

OPEN ARMS PERINATAL SERVICES

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2021 AND 2020



INDEPENDENT AUDITORS' REPORT

To the 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, 2021 and 2020, and the related statements of activities and cash flows for the years 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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the 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 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.

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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 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.

Jones & Associates PLLC, CPAs

Jones & Associates PLLC, CPAs
July 6, 2022

**OPEN ARMS PERINATAL SERVICES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,973,560	\$ 1,900,198
Accounts receivable	357,002	497,240
Pledges receivable	476,433	396,642
Prepaid expenses	23,403	23,540
Total current assets	2,830,398	2,817,620
 Pledges receivable, long term	 64,000	 350,000
	\$ 2,894,398	\$ 3,167,620
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 54,415	\$ 51,626
Accrued payroll and related	196,559	154,144
Grants payable	93,567	27,932
Forgivable loan	-	275,654
Total liabilities	344,541	509,356
 NET ASSETS		
Without Donor Restrictions		
Undesignated	971,959	256,436
Board designated	600,000	600,000
	1,571,959	856,436
With Donor Restrictions	977,898	1,801,828
Total net assets	2,549,857	2,658,264
	\$ 2,894,398	\$ 3,167,620

**OPEN ARMS PERINATAL SERVICES
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
SUPPORT AND REVENUE				
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
Donated services and goods	-	-	-	-
Program income	31,385	-	-	31,385
Interest and other income	513	-	-	513
	1,639,197	-	2,522,146	4,161,343
Net asset releases/transfers:				
Purpose restrictions met	375,437	-	(375,437)	-
Time restrictions met	2,970,639	-	(2,970,639)	-
	3,346,076	-	(3,346,076)	-
 Total support and revenue	4,985,273	-	(823,930)	4,161,343
 EXPENSES				
Program services	3,721,093	-	-	3,721,093
Management and general	267,795	-	-	267,795
Fundraising	280,862	-	-	280,862
Total expenses	4,269,750	-	-	4,269,750
 CHANGE IN NET ASSETS	715,523	-	(823,930)	(108,407)
 NET ASSETS				
Beginning of the year	256,436	600,000	1,801,828	2,658,264
End of the year	\$ 971,959	\$ 600,000	\$ 977,898	\$ 2,549,857

**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:				
Board designated 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	 (15,808)	 -	 756,529	 740,721
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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services							Support Services			
	Outreach Doula	Birth Doula Services	Family Support Services	Prenatal Collaborative	Lactation Peer Counseling Program	General	Fiscal Sponsorships	Total	Management and General	Fundraising	Total
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

See accompanying notes to financial statements.

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

	Program Services							Support Services			
	Outreach Doula	Birth Doula Services	Family Support Services	Prenatal Collaborative	Lactation Peer Counseling Program	General	Fiscal Sponsorships	Total	Management and General	Fundraising	Total
Salaries and wages	\$ 760,418	\$ 242,022	\$ -	\$ 59,974	\$ 138,237	\$ 143,801	\$ -	\$ 1,344,452	\$ 106,376	\$ 134,397	\$ 1,585,225
Pass-through grants	-	-	-	530,766	-	-	72,488	603,254	-	-	603,254
Professional services	57,103	409,599	-	55,031	79,437	33,070	14,906	649,146	102,238	51,384	802,768
Equipment and repair	5,150	14,756	-	1,817	2,390	10,986	356	35,455	4,586	2,003	42,044
Rent	23,364	23,449	-	1,688	4,662	2,141	-	55,304	4,841	3,332	63,477
Other	5,100	4,521	-	509	1,893	2,819	15	14,857	8,915	5,997	29,769
Travel and meetings	20,419	1,799	-	57	881	2,926	4,205	30,287	327	470	31,084
COVID-19 support	3,710	4,415	-	-	95	12,222	-	20,442	-	-	20,442
Professional development	6,148	995	-	345	7,956	1,399	242	17,085	3,141	772	20,998
Insurance	3,932	4,210	-	314	887	704	-	10,047	2,380	582	13,009
Supplies	2,794	1,786	-	80	10,911	8,486	3,916	27,973	563	1,328	29,864
Telephone and internet	3,862	3,911	-	308	861	321	1,525	10,788	93	566	11,447
Fiscal sponsor charges	-	-	-	-	-	-	14,396	14,396	-	95	14,491
Dues and membership	-	-	-	-	-	-	758	758	499	45	1,302
Printing and postage	-	6	-	-	116	4,451	45	4,618	182	3,630	8,430
Bad debts	-	-	-	-	-	-	-	-	-	4,456	4,456
Marketing and advertising	-	95	-	-	50	95	-	240	95	1,124	1,459
Depreciation	-	-	-	-	-	-	-	-	5,025	-	5,025
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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 1,313,613	\$ 950,775
Cash received from government grants and program fees	2,918,010	2,301,025
Cash received from interest and other income	513	1,636
Cash paid to employees and suppliers	(4,158,774)	(3,235,520)
	73,362	17,916
 CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from forgivable loan payable	-	275,654
	-	275,654
 NET CHANGE IN CASH AND CASH EQUIVALENTS	73,362	293,570
 CASH AND CASH EQUIVALENTS		
Beginning of the year	1,900,198	1,606,628
End of the year	\$ 1,973,560	\$ 1,900,198
 SUPPLEMENTAL DISCLOSURES		
Gain on forgiveness of note payable	\$ 286,600	\$ -

