

OPEN ARMS PERINATAL SERVICES

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2020 AND 2019



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Open Arms Perinatal Services
Seattle, Washington

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, 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 audit 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.

Opinion

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jones & Associates PLLC, CPAs

Jones & Associates PLLC, CPAs
August 10, 2021

**OPEN ARMS PERINATAL SERVICES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,900,198	\$ 1,606,628
Accounts receivable	497,240	356,886
Pledges receivable	396,642	113,992
Prepaid expenses	23,540	18,845
Total current assets	2,817,620	2,096,351
Pledges receivable, long term	350,000	-
	\$ 3,167,620	\$ 2,096,351
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 51,626	\$ 30,769
Accrued payroll and related	154,144	105,739
Grants payable	27,932	39,450
Forgivable loan	275,654	-
Unearned income	-	2,850
Total liabilities	509,356	178,808
 NET ASSETS		
Without Donor Restrictions		
Undesignated	256,436	272,244
Board designated	600,000	600,000
	856,436	872,244
With Donor Restrictions		
	1,801,828	1,045,299
Total net assets	2,658,264	1,917,543
	\$ 3,167,620	\$ 2,096,351

OPEN ARMS PERINATAL SERVICES
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
SUPPORT AND REVENUE				
Government contracts	\$ 516,231	\$ -	\$ 1,887,078	\$ 2,403,309
Private grants	428,200	-	847,400	1,275,600
Special events, net of costs	120,491	-	56,348	176,839
Contributions	130,857	-	104	130,961
Donated services and goods	25	-	-	25
Program income	40,920	-	-	40,920
Interest and other income	1,636	-	-	1,636
	<u>1,238,360</u>	<u>-</u>	<u>2,790,930</u>	<u>4,029,290</u>
Net asset releases/transfers:				
Purpose restrictions met	1,979,625	-	(1,979,625)	-
Time restrictions met	54,776	-	(54,776)	-
	<u>2,034,401</u>	<u>-</u>	<u>(2,034,401)</u>	<u>-</u>
 Total support and revenue	<u>3,272,761</u>	<u>-</u>	<u>756,529</u>	<u>4,029,290</u>
 EXPENSES				
Program services	2,839,127	-	-	2,839,127
Management and general	239,261	-	-	239,261
Fundraising	210,181	-	-	210,181
Total expenses	<u>3,288,569</u>	<u>-</u>	<u>-</u>	<u>3,288,569</u>
 CHANGE IN NET ASSETS	<u>(15,808)</u>	<u>-</u>	<u>756,529</u>	<u>740,721</u>
 NET ASSETS				
Beginning of the year	272,244	600,000	1,045,299	1,917,543
End of the year	<u>\$ 256,436</u>	<u>\$ 600,000</u>	<u>\$ 1,801,828</u>	<u>\$ 2,658,264</u>

OPEN ARMS PERINATAL SERVICES
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
SUPPORT AND REVENUE				
Government contracts	\$ 499,181	\$ -	\$ 1,928,542	\$ 2,427,723
Private grants	846,715	-	169,400	1,016,115
Special events, net of costs	161,584	-	48,250	209,834
Contributions	107,314	-	7,256	114,570
Donated services and goods	80,780	-	-	80,780
Program income	37,154	-	-	37,154
Interest and other income	1,302	-	-	1,302
	<u>1,734,030</u>	<u>-</u>	<u>2,153,448</u>	<u>3,887,478</u>
Net asset releases/transfers:				
Board designated transfers	(450,000)	450,000	-	-
Purpose restrictions met	1,206,110	-	(1,206,110)	-
Time restrictions met	75,934	-	(75,934)	-
	<u>832,044</u>	<u>450,000</u>	<u>(1,282,044)</u>	<u>-</u>
Total support and revenue	<u>2,566,074</u>	<u>450,000</u>	<u>871,404</u>	<u>3,887,478</u>
EXPENSES				
Program services	2,042,870	-	-	2,042,870
Management and general	171,987	-	-	171,987
Fundraising	305,063	-	-	305,063
Total expenses	<u>2,519,920</u>	<u>-</u>	<u>-</u>	<u>2,519,920</u>
CHANGE IN NET ASSETS	46,154	450,000	871,404	1,367,558
NET ASSETS				
Beginning of the year	226,090	150,000	173,895	549,985
End of the year	<u>\$ 272,244</u>	<u>\$ 600,000</u>	<u>\$ 1,045,299</u>	<u>\$ 1,917,543</u>

