

OPEN ARMS PERINATAL SERVICES

FINANCIAL STATEMENTS  
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2022 AND 2021

OPEN ARMS PERINATAL SERVICES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Open Arms Perinatal Services  
Seattle, Washington

### **Opinion**

We have audited the accompanying financial statements of Open Arms Perinatal Services (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Open Arms Perinatal Services as of December 31, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States). 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 Open Arms Perinatal Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Open Arms Perinatal Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Open Arms Perinatal Services' 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 Open Arms Perinatal Services' 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.

**Other Matter - Prior Period Financial Statements**

The financial statements for Open Arms Perinatal Services as of and for the year ended December 31, 2021 were audited by Jones & Associates PLLC, whose partners and professional staff joined Jacobson Jarvis & Co PLLC as of September 1, 2022, and has subsequently ceased operations. Jones & Associates PLLC expressed an unmodified opinion on those statements in their report dated July 6, 2022.

*Jacobson Jarvis & Co, PLLC*

Jacobson Jarvis & Co, PLLC  
Seattle, Washington  
September 7, 2023

OPEN ARMS PERINATAL SERVICES  
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>		<u>2022</u>	<u>2021</u>
Cash and cash equivalents		\$ 1,629,418	\$ 1,973,560
Accounts receivable		516,124	357,002
Pledges receivable		484,539	476,433
Prepaid expenses		30,568	23,403
	Total Current Assets	<u>2,660,649</u>	<u>2,830,398</u>
Pledges receivable, long-term		<u>32,000</u>	<u>64,000</u>
		<u>\$ 2,692,649</u>	<u>\$ 2,894,398</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
Current Liabilities			
Accounts payable		\$ 77,681	\$ 54,415
Accrued payroll liabilities		186,975	196,559
Grants payable		<u>-</u>	<u>93,567</u>
	Total Liabilities	264,656	344,541
Net Assets			
Without donor restrictions			
Undesignated		1,022,421	971,959
Board designated		<u>750,000</u>	<u>600,000</u>
		1,772,421	1,571,959
With donor restrictions		<u>655,572</u>	<u>977,898</u>
	Total Net Assets	<u>2,427,993</u>	<u>2,549,857</u>
		<u>\$ 2,692,649</u>	<u>\$ 2,894,398</u>

OPEN ARMS PERINATAL SERVICES

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
<b>SUPPORT AND REVENUE</b>				
Government contracts	\$ 657,350	\$ -	\$ 2,281,446	\$ 2,938,796
Private grants	609,845	-	105,500	715,345
Special events, net of costs	112,303	-	11,707	124,010
Contributions	15,514	-	92,340	107,854
Program income	41,664	-	-	41,664
Interest and other income	572	-	-	572
	<u>1,437,248</u>	<u>-</u>	<u>2,490,993</u>	<u>3,928,241</u>
Net asset releases/transfers:				
Board designated transfers	(150,000)	150,000	-	-
Purpose restrictions met	432,535	-	(432,535)	-
Time restrictions met	2,380,784	-	(2,380,784)	-
	<u>2,663,319</u>	<u>150,000</u>	<u>(2,813,319)</u>	<u>-</u>
Total support and revenue	<u>4,100,567</u>	<u>150,000</u>	<u>(322,326)</u>	<u>3,928,241</u>
<b>EXPENSES</b>				
Program services	3,404,942	-	-	3,404,942
Management and general	300,426	-	-	300,426
Fundraising	344,737	-	-	344,737
Total expenses	<u>4,050,105</u>	<u>-</u>	<u>-</u>	<u>4,050,105</u>
CHANGE IN NET ASSETS	50,462	150,000	(322,326)	(121,864)
<b>NET ASSETS</b>				
Beginning of the year	971,959	600,000	977,898	2,549,857
End of the year	<u>\$ 1,022,421</u>	<u>\$ 750,000</u>	<u>\$ 655,572</u>	<u>\$ 2,427,993</u>

