

ALTERNATIVES

PREGNANCY CENTER

ALTERNATIVES PREGNANCY CENTER, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

ALTERNATIVES PREGNANCY CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Alternatives Pregnancy Center, Inc.
Englewood, Colorado

We have audited the accompanying financial statements of Alternatives Pregnancy Center, Inc. which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Alternatives Pregnancy Center, Inc.
Englewood, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alternatives Pregnancy Center, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Centennial, Colorado
May 11, 2021

ALTERNATIVES PREGNANCY CENTER, INC.

Statements of Financial Position

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash and cash equivalents	\$ 1,057,143	\$ 570,848
Prepaid expenses and other assets	34,637	30,816
Furniture and equipment–net	<u>90,928</u>	<u>86,201</u>
Total Assets	<u>\$ 1,182,708</u>	<u>\$ 687,865</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 16,782	\$ 14,562
Accrued expenses and other liabilities	<u>93,142</u>	<u>78,036</u>
	<u>109,924</u>	<u>92,598</u>
Net assets:		
Without donor restrictions	1,032,102	524,867
With donor restrictions	<u>40,682</u>	<u>70,400</u>
	<u>1,072,784</u>	<u>595,267</u>
Total Liabilities and Net Assets	<u>\$ 1,182,708</u>	<u>\$ 687,865</u>

See notes to financial statements

ALTERNATIVES PREGNANCY CENTER, INC.

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 1,844,602	\$ 26,400	\$ 1,871,002	\$ 1,459,731	\$ 157,424	\$ 1,617,155
Gift-in-kind contributions	360,885	-	360,885	419,980	-	419,980
Federal grant income	-	191,100	191,100	-	-	-
	2,205,487	217,500	2,422,987	1,879,711	157,424	2,037,135
Special event income:						
Contributions	-	-	-	96,115	-	96,115
Less direct expenses	-	-	-	(78,129)	-	(78,129)
	-	-	-	17,986	-	17,986
Total Support and Revenue	2,205,487	217,500	2,422,987	1,897,697	157,424	2,055,121
NET ASSETS RELEASED:						
Purpose restrictions	247,218	(247,218)	-	223,757	(223,757)	-
EXPENSES:						
Program services	1,734,539	-	1,734,539	1,765,705	-	1,765,705
Supporting activities:						
General and administrative	65,356	-	65,356	74,614	-	74,614
Fundraising	145,575	-	145,575	122,380	-	122,380
	210,931	-	210,931	196,994	-	196,994
Total Expenses	1,945,470	-	1,945,470	1,962,699	-	1,962,699
Change in Net Assets	507,235	(29,718)	477,517	158,755	(66,333)	92,422
Net Assets, Beginning of Year	524,867	70,400	595,267	366,112	136,733	502,845
Net Assets, End of Year	\$ 1,032,102	\$ 40,682	\$ 1,072,784	\$ 524,867	\$ 70,400	\$ 595,267

See notes to financial statements

ALTERNATIVES PREGNANCY CENTER, INC.

Statement of Functional Expenses

Year Ended December 31, 2020

	Supporting Activities:				Total Expenses
	Program Services	General and Administrative	Fundraising	Supporting Activities Total	
Salaries, taxes, and benefits	\$ 977,276	\$ 19,464	\$ 52,095	\$ 71,559	\$ 1,048,835
Occupancy	394,450	6,510	29,057	35,567	430,017
Professional services	86,874	36,062	8,855	44,917	131,791
Clinic supplies	105,081	-	-	-	105,081
Advertising and outreach	46,661	-	44,914	44,914	91,575
Office expenses	69,118	1,657	4,648	6,305	75,423
Other expenses	33,961	842	3,810	4,652	38,613
Depreciation	21,118	821	2,196	3,017	24,135
Total Expenses	\$ 1,734,539	\$ 65,356	\$ 145,575	\$ 210,931	\$ 1,945,470
Percent of Total Expenses	89%	4%	7%	11%	100%

See notes to financial statements

ALTERNATIVES PREGNANCY CENTER, INC.

Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services	Supporting Activities:			Total Expenses
		General and Administrative	Fundraising	Supporting Activities Total	
Salaries, taxes, and benefits	\$ 946,122	\$ 27,244	\$ 30,271	\$ 57,515	\$ 1,003,637
Occupancy	367,893	6,010	31,197	37,207	405,100
Professional services	121,638	34,172	697	34,869	156,507
Clinic supplies	111,774	-	-	-	111,774
Advertising and outreach	71,577	1,011	49,424	50,435	122,012
Office expenses	89,971	3,103	4,162	7,265	97,236
Other expenses	31,262	1,180	4,524	5,704	36,966
Depreciation	25,468	1,894	2,105	3,999	29,467
Total Expenses	<u>\$ 1,765,705</u>	<u>\$ 74,614</u>	<u>\$ 122,380</u>	<u>\$ 196,994</u>	<u>\$ 1,962,699</u>
Percent of Total Expenses	<u>90%</u>	<u>4%</u>	<u>6%</u>	<u>10%</u>	<u>100%</u>

See notes to financial statements

ALTERNATIVES PREGNANCY CENTER, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 477,517	\$ 92,422
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	24,135	29,467
Contribution of property	-	12,160
Loss on sale of assets	-	3,709
Forgiveness of Paycheck Protection Program loan	(191,100)	-
Change in operating assets and liabilities:		
Prepaid expenses and other assets	(3,821)	5,860
Accounts payable	2,220	2,397
Accrued expenses and other liabilities	15,106	18,230
Net Cash Provided by Operating Activities	324,057	164,245
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds on disposal of fixed assets	-	4,108
Purchases of furniture and equipment	(28,863)	(4,947)
Net Cash Used by Investing Activities	(28,863)	(839)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	191,100	-
Net Cash Provided by Financing Activities	191,100	-
Change in Cash and Cash Equivalents	486,294	163,406
Cash and Cash Equivalents, Beginning of Year	570,849	407,443
Cash and Cash Equivalents, End of Year	\$ 1,057,143	\$ 570,849
NON-CASH TRANSACTION:		
Forgiveness of Paycheck Protection Program loan	\$ 191,100	\$ -

See notes to financial statements

ALTERNATIVES PREGNANCY CENTER, INC.

Notes to Financial Statements

December 31, 2020 and 2019

1. NATURE OF ORGANIZATION:

Alternatives Pregnancy Center, Inc. (APC) is a Colorado nonprofit corporation founded in 1982 to help Denver-area women, men, and teens who are struggling with pregnancy-related decisions. Alternatives Pregnancy Testing and Options Counseling, Limited Ultrasound Services, Sexually Transmitted Disease (STD) Testing and Treatment, Counseling After Abortion, Men's Support and Pregnancy Consultation, a 24-Hour Helpline, direct material assistance, prenatal vitamins, community resource and medical referrals, adoption resources and referrals, and abortion pill reversal services in four metro Denver locations and a mobile testing clinic.

A Promising Future (APF), Life Courses for Reaching Your Potential, is an educational program of APC. The custom written curriculum equips youth with life skills including goal-setting, effective communication, healthy coping, conflict resolution, and character development. The staff provides Making Healthy Decisions About Sex presentations in classrooms, school assemblies, parent groups, churches and community organizations, educating participants on the importance of healthy relationship choices and sexual risk avoidance.

APC is a non-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. However, APC is subject to federal income tax on any unrelated business taxable income. In addition, APC is not classified as a private foundation within the meaning of Section 509(a) of the IRC. APC's primary source of support and revenue is contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

APC maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash held in checking and savings accounts. As of December 31, 2020 and 2019, APC's balances on account exceeded federally insured limits by approximately \$556,000 and \$180,000, respectively. APC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

ALTERNATIVES PREGNANCY CENTER, INC.