**OPEN ARMS PERINATAL SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services							Support Services		
	Outreach Doula	Birth Doula Services	Prenatal Collaborative	Lactation Peer		Fiscal Sponsorships	Total	Management and General	Fundraising	Total
				Counseling Program	General					
Salaries and wages	\$ 760,418	\$ 242,022	\$ 59,974	\$ 138,237	\$ 143,801	\$ -	\$ 1,344,452	\$ 106,376	\$ 134,397	\$ 1,585,225
Professional services	57,103	409,599	55,031	79,437	33,070	14,906	649,146	102,238	51,384	802,768
Pass-through grants	-	-	530,766	-	-	72,488	603,254	-	-	603,254
Rent	23,364	23,449	1,688	4,662	2,141	-	55,304	4,841	3,332	63,477
Equipment and repair	5,150	14,756	1,817	2,390	10,986	356	35,455	4,586	2,003	42,044
Travel and meetings	20,419	1,799	57	881	2,926	4,205	30,287	327	470	31,084
Supplies	2,794	1,786	80	10,911	8,486	3,916	27,973	563	1,328	29,864
Other	5,100	4,521	509	1,893	2,819	15	14,857	8,915	5,997	29,769
Professional development	6,148	995	345	7,956	1,399	242	17,085	3,141	772	20,998
COVID-19 support	3,710	4,415	-	95	12,222	-	20,442	-	-	20,442
Fiscal sponsor charges	-	-	-	-	-	14,396	14,396	-	95	14,491
Insurance	3,932	4,210	314	887	704	-	10,047	2,380	582	13,009
Telephone and internet	3,862	3,911	308	861	321	1,525	10,788	93	566	11,447
Printing and postage	-	6	-	116	4,451	45	4,618	182	3,630	8,430
Depreciation	-	-	-	-	-	-	-	5,025	-	5,025
Bad debts	-	-	-	-	-	-	-	-	4,456	4,456
Marketing and advertising	-	95	-	50	95	-	240	95	1,124	1,459
Dues and membership	-	-	-	-	-	758	758	499	45	1,302
In-kind	-	-	-	-	25	-	25	-	-	25
Total functional expenses	892,000	711,564	650,889	248,376	223,446	112,852	2,839,127	239,261	210,181	3,288,569
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	27,433	27,433
Total expenses	\$ 892,000	\$ 711,564	\$ 650,889	\$ 248,376	\$ 223,446	\$ 112,852	\$ 2,839,127	\$ 239,261	\$ 237,614	\$ 3,316,002

See accompanying notes to financial statements.