OPEN ARMS PERINATAL SERVICES

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
<b>SUPPORT AND REVENUE</b>				
Government contracts	\$ 1,063,934	\$ -	\$ 2,244,707	\$ 3,308,641
Private grants	387,949	-	75,000	462,949
Special events, net of costs	141,360	-	47,530	188,890
Contributions	14,056	-	154,909	168,965
Program income	31,385	-	-	31,385
Interest and other income	513	-	-	513
	<u>1,639,197</u>	<u>-</u>	<u>2,522,146</u>	<u>4,161,343</u>
Net asset releases/transfers:				
Board designated transfers	-	-	-	-
Purpose restrictions met	375,437	-	(375,437)	-
Time restrictions met	2,970,639	-	(2,970,639)	-
	<u>3,346,076</u>	<u>-</u>	<u>(3,346,076)</u>	<u>-</u>
Total support and revenue	<u>4,985,273</u>	<u>-</u>	<u>(823,930)</u>	<u>4,161,343</u>
<b>EXPENSES</b>				
Program services	3,721,093	-	-	3,721,093
Management and general	267,795	-	-	267,795
Fundraising	280,862	-	-	280,862
Total expenses	<u>4,269,750</u>	<u>-</u>	<u>-</u>	<u>4,269,750</u>
CHANGE IN NET ASSETS	715,523	-	(823,930)	(108,407)
<b>NET ASSETS</b>				
Beginning of the year	256,436	600,000	1,801,828	2,658,264
End of the year	<u>\$ 971,959</u>	<u>\$ 600,000</u>	<u>\$ 977,898</u>	<u>\$ 2,549,857</u>



OPEN ARMS PERINATAL SERVICES

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services								Support Services		Total
	Outreach Doula	Birth Doula Services	Family Support Services	Prenatal Collaborative	Lactation Peer Counseling Program	General	Fiscal Sponsorships	Total	Management and General	Fundraising	
Salaries and wages	\$ 694,265	\$ 337,059	\$ 449,772	\$ 108,655	\$ 330,198	\$ 60,668	\$ -	\$ 1,980,617	\$ 121,064	\$ 279,211	\$ 2,380,892
Pass-through grants	-	-	-	337,799	-	-	-	337,799	-	-	337,799
Professional services	74,085	275,155	37,343	123,838	52,917	19,340	79,084	661,762	142,101	21,254	825,117
Equipment and repair	15,523	3,251	1,480	360	1,368	408	-	22,390	774	615	23,779
Rent	12,796	20,884	9,240	2,176	6,702	2,783	-	54,581	3,194	4,019	61,794
Other	19,309	30,315	30,174	5,105	9,090	7,829	132	101,954	17,878	8,850	128,682
Travel and meetings	21,188	1,018	2,114	38	2,694	1,201	29,042	57,295	3,418	410	61,123
COVID-19 support	32,997	400	10,635	741	5,569	1,484	-	51,826	350	-	52,176
Professional development	4,599	871	3,325	534	7,462	179	-	16,970	1,030	113	18,113
Insurance	2,864	4,663	2,154	485	1,490	625	-	12,281	6,678	898	19,857
Supplies	45,444	147	4,390	5,557	3,029	315	-	58,882	1,106	146	60,134
Telephone and internet	4,995	5,660	2,602	544	2,763	1,356	-	17,920	1,146	987	20,053
Fiscal sponsor charges	-	-	-	-	-	-	17,723	17,723	-	-	17,723
Dues and membership	1,070	-	250	423	584	264	-	2,591	1,548	30	4,169
Printing and postage	152	-	13	30	-	18	-	213	139	3,511	3,863
Bad debts	-	-	-	-	-	-	-	-	-	3,000	3,000
Marketing and advertising	-	-	138	10,000	-	-	-	10,138	-	21,693	31,831
Total functional expenses	929,287	679,423	553,630	596,285	423,866	96,470	125,981	3,404,942	300,426	344,737	4,050,105
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	1,805	1,805
Total expenses	\$ 929,287	\$ 679,423	\$ 553,630	\$ 596,285	\$ 423,866	\$ 96,470	\$ 125,981	\$ 3,404,942	\$ 300,426	\$ 346,542	\$ 4,051,910

