	(221,925)	-	(221,925)	(231,025)	-	(231,025)
	438,532	-	438,532	932,018	-	932,018
Other income (loss)	17,936	-	17,936	(28,350)	-	(28,350)
Total Support and Revenue	8,450,516	654,830	9,105,346	9,332,357	1,245,373	10,577,730
NET ASSETS RELEASED:						
Purpose restrictions	2,215,683	(2,215,683)	-	471,790	(471,790)	-
EXPENSES:						
Program activities	6,742,012	-	6,742,012	6,330,223	-	6,330,223
Supporting activities:						
Fund-raising	1,377,793	-	1,377,793	1,567,791	-	1,567,791
General and administrative	1,227,609	-	1,227,609	1,711,532	-	1,711,532
	2,605,402	-	2,605,402	3,279,323	-	3,279,323
Total Expenses	9,347,414	-	9,347,414	9,609,546	-	9,609,546
Change in Net Assets	1,318,785	(1,560,853)	(242,068)	194,601	773,583	968,184
Net Assets, Beginning of Year	578,410	2,223,913	2,802,323	383,809	1,450,330	1,834,139
Net Assets, End of Year	$ 1,897,195	$ 663,060	$ 2,560,255	$ 578,410	$ 2,223,913	$ 2,802,323

See notes to financial statements

SAVE THE STORKS

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Activities	Supporting Activities: Fund-raising	Supporting Activities: General and Administrative	Total
Salaries and benefits	$ 1,832,900	$ 144,703	$ 493,950	$ 2,471,553
Contributions to others	2,455,869	-	-	2,455,869
Professional services	774,098	793,583	303,668	1,871,349
Communications and events	369,127	365,123	18,180	752,430
Office and other expenses	358,350	40,441	312,317	711,108
Mobile medical unit manufacturing	372,381	-	-	372,381
Depreciation expense	208,084	11,685	40,495	260,264
Facilities and maintenance	205,598	12,777	40,580	258,955
Travel	165,605	9,481	18,419	193,505
Total Expenses	$ 6,742,012	$ 1,377,793	$ 1,227,609	$ 9,347,414

See notes to financial statements

SAVE THE STORKS

Statement of Functional Expenses

Year Ended December 31, 2019

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

See notes to financial statements

SAVE THE STORKS

Statements of Cash Flows

	Year Ended December 31, 2020	Year Ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (242,068)	$ 968,184
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	260,264	118,997
Loss on disposal of property and equipment	-	103,481
Forgiveness of Paycheck Protection Program loan	(428,303)	-
Change in operating assets and liabilities:		
Accounts receivable–net	29,899	202,851
Prepaid expenses and other assets	921,853	(773,073)
Asset held for sale	-	83,551
Accounts payable and accrued expenses	(33,362)	363,079
Grants payable	169,000	-
Deferred income	(682,289)	119,959
Deferred lease incentive–net	203,805	249,095
Net Cash Provided by Operating Activities	198,799	1,436,124
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(306,744)	(1,556,929)
Proceeds from sale of investments	-	300,000
Proceeds from sale of property and equipment	-	94,250
Net Cash Used by Investing Activities	(306,744)	(1,162,679)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(8,319)	-
Borrowings on note payable	-	279,226
Proceeds from Paycheck Protection Program loan	428,303	-
Net Cash Provided by Investing Activities	419,984	279,226
Change in Cash and Cash Equivalents	312,039	552,671
Cash and Cash Equivalents, Beginning of Year	1,691,617	1,138,946
Cash and Cash Equivalents, End of Year	$ 2,003,656	$ 1,691,617

(continued)

See notes to financial statements

SAVE THE STORKS

Statements of Cash Flows
(continued)

	Year Ended December 31,	
	2020	2019
SUPPLEMENTAL DISCLOSURE:		
Construction in progress and other assets acquired through accounts payable and accrued expenses	$ -	$ 247,302
Noncash additions of property and equipment–net	$ -	$ 30,000
Transfer to asset held for sale	$ 70,560	$ -
Non-cash forgiveness of Paycheck Protection Program loan	$ 428,303	$ -

See notes to financial statements

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, 2020 and 2019, cash on deposit with financial institutions exceeded federally insured limits by approximately $2,087,000 and $1,169,000, respectively. STS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

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 $0 and $29,750, at December 31, 2020 and 2019, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSET HELD FOR SALE
Asset held for sale consists of a mobile medical unit for which a contract to sell has been entered into by STS. The asset is recorded at the lower of market value or historical cost, net of accumulated depreciation.

