

PREGNANCY RESOUCÉ MEDICAL CENTER

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

December 31, 2022

 SLOAN
CARTAGENA
& ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Pregnancy Resource Medical Center
Rosenberg, Texas

Opinion

We have audited the financial statements of Pregnancy Resource Medical Center, which comprise the statements of financial position as of December 31, 2022, and the related statements of activities, statements of functional expenses and statements of cash flows for the year 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 Resource Medical Center as of December 31, 2022, 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 Resource Medical Center 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 Resource Medical Center'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)

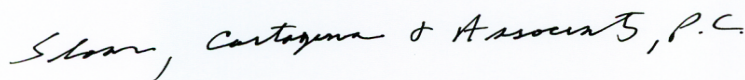
Auditor's Responsibilities for the Audit of the Financial Statements

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 PRMC'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 PRMC'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.



December 22, 2023
Houston Texas

PREGNANCY RESOURCE MEDICAL CENTER

STATEMENTS OF FINANCIAL POSITION

December 31, 2022

	<u>2022</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 343,854
TOTAL CURRENT ASSETS	343,854
FIXED ASSETS	
Property, Plant, and Equipment - Net	643,246
OTHER ASSETS	
Gift Cards	965
TOTAL ASSETS	<u><u>\$ 988,065</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Payroll Tax Payable	\$ 50
Credit Card Payable	4,677
Current Portion - N/P Amegy Bank	34,267
TOTAL CURRENT LIABILITIES	38,994
LONG-TERM LIABILITIES	
A/P Amegy Bank	364,064
SBA Loan	14,498
Less Current Portion	34,267
TOTAL LONG-TERM LIABILITIES	344,295
NET ASSETS	
Without Donor Restrictions	604,776
TOTAL NET ASSETS	<u>604,776</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 988,065</u></u>

PREGNANCY RESOURCE MEDICAL CENTER

STATEMENTS OF ACTIVITIES

For the year ended December 31, 2022

	<u>2022</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUES AND GAINS:	
Contributions	\$ 340,420
Fundraising	207,258
Program Income	72,216
Other Income	60,430
Interest Income	1,124
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TOTAL REVENUE AND GAINS WITHOUT DONOR RESTRICTIONS	681,448
NET ASSETS RELEASED FROM RESTRICTIONS	
Satisfaction of program restrictions	-
	<hr/>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	681,448
EXPENSES AND LOSSES:	
Program Expenses	285,913
General & Administrative	244,215
Fundraising Expense	24,554
	<hr/>
TOTAL EXPENSES AND LOSSES	554,682
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INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	126,766
Changes in Net Assets with Donor Restrictions	
Contributions	-
Net assets released from restrictions	-
	<hr/>
Increase (Decrease) in Net Assets With Donor Restrictions	-
	<hr/>
Increase (Decrease) in Total Net Assets	126,766
Net Assets, Beginning of Year	478,010
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Net Assets, End of Year	<u>\$ 604,776</u>

See independent auditor's report and notes to financial statements

PREGNANCY RESOURCE MEDICAL CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022

	Program Services	Mangt & General	Fundraising	Total
Advertising	3,264	340	3,076	6,680
Bank Charges		3,142		3,142
Conferences and Training	2,885	2,941	393	6,219
Contributions	200			200
Depreciation	27,360	3,041		30,401
Direct Benefit to Donors	27,989			27,989
Dues and Subscriptions	2,400	2,880	1,463	6,743
Fundraising Expense			8,558	8,558
Information Technology	6,924	4,634	1,174	12,732
Insurance	16,476	5,111		21,587
Interest Expense		19,018		19,018
Legal Services		300		300
Occupancy	28,861	9,345	4,812	43,018
Office Expense	16,384	3,955	4,737	25,076
Payroll Expense	124,313	173,224		297,537
Payroll Tax Expense	9,635	15,266		24,901
Program Materials	11,875			11,875
Supplies	2,287			2,287
Volunteer Appreciation	3,257			3,257
Travel	1,803	1,018	341	3,162
	<u>\$ 285,913</u>	<u>\$ 244,215</u>	<u>\$ 24,554</u>	<u>\$ 554,682</u>