OPEN ARMS PERINATAL SERVICES

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services								Support Services		Total
	Outreach Doula	Birth Doula Services	Family Support Services	Prenatal Collaborative	Lactation Peer Counseling Program	General	Fiscal Sponsorships	Total	Management and General	Fundraising	
Salaries and wages	\$ 708,207	\$ 283,484	\$ 418,094	\$ 140,858	\$ 283,797	\$ 16,278	\$ -	\$ 1,850,718	\$ 126,896	\$ 217,940	\$ 2,195,554
Pass-through grants	-	-	-	797,832	40,000	-	12,566	850,398	-	-	850,398
Professional services	26,177	329,745	41,402	104,416	168,161	20,011	22,275	712,187	99,052	38,344	849,583
Equipment and repair	22,562	19,111	7,388	3,652	6,444	7,318	-	66,475	12,907	1,471	80,853
Rent	15,744	16,280	8,873	2,773	7,303	489	-	51,462	4,071	3,751	59,284
Other	7,119	6,841	10,491	2,205	3,279	4,845	-	34,780	13,869	7,347	55,996
Travel and meetings	22,224	334	4,679	32	17,835	3,356	578	49,038	861	348	50,247
COVID-19 support	10,289	-	17,261	-	-	10,520	400	38,470	-	-	38,470
Professional development	2,010	-	1,515	819	9,880	3,527	-	17,751	1,248	-	18,999
Insurance	3,595	3,718	2,027	633	1,669	111	-	11,753	3,725	857	16,335
Supplies	3,226	461	3,974	1,272	1,996	1,270	2,104	14,303	1,450	386	16,139
Telephone and internet	4,413	3,756	2,062	593	1,876	101	-	12,801	927	808	14,536
Fiscal sponsor charges	-	-	-	-	-	-	6,795	6,795	-	-	6,795
Dues and membership	-	193	355	-	187	3,259	-	3,994	2,499	132	6,625
Printing and postage	61	80	27	-	-	-	-	168	290	4,914	5,372
Bad debts	-	-	-	-	-	-	-	-	-	2,491	2,491
Marketing and advertising	-	-	-	-	-	-	-	-	-	2,073	2,073
Total functional expenses	825,627	664,003	518,148	1,055,085	542,427	71,085	44,718	3,721,093	267,795	280,862	4,269,750
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	7,219	7,219
Total expenses	\$ 825,627	\$ 664,003	\$ 518,148	\$ 1,055,085	\$ 542,427	\$ 71,085	\$ 44,718	\$ 3,721,093	\$ 267,795	\$ 288,081	\$ 4,276,969

OPEN ARMS PERINATAL SERVICES

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from contributions	\$ 971,103	\$ 1,313,613
Cash received from government grants and program fees	2,821,338	2,918,010
Cash received from interest and other income	572	513
Cash paid to employees and suppliers	<u>(4,137,155)</u>	<u>(4,158,774)</u>
Changes in Cash and Cash Equivalents	(344,142)	73,362
Cash and Cash Equivalents - beginning of year	<u>1,973,560</u>	<u>1,900,198</u>
Cash and Cash Equivalents - end of year	<u>\$ 1,629,418</u>	<u>\$ 1,973,560</u>
<b>Supplemental Information</b>		
Gain on forgiveness of note payable	<u>\$ -</u>	<u>\$ 286,600</u>

## OPEN ARMS PERINATAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Open Arms Perinatal Services (the Organization) is a nonprofit organization whose mission is to provide community-based support during pregnancy, birth, and early parenting to nurture strong foundations that last a lifetime. Support and revenue are generated primarily from government and private grants and contributions.