PROPERTY AND EQUIPMENT–NET:
Property 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 thirty years. Leasehold improvements are depreciated or amortized over the lessor of the useful life or lease term.

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.

GRANTS PAYABLE
Grants payable consist of amounts not yet paid, but unconditionally promised, to recipient organizations as of December 31, 2020 and 2019.

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:

During the year ended December 31, 2020, STS received a Paycheck Protection Program (PPP) loan of $428,303. STS incurred qualifying expenses exceeding the loan amount and on November 2, 2020, STS' request for loan forgiveness was granted by the Small Business Administration. The full amount of the grant is recorded in government grant revenue on the statements of activities. STS has adopted the simultaneous release option for funds received through conditional grants. Therefore, all conditional grants for which STS has met the barriers for revenue recognition have been treated as grants without donor restrictions in the statements of activities.

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,	
	2020	2019
Program services	$ 312,500	$ 152,780
Fund-raising	312,500	16,976
	$ 625,000	$ 169,756

RECENTLY ADOPTED ACCOUNTING STANDARDS

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 resource provider. 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, 2020 financial statements and had no effect on change in net assets or net assets in total.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARDS, continued
In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606 of the FASB Accounting Standards Codification). STS adopted the provisions of this new standard during the year ended December 31, 2020. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total for the years ended December 31, 2020 and 2019.

RECLASSIFICATIONS
In order to correctly show contributions with donor restrictions that were received and released during the year ended December 31, 2019, STS reclassified net assets with donor restrictions. For the year ended December 31, 2019, reclassifications were made that increased net assets released from purpose restrictions by $108,547. This reclassification also increased change in net assets without donor restrictions by $108,547 and decreased change in net assets without donor restrictions by the same amount. This reclassification had no effect on total change in net assets.

3. LIQUIDITY AND FUNDS AVAILABLE:
The following table reflects STS's financial assets as of December 31, 2020 and 2019, 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, 2020 and 2019 are considered available for general expenditure within one year.

	December 31, 2020	December 31, 2019
Cash and cash equivalents	$ 2,003,656	$ 1,691,617
Accounts receivable–net	-	29,899
	$ 2,003,656	$ 1,721,516

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, 2020	December 31, 2019
Leasehold improvements	$ 944,907	$ 944,907
Buildings	331,464	331,464
Equipment	145,008	145,008
Vehicles	266,134	61,878
Land	31,300	31,300
	1,718,813	1,514,557
Less accumulated depreciation and amortization	(425,694)	(183,067)
	1,293,119	1,331,490
Construction in progress	218,072	203,781
	$ 1,511,191	$ 1,535,271

5. NOTE PAYABLE:

Note payable consists of:

	December 31, 2020	December 31, 2019
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.	$ 270,907	$ 279,226

Future minimum payments are:

Year Ending December 31,	
2021	$ 8,989
2022	9,447
2023	9,929
2024	10,435
2025	10,966
Thereafter	221,141
	$ 270,907

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31, 2020	December 31, 2019
Mobile medical units	$ 658,010	$ 2,193,023
Other	5,050	30,890
	$ 663,060	$ 2,223,913

7. RELATED PARTIES:

During the years ended December 31, 2020 and 2019, STS paid $63,684 and $86,000, respectively, for consulting services provided by board members. A board member and the former chief executive officer also hold positions on boards of organizations to which STS contributed approximately $0 and $130,000, during the years ended December 31, 2020, and 2019, respectively. STS also paid $27,800 and $172,500 to companies owned by board members during the years ended December 31, 2020 and 2019, respectively. STS also paid former members of the executive team $214,305 and $16,233 during the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, STS has accrued expenses of $76,656 for these former executive team members.

8. 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, 2020 and 2019, the deferred lease incentive is stated net of amortization of $67,935 and $22,645, respectively. Net lease expense for the year ended December 31, 2020 and 2019 was $196,024 and $97,373, respectively.

8. OPERATING LEASE, continued:

Future minimum payments required under lease agreements and other contractual obligations as of December 31, 2020, are:

Year Ending December 31,		
2021	$	129,077
2022		133,605
2023		138,135
2024		142,664
2025		72,464
Thereafter		-
	$	615,945

9. RISKS AND UNCERTAINTIES:

In March 2020, 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. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of STS for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

10. SUBSEQUENT EVENTS:

Subsequent to the year ended December 31, 2020, STS received a second PPP loan in the amount of $428,303. Similar to the first PPP loan, the funds are eligible to be forgiven by the Small Business Assocation if STS meets qualifying conditions present in the loan agreement.

Subsequent events were evaluated through April 13, 2021, which is the date the financial statements were available to be issued.