Notes to Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FURNITURE AND EQUIPMENT

Furniture and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is recorded using the straight-line method over estimated useful lives ranging between three and ten years. Furniture and equipment purchases exceeding \$1,000 are capitalized.

NET ASSETS

The net assets of APC are reported according to class as follows:

Net assets without donor restrictions are those resources currently available for APC's purposes.

Net assets with donor restrictions are those resources contributed with donor stipulations for various projects and locations.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or grantor.

Gift-in-kind contributions consist of donated services, supplies, and use of facilities. Donated services are recorded at the fair values of the services received. Contributed supplies are recorded at fair value at the date of donation. The contributed use of facilities is recorded at estimated fair value based on rental rates of comparable facilities in the area.

APC received a Paycheck Protection Program (PPP) loan of \$191,100 funded by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee head count, and other qualifying expenses (mortgage interest, rent, and utilities) incurred following receipt of the funds. As all of the conditions were met by December 31, 2020, the full amount funded of \$191,100 was recognized as grant income with donor restrictions in the statements of activities for the year ended December 31, 2020. Subsequent to December 31, 2020, APC applied for forgiveness with the SBA and is waiting to receive official notice that their loan has been fully forgiven.

ALTERNATIVES PREGNANCY CENTER, INC.

Notes to Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING COSTS

APC uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2020 and 2019 was \$38,683 and \$44,636, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs, such as salaries and benefits, have been allocated among the program services and supporting activities benefited. Main program activities of APC are Pregnancy Testing and Options Counseling, Ultrasound Services, Abortion Pill Reversal Services, STD Testing and Treatment, Counseling After Abortion, Men's Support and Pregnancy Consultation, curriculum and education for positive youth development and healthy relationships.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects APC's financial assets reduced by amounts not available for general expenditure because of contractual or donor-imposed restrictions due within one year of the statements of financial position date.

	December 31,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 1,057,143	\$ 570,848
Accounts and contributions receivable	-	2,161
Financial assets, at year-end	<u>1,057,143</u>	<u>573,009</u>
Less those unavailable for general expenditure within one year due to:		
Donor restricted amounts for office rent	-	(21,790)
	<u>-</u>	<u>(21,790)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,057,143</u>	<u>\$ 551,219</u>

APC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flow closely through regular board reporting and detailed financial analysis.

ALTERNATIVES PREGNANCY CENTER, INC.

Notes to Financial Statements

December 31, 2020 and 2019

4. FURNITURE AND EQUIPMENT–NET:

Furniture and equipment–net consist of:

	December 31,	
	2020	2019
Furniture and equipment	\$ 411,011	\$ 379,675
Less accumulated depreciation	(320,083)	(295,949)
	90,928	83,726
Construction in process	-	2,475
	\$ 90,928	\$ 86,201

5. GIFT-IN-KIND CONTRIBUTIONS:

Gift-in-kind contributions consist of:

	Year Ended December 31,	
	2020	2019
Contributed rent and parking spaces	\$ 219,600	\$ 219,600
Layette items	84,090	90,275
Donated medical services and other	57,195	110,105
	\$ 360,885	\$ 419,980

6. OPERATING LEASES:

APC leases office space, a copier, and a phone system under operating leases for various counseling locations. Total lease expense under these agreements was \$113,900 and \$156,212, for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments are:

Year Ending December 31,	
2021	\$ 184,561
2022	147,548
2023	116,561
2024	118,163
2025	96,121
Thereafter	7,625
	\$ 670,579

ALTERNATIVES PREGNANCY CENTER, INC.

Notes to Financial Statements

December 31, 2020 and 2019

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	December 31,	
	2020	2019
Castle Rock clinic rent	\$ 19,682	\$ 69,390
Inverness office rent	21,000	-
Expansion of ultrasound services	-	1,010
	<u>\$ 40,682</u>	<u>\$ 70,400</u>

8. RISKS AND UNCERTANTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of APC for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 11, 2021, which is the date the financial statements were available to be issued.