The primary programs include:

Outreach Doula – This community-based program improves health outcomes related to pregnancy, childbirth and the early postpartum period for pregnant people and their babies through culturally and linguistically matched doulas providing multiple monthly home visits up to the child’s second birthday. This program also improves parent-child attachment and the early development and learning of young children to be ready for kindergarten success.

Birth Doula Services – This program improves health outcomes related to pregnancy, childbirth and the early postpartum period for pregnant people and their babies by providing doula support and individual case management prenatally, during birth and for at least three months following childbirth.

Prenatal Collaborative Program - The goal of this program is to harness the knowledge and interest in perinatal health and breastfeeding among Black, API, Native and indigenous individuals and perinatal professionals and to create, evaluate and refine human rights and evidence-informed, culturally responsive models of care that meet the needs of our communities and are sustainable. Bringing together individuals from communities of color with doulas, midwives and breastfeeding counselors, will serve two purposes: 1) to educate a cohort of individuals on prenatal and postpartum wellness, immediately increasing access to care for marginalized communities, and 2) to encourage organic relationships between and among individuals and perinatal professionals so that long-term disparities and health challenges can be addressed with innovative solutions by and for our communities.

Lactation Peer Counseling Program -- The Lactation Peer Counseling Program provides free home-based and place-based lactation support, prioritizing the African American/Black, American Indian/Alaska Native, and Pacific Islander communities. Families who enroll into this program are culturally matched with a breastfeeding peer counselor who will provide home-based prenatal breastfeeding education to prepare them for their breastfeeding journey. Families will also receive support within 24 hours of birth and will continue to receive care for the baby’s 1st year of life.

Family Support Services -- Family Support Services provides wraparound support and referrals for all client families, and houses Help Me Grow Community Connectors, part of King County’s pilot of this innovative model for referrals and support for children.

## OPEN ARMS PERINATAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiscal Sponsorships – The Organization provides fiscal sponsorship to the Native American Women in Dialogue on Infant Mortality, and Equal Start Community Coalition.

#### Adoption of accounting principle

On January 1, 2022, the Organization considered ASU 2016-02, *Leases (Topic 842)*, a new accounting standard. This standard requires lessee to recognize a right of use asset and a lease liability for material lease arrangements. The Organization's operating lease term is short-term as it expires within one year of its year-end, December 31, 2022, and therefore is not required to implement the new lease standard.

#### Basis of presentation

The Organization presents its financial statements on an accrual basis of accounting in accordance with FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has designated certain otherwise net assets without donor restrictions as a Board designated operating reserve fund. These funds are approved by the Board to be held for specific purposes and require Board approval to designate for any other purpose.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets with donor restrictions when received. 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 restriction. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

#### Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

## OPEN ARMS PERINATAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Use of estimates

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 disclosures 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

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At December 31, 2022 and 2021, cash and cash equivalents consist of checking and money market accounts. The Organization maintains certain cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

##### Accounts Receivable

Accounts receivable consist primarily of grants from government agencies. Accounts receivable are stated at the amount management expects to collect from the outstanding balances and are due within one year. No allowance for uncollectible balances has been established by management based upon the Organization's historical experience in the collection of balances due.

##### Pledges Receivable

Pledges receivable from private grantors and individual donors are recognized as revenues or gains in the period to which they are committed and as assets, decreases of liabilities, or expenses depending on the form of benefits received. No allowance for uncollectible balances has been established by management based upon the Organization's historical experience in the collection of balances due. The Organization has not discounted the pledges receivable to be collected in future years as the related discount is not considered material to the financial statements.

##### Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Certain categories of expenses are attributed to more than one program or supporting function and have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and other, which are allocated on the basis of estimates of time and effort spent.

## OPEN ARMS PERINATAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Property and equipment

Property and equipment is carried at cost. Depreciation is computed using the straight-line method over a period of three to five years. The Organization follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$1,000 that provide future benefits over a period longer than one year. All capitalized property and equipment are fully depreciated at December 31, 2022 and 2021.