**OPEN ARMS PERINATAL SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services							Support Services		
	Outreach Doula	Birth Doula Services	Prenatal Collaborative	Lactation Peer Counseling Program	General	Fiscal Sponsorships	Total	Management and General	Fundraising	Total
Salaries and wages	\$ 619,138	\$ 217,000	\$ 57,542	\$ 33,262	\$ 164,188	\$ -	\$ 1,091,130	\$ 110,059	\$ 160,099	\$ 1,361,288
Professional services	18,229	208,932	16,798	45,142	59,589	39,703	388,393	38,605	111,159	538,157
Pass-through grants	-	-	236,705	-	-	-	236,705	-	-	236,705
Rent	22,893	10,755	3,973	3,296	9,298	2,120	52,335	5,786	5,231	63,352
Equipment and repair	17,211	2,524	1,214	8,420	6,299	4,113	39,781	3,999	2,982	46,762
Travel and meetings	34,252	5,792	352	5,679	6,827	15,114	68,016	1,179	377	69,572
Supplies	2,323	2,738	35,030	235	4,617	3,044	47,987	1,856	5,472	55,315
Other	3,489	2,546	131	-	4,038	1,611	11,815	7,184	6,554	25,553
Insurance	-	2,940	-	-	5,882	-	8,822	1,856	134	10,812
Telephone and internet	1,581	2,527	-	-	4,827	2,406	11,341	971	595	12,907
Printing and postage	3,560	131	-	-	873	46	4,610	92	3,091	7,793
Bad debts	-	-	-	-	-	-	-	-	6,955	6,955
Marketing and advertising	-	-	-	-	250	-	250	-	1,784	2,034
Dues and membership	-	-	-	-	535	670	1,205	400	330	1,935
In-kind	3,950	74,450	-	-	2,080	-	80,480	-	300	80,780
Total functional expenses	726,626	530,335	351,745	96,034	269,303	68,827	2,042,870	171,987	305,063	2,519,920
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	27,878	27,878
Total expenses	\$ 726,626	\$ 530,335	\$ 351,745	\$ 96,034	\$ 269,303	\$ 68,827	\$ 2,042,870	\$ 171,987	\$ 332,941	\$ 2,547,798

See accompanying notes to financial statements.

**OPEN ARMS PERINATAL SERVICES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 950,775	\$ 1,306,433
Cash received from government grants and program fees	2,301,025	2,251,824
Cash received from interest and other income	1,636	1,302
Cash paid to employees and suppliers	(3,235,520)	(2,361,319)
	17,916	1,198,240
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from forgivable loan payable	275,654	-
	275,654	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	293,570	1,198,240
CASH AND CASH EQUIVALENTS		
Beginning of the year	1,606,628	408,388
End of the year	\$ 1,900,198	\$ 1,606,628

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – 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.

Fiscal Sponsorships – These programs work with Queer & Trans People of Color, the Birthwerk Project, Native American Women in Dialogue on Infant Mortality, and Equal Start Community Coalition.

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no perpetually restricted net assets at December 31, 2020 and 2019.

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, 2020 and 2019, 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.

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, 2020 and 2019.

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

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, 2020 and 2019. 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.

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.

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.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Tax Status – 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).

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Activity - Subsequent events were evaluated through August 10, 2021, which is the date the financial statements were available to be issued.

On March 24, 2021, the first loan through the Paycheck Protection Program was fully forgiven. The Organization received a second loan through the Paycheck Protection Program for \$286,600 on March 23, 2021, which has a maturity date of 5 years after the loan date and an interest rate of 1%. The Organization expects to meet qualifications to have the full loan amount forgiven.

Note 2 – Liquidity and Availability

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

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 1,900,198	\$ 1,606,628
Accounts and pledges receivables	893,882	470,878
Total financial assets	2,794,080	2,077,506
Less those unavailable for general expenditures within one year:		
Board designated reserve	(600,000)	(600,000)
Financial assets available within one year	\$ 2,194,080	\$ 1,477,506

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. 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 7.

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 3 – Pledges Receivable

Pledges receivable consists of the following at December 31:

	2020	2019
Receivables due in less than one year	\$ 396,642	\$ 113,992
Receivables due in one to five years	350,000	-
	<u>\$ 746,642</u>	<u>\$ 113,992</u>

Note 4 – 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, if conditions are not met. The note is unsecured with an interest rate of 1%. The note can be forgiven if the Organization meets certain criteria and applies for forgiveness with the Small Business Administration. The note was fully forgiven subsequent to year end and is presented as a current liability on the statement of financial position at December 31, 2020.