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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.

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.

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

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020.

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, 2021 and 2020, 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, 2021 and 2020.

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020. 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, 2021 AND 2020**

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).

Subsequent Activity - Subsequent events were evaluated through July 6, 2022, which is the date the financial statements were available to be issued.

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:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 1,973,560	\$ 1,900,198
Accounts and pledges receivables - current	833,435	893,882
Total financial assets	2,806,995	2,794,080
Less those unavailable for general expenditures within one year:		
Board designated reserve	(600,000)	(600,000)
Financial assets available within one year	\$ 2,206,995	\$ 2,194,080

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.

Note 3 – Pledges Receivable

Pledges receivable consists of the following at December 31:

	2021	2020
Receivables due in less than one year	\$ 476,433	\$ 396,642
Receivables due in one to five years	64,000	350,000
	\$ 540,433	\$ 746,642

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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. 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.

Note 5 – Net Assets With Donor Restrictions

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

	2021	2020
Other time restricted promises to give	\$ 496,535	\$ 717,064
Lactation Support Perinatal Collaborative	176,273	-
Fiscal sponsorship projects	147,837	117,540
Amerigroup Birth Doula Services	48,845	-
Best Starts for Kids Outreach Doula Services	46,119	-
Covid relief	28,985	17,717
Labor of Love	22,021	40,000
OnePierce Birth Doula Services	4,030	-
Postpartum doula services	3,142	3,652
MotherWoman	3,000	3,000
Outreach Doula Services	1,111	560
Breastfeeding Peer Counseling	-	507,401
Perinatal Collaborative	-	291,105
Help Me Grow	-	90,516
Birth Doula Services	-	9,673
Family support services	-	3,600
	\$ 977,898	\$ 1,801,828

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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:

	2021	2020
Gross special events revenue	\$ 196,109	\$ 204,272
Less cost of direct donor benefits	(7,219)	(27,433)
	<u>\$ 188,890</u>	<u>\$ 176,839</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, 2021 and 2020.

Note 8 – Conditional Government Grants

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 were received in 2021.

Note 9 – Lease Commitment

The Organization leases office space under a noncancelable agreement which expires on December 31, 2022. Rent expense under this lease was \$59,284 and \$63,478 for the years ended December 31, 2021 and 2020, respectively. Future minimum rent expense under this lease is \$61,888 for the year ending December 31, 2022.

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021:

	Non-Fiscal Sponsorship	Fiscal Sponsorship	Total
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	513	-	513
Total support and revenue	<u>4,085,843</u>	<u>75,500</u>	<u>4,161,343</u>
EXPENSES			
Program services	3,675,890	45,203	3,721,093
Management and general	267,795	-	267,795
Fundraising	280,862	-	280,862
Total expenses	<u>4,224,547</u>	<u>45,203</u>	<u>4,269,750</u>
CHANGE IN NET ASSETS	(138,704)	30,297	(108,407)
NET ASSETS			
Beginning of the year	2,540,724	117,540	2,658,264
End of the year	<u>\$ 2,402,020</u>	<u>\$ 147,837</u>	<u>\$ 2,549,857</u>

**OPEN ARMS PERINATAL SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 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	<u>3,911,786</u>	<u>117,504</u>	<u>4,029,290</u>
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	<u>3,176,223</u>	<u>112,346</u>	<u>3,288,569</u>
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	<u>\$ 2,540,724</u>	<u>\$ 117,540</u>	<u>\$ 2,658,264</u>