##### Donated services and goods

Donated supplies are recognized as revenue and corresponding expense at the estimated fair value at the date of donation. Donated services are recognized as revenue and corresponding expense if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

##### Revenue recognition

Revenue is recognized when earned. Contributions and private grants are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Revenue from government grants and contracts are recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustments made by the funding agencies. There were no adjustments resulting from government audits during the years ended December 31, 2022 and 2021. Amounts received in advance are deferred to the applicable period in which the related expenditures incurred.

Revenue from program service revenue is recognized when control of these services is transferred to its customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services provided. Amounts received in advance are deferred to the applicable period in which the related services are performed.

Revenue from performance obligations satisfied over time consists of advocacy and research services. For related performance obligations, control transfers to the customer over a period of time. Payment is typically due in full monthly, the contracts do not have a significant financing component, and the consideration amount is not variable. As such, the Organization records revenue over the period services are performed.

#### NOTE B - LIQUIDITY AND AVAILABILITY

Financial asset levels may vary during the year due to timing of contract payments. The Organization maintains a cash flow forecast and monitors assets available to meet future obligations. Amounts not available include board-designated reserve fund. The reserve is dedicated to help to ensure the long-term financial stability of the Organization.

OPEN ARMS PERINATAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE B - LIQUIDITY AND AVAILABILITY (Continued)

The Executive Director may access up to \$150,000 for approved purposes, as long as sufficient accounts receivable are available to repay such usage within three months. The Organization has an available line of credit, as disclosed at Note G.

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 1,629,418	\$ 1,973,560
Accounts receivable and pledges receivable - current	<u>1,000,663</u>	<u>833,435</u>
Total financial assets	2,630,081	2,806,995
Less those unavailable for general expenditure within one year:		
Board designated reserve	<u>(750,000)</u>	<u>(600,000)</u>
Financial assets available within one year	<u>\$ 1,880,081</u>	<u>\$ 2,206,995</u>

NOTE C - PLEDGES RECEIVABLE

Pledges receivable consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Receivables due in less than one year	\$ 484,539	\$ 476,433
Receivables due in one to five years	<u>32,000</u>	<u>64,000</u>
	<u>\$ 516,539</u>	<u>\$ 540,433</u>

NOTE D - FORGIVABLE LOAN

The Organization entered into a Small Business Administration Paycheck Protection Program note available with a bank on April 29, 2020 for \$275,654 with a maturity date of April 29, 2022. The note is unsecured with an interest rate of 1%. The note was forgiven in full on March 24, 2021.

The Organization entered into an additional Small Business Administration Paycheck Protection Program note available with a bank on March 23, 2021 for \$286,600 with a maturity date of March 23, 2026. The note is unsecured with an interest rate of 1%. The note was forgiven in full on October 18, 2021.



OPEN ARMS PERINATAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Other time restricted promises to give	\$ 155,437	\$ 496,535
Lactation Support Perinatal Collaborative	-	176,273
Fiscal sponsorship projects	342,186	147,837
Community education	53,000	-
Sabbatical	52,500	-
Amerigroup Birth Doula Services	20,816	48,845
Best Starts for Kids Outreach Doula Services	-	46,119
Covid relief	19,850	28,985
Labor of Love	500	22,021
OnePierce Birth Doula Services	4,030	4,030
Postpartum doula services	3,142	3,142
MotherWoman	3,000	3,000
Outreach Doula Services	1,111	1,111
	<u>\$ 655,572</u>	<u>\$ 977,898</u>

NOTE F - SPECIAL EVENTS

Special events revenue is shown in the statements of activities net of consumable costs that directly benefit the participants of the event. The net revenue is as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Gross special events revenue	\$ 125,815	\$ 196,109
Less cost of direct donor benefits	<u>(1,805)</u>	<u>(7,219)</u>
	<u>\$ 124,010</u>	<u>\$ 188,890</u>

NOTE G - LINE OF CREDIT

The Organization has an unsecured line of credit of \$300,000 with a bank. The line of credit matures June 2024. No balance is outstanding at December 31, 2022 and 2021.