Note 5 – Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2020	2019
Other time restricted promises to give	\$ 717,064	\$ 45,992
Breastfeeding Peer Counseling	507,401	394,363
Perinatal Collaborative	291,105	361,751
Fiscal sponsorship projects	117,540	112,382
Help Me Grow	90,516	-
Labor of Love	40,000	-
Covid relief	17,717	-
Birth Doula Services	9,673	68,227
Postpartum doula services	3,652	4,545
Family support services	3,600	-
MotherWoman	3,000	3,000
Outreach Doula Services	560	12,403
Luncheon - 2020	-	39,757
Doulas for All	-	2,879
	<u>\$ 1,801,828</u>	<u>\$ 1,045,299</u>

OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 6 – 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:

	2020	2019
Gross special events revenue	\$ 204,272	\$ 237,712
Less cost of direct donor benefits	(27,433)	(27,878)
	<u>\$ 176,839</u>	<u>\$ 209,834</u>

Note 7 - Line of Credit

The Organization has an unsecured line of credit of \$300,000 with a bank. The line of credit matures June 2022. No balance is outstanding at December 31, 2020.

Note 8 – Conditional Government Grants

The Organization received a conditional grant award of \$599,167 in 2018. The grant is contingent on billings submitted for reimbursement. The Organization recognized \$482,122 through year ending December 31, 2020. As the \$117,045 remainder represents a conditional promise to give, this portion of the award will not be recognized until the grantor conditions are met. Payments are expected in 2021.

During the year ending December 31, 2020, the Organization received conditional government grant awards of \$1,041,343. The grants are contingent on completion of detailed milestones or billings submitted for reimbursement. The Organization recognized \$590,401 in revenues related to these government grants for the year ending December 31, 2020. As the \$450,942 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 are expected in 2021.

Note 9 – Lease Commitment

In April 2019, the Organization entered into an agreement to sub-lease space expiring October 31, 2020. The Organization also leases office space under a noncancelable agreement which expires on December 31, 2020. Rent expense under these leases were \$65,978 and \$59,395 for the years ended December 31, 2020 and 2019, respectively.

On December 18, 2020, the Organization entered into a lease agreement for their office space that expires December 31, 2021. Future minimum rent expense under this lease is \$59,216 for the year ending December 31, 2021.

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 10 – 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, 2020:

	Non-Fiscal Sponsorship	Fiscal Sponsorship	Total
SUPPORT AND REVENUE			
Contributions	\$ 130,857	\$ 104	\$ 130,961
Government contracts	2,388,309	15,000	2,403,309
Private grants	1,173,200	102,400	1,275,600
Special events, net of costs	176,839	-	176,839
Donated services and goods	25	-	25
Program income	40,920	-	40,920
Interest and other income	1,636	-	1,636
Total support and revenue	3,911,786	117,504	4,029,290
EXPENSES			
Program services	2,726,781	112,346	2,839,127
Management and general	239,261	-	239,261
Fundraising	210,181	-	210,181
Total expenses	3,176,223	112,346	3,288,569
CHANGE IN NET ASSETS	735,563	5,158	740,721
NET ASSETS			
Beginning of the year	1,805,161	112,382	1,917,543
End of the year	\$ 2,540,724	\$ 117,540	\$ 2,658,264

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 10 – 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, 2019:

	Non-Fiscal Sponsorship	Fiscal Sponsorship	Total
SUPPORT AND REVENUE			
Contributions	\$ 112,964	\$ 1,606	\$ 114,570
Government contracts	2,427,723	-	2,427,723
Private grants	919,715	96,400	1,016,115
Special events, net of costs	209,834	-	209,834
Donated services and goods	80,780	-	80,780
Program income	37,154	-	37,154
Interest and other income	1,302	-	1,302
Total support and revenue	<u>3,789,472</u>	<u>98,006</u>	<u>3,887,478</u>
EXPENSES			
Program services	1,974,043	68,827	2,042,870
Management and general	171,987	-	171,987
Fundraising	305,063	-	305,063
Total expenses	<u>2,451,093</u>	<u>68,827</u>	<u>2,519,920</u>
CHANGE IN NET ASSETS	1,338,379	29,179	1,367,558
NET ASSETS			
Beginning of the year	<u>466,782</u>	<u>83,203</u>	<u>549,985</u>
End of the year	<u>\$ 1,805,161</u>	<u>\$ 112,382</u>	<u>\$ 1,917,543</u>