See independent auditor's report and notes to financial statements

PREGNANCY RESOURCE MEDICAL CENTER

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2022

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 126,766
Adjustments to Reconcile Change in Net Assets to Net Cash used by Operating Activities	
Depreciation	30,401
(Increase) Decrease in Other Assets (Gift Cards)	(965)
Increase (Decrease) in Accounts Payable	<u>1,777</u>
NET CASH FROM OPERATING ACTIVITIES	157,979
CASH FLOWS FROM INVESTING ACTIVITIES	
Principal Payments on N/P Amegy Bank	<u>(89,136)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(89,136)</u>
NET INCREASE (DECREASE) IN CASH	68,843
Cash, Beginning of Year	<u>275,011</u>
Cash, End of Year	<u><u>\$ 343,854</u></u>

See independent auditor's report and notes to financial statements

PREGNANCY RESOUCÉ MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 1 – Organization

Pregnancy Resource Medical Center. (The Center) was incorporated in 1981 under the Texas Non- Profit Corporation Act.

Medical - Limited obstrical ultrasounds are offered to our pregnancy clients. Our moms are shown the development of the child in their womb.

Learn Earn and Plan (LEAP) Program Classes are offered to pregnant women and those with young infants. Participants earn vouchers by attending classes, doing homework, etc. and are able to use their vouchers to purchase baby items in the Mommy Store. Classes are offered on topics such as nutrition, breast feeding, infant care, Bible study and sexual integrity.

Client Advocacy Program (CAP) Peer counseling and free pregnancy tests, offering women information, referrals and emotional and spirtual support to help them cope with their pregnancy. Trained volunteers and staff listen to our clients' concerns and offer free free pregnancy tests. Information is offered regarding fetal development, abortion and its risks, adoption and help available from both our program and those of other helping agencies. We ask permission to contact them after their visit so we can continue to express our concern for them and offer our help

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 RESOUCÉ MEDICAL CENTER

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 Resource Medical Center 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 Resource Medical Center 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 is immaterial and not reflected in the financial statements.

PREGNANCY RESOURCE MEDICAL CENTER

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 two banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2022 Center had no uninsured bank balance.

Note 3 – Fixed Assets

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

	<u>2022</u>
Building and Improvements	664,851
Land	22,340
Furniture and Fixtures	<u>52,291</u>
	739,481
Less - Accumulated Depreciation	<u>96,235</u>
Total Fixed Assets	<u><u>\$ 643,246</u></u>

PREGNANCY RESOURCE MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 4 – Commitments

The Center leases office space, copier under non-cancelable operating lease. Expenses for the year ended December 31, 2022 amounted to \$9,626. The future minimum lease commitments are as follows:

Year ended December 31, 2023	\$5,258
Year ended December 31, 2024	5,258
Year ended December 31, 2025	3,067

NOTE 5 – NOTE PAYMENTS – PROSPERITY BANK

The Center has entered into two loan agreements. One with Amegy Bank and one with the SBA. The Amegy Bank loan of \$490,694 was entered into on August 11, 2017 and has an interest rate of 4.85%. The SBA loan of \$18,500 was entered into on June 5, 2020 and has an interest rate of 2.75%. The Amegy Bank loan matures July 11, 2032 and the SBA loan matures June 2026. The principal payments are as follows:

Year ended December 31, 2023	33,499
Year ended December 31, 2024	35,072
Year ended December 31, 2025	36,716
Year ended December 31, 2026	36,402
Year ended December 31, 2027	35,835
Remaining principal payments	<u>201,038</u>
Total principal payments	<u>\$ 378,562</u>

PREGNANCY RESOUCÉ MEDICAL CENTER

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>
Financial assets at year end	\$ 343,854
Less financial assets unavailable for general expenditures within one year due to:	
Net assets with donor restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 343,854</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 December 22, 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.