NOTE H - CONDITIONAL GOVERNMENT GRANTS

During the year ending December 31, 2022, the Organization received conditional government grant awards of \$1,777,759. The grants are contingent on completion of detailed milestones or billings submitted for reimbursement. The Organization recognized \$870,168 in revenues related to these government grants for the year ending December 31, 2022. As the \$907,591 remainder represents a conditional promise to give, this portion of the award will not be recognized as revenue until the grantor conditions are met. Payments were received in 2023.

OPEN ARMS PERINATAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE I - LEASE COMMITMENT

The Organization leases office space under a noncancelable agreement which expires on December 31, 2023. Rent expense under this lease was \$61,794 and \$59,284 for the years ended December 31, 2022 and 2021, respectively. Future minimum rent expense under this lease is \$66,174 for the year ending December 31, 2023.

NOTE J - FISCAL SPONSORSHIP ACTIVITY

The Organization serves as a fiscal sponsor for various related projects. As a fiscal sponsor, the Organization is responsible for ensuring funds are properly spent to achieve the projects' goals. As a condition to this arrangement, such goals must align with and further the Organization's mission. The statement of activities separated between fiscal sponsorship and non-fiscal sponsorship activity is as follows for the year ended December 31, 2022:

	<u>Non-Fiscal Sponsorship</u>	<u>Fiscal Sponsorship</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 107,854	\$ -	\$ 107,854
Government contracts	2,618,466	320,330	2,938,796
Private grants	715,345	-	715,345
Special events, net of costs	124,010	-	124,010
Program income	41,664	-	41,664
Interest and other income	572	-	572
Total support and revenue	<u>3,607,911</u>	<u>320,330</u>	<u>3,928,241</u>
Expenses			
Program services	3,278,961	125,981	3,404,942
Management and general	300,426	-	300,426
Fundraising	344,737	-	344,737
Total expenses	<u>3,924,124</u>	<u>125,981</u>	<u>4,050,105</u>
Change in net assets	(316,213)	194,349	(121,864)
Net Assets			
Beginning of the year	<u>2,402,020</u>	<u>147,837</u>	<u>2,549,857</u>
End of the year	<u>\$ 2,085,807</u>	<u>\$ 342,186</u>	<u>\$ 2,427,993</u>

OPEN ARMS PERINATAL SERVICES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE J - FISCAL SPONSORSHIP ACTIVITY (Continued)

The statement of activities separated between fiscal sponsorship and non-fiscal sponsorship activity is as follows for the year ended December 31, 2021:

	<u>Non-Fiscal Sponsorship</u>	<u>Fiscal Sponsorship</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 168,965	\$ -	\$ 168,965
Government contracts	3,233,141	75,500	3,308,641
Private grants	462,949	-	462,949
Special events, net of costs	188,890	-	188,890
Program income	31,385	-	31,385
Interest and other income	<u>513</u>	<u>-</u>	<u>513</u>
Total support and revenue	4,085,843	75,500	4,161,343
Expenses			
Program services	3,675,890	45,203	3,721,093
Management and general	267,795	-	267,795
Fundraising	<u>280,862</u>	<u>-</u>	<u>280,862</u>
Total expenses	4,224,547	45,203	4,269,750
Change in net assets	(138,704)	30,297	(108,407)
Net Assets			
Beginning of the year	<u>2,540,724</u>	<u>117,540</u>	<u>2,658,264</u>
End of the year	<u>\$ 2,402,020</u>	<u>\$ 147,837</u>	<u>\$ 2,549,857</u>

NOTE K- SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2022 through September 7, 2023, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2022, including the estimates inherent in the processing of financial statements.