



## SAVE THE STORKS

Financial Statements  
With Independent Auditors' Report

December 31, 2022 and 2021

# SAVE THE STORKS

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Save the Storks  
Colorado Springs, Colorado

### ***Opinion***

We have audited the accompanying financial statements of Save the Storks, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, 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 Save the Storks as of December 31, 2022 and 2021, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Save the Storks and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 Save the Storks' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors  
Save the Storks  
Colorado Springs, Colorado

***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 auditors' 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 Save the Storks' 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 Save the Storks' 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.

*Capin Crouse LLP*

Colorado Springs, Colorado  
April 24, 2023

# SAVE THE STORKS

## Statements of Financial Position

	December 31,	
	2022	2021
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,077,701	\$ 2,932,949
Prepaid expenses and other assets	178,894	228,444
Assets held for sale	372,792	474,106
Board-designated operating reserves—cash and cash equivalents	326,965	-
Board-designated operating reserves—investments	1,709,012	-
Operating lease—right-of-use assets	196,090	-
Property and equipment—net	669,204	692,039
	<b>\$ 4,530,658</b>	<b>\$ 4,327,538</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 302,690	\$ 202,596
Grants payable	130,000	160,000
Deferred income	-	10,774
Deferred lease incentive—net	-	158,515
Operating lease obligations	328,564	-
Note payable	252,875	262,118
Total liabilities	1,014,129	794,003
<b>Net assets:</b>		
<b>Without donor restrictions</b>		
Undesignated	1,353,729	3,441,815
Board-designated	2,035,977	-
	3,389,706	3,441,815
<b>With donor restrictions</b>	126,823	91,720
Total net assets	3,516,529	3,533,535
Total Liabilities and Net Assets	<b>\$ 4,530,658</b>	<b>\$ 4,327,538</b>

See notes to financial statements

# SAVE THE STORKS

## Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 8,269,720	\$ 234,538	\$ 8,504,258	\$ 7,432,609	\$ 419,188	\$ 7,851,797
Government grant revenue	-	-	-	428,303	-	428,303
Service and product income	18,827	-	18,827	75,790	-	75,790
Loss on sale of property and equipment	-	-	-	(160,803)	-	(160,803)
Investment income-net	7,114	-	7,114	7,241	-	7,241
Other income	67,554	-	67,554	8,706	-	8,706
<b>Total Support and Revenue</b>	<b>8,363,215</b>	<b>234,538</b>	<b>8,597,753</b>	<b>7,791,846</b>	<b>419,188</b>	<b>8,211,034</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	199,435	(199,435)	-	990,528	(990,528)	-
<b>EXPENSES:</b>						
Program activities	6,581,213	-	6,581,213	5,482,350	-	5,482,350
Supporting activities:						
Fund-raising	1,298,544	-	1,298,544	743,907	-	743,907
General and administrative	735,002	-	735,002	1,011,497	-	1,011,497
	2,033,546	-	2,033,546	1,755,404	-	1,755,404
<b>Total Expenses</b>	<b>8,614,759</b>	<b>-</b>	<b>8,614,759</b>	<b>7,237,754</b>	<b>-</b>	<b>7,237,754</b>
<b>Change in Net Assets</b>	<b>(52,109)</b>	<b>35,103</b>	<b>(17,006)</b>	<b>1,544,620</b>	<b>(571,340)</b>	<b>973,280</b>
<b>Net Assets, Beginning of Year</b>	<b>3,441,815</b>	<b>91,720</b>	<b>3,533,535</b>	<b>1,897,195</b>	<b>663,060</b>	<b>2,560,255</b>
<b>Net Assets, End of Year</b>	<b>\$ 3,389,706</b>	<b>\$ 126,823</b>	<b>\$ 3,516,529</b>	<b>\$ 3,441,815</b>	<b>\$ 91,720</b>	<b>\$ 3,533,535</b>

See notes to financial statements

# SAVE THE STORKS

## Statement of Functional Expenses

Year Ended December 31, 2022

	<u>Program Services</u>	<u>Supporting Activities:</u>		<u>Total</u>
		<u>Fund-raising</u>	<u>General and Administrative</u>	
Salaries and benefits	\$ 2,306,780	\$ 408,468	\$ 259,183	\$ 2,974,431
Contributions to others	1,500,427	-	-	1,500,427
Professional services	931,840	319,029	194,509	1,445,378
Marketing and communication	455,921	274,232	3,949	734,102
Conferences and events	460,390	89,186	17,050	566,626
Office and other expenses	231,320	78,865	178,169	488,354
Travel	248,569	70,293	35,179	354,041
Facilities and maintenance	200,536	30,171	20,669	251,376
Depreciation expense	172,181	28,300	23,732	224,213
Mobile medical unit manufacturing	73,249	-	2,562	75,811
Total Expenses	<u>\$ 6,581,213</u>	<u>\$ 1,298,544</u>	<u>\$ 735,002</u>	<u>\$ 8,614,759</u>

See notes to financial statements

# SAVE THE STORKS

## Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program Services</u>	<u>Supporting Activities:</u>		<u>Total</u>
		<u>Fund-raising</u>	<u>General and Administrative</u>	
Salaries and benefits	\$ 1,853,672	\$ 243,903	\$ 341,465	\$ 2,439,040
Contributions to others	1,505,763	-	-	1,505,763
Professional services	722,702	149,539	247,662	1,119,903
Marketing and communication	267,258	132,165	43,627	443,050
Conferences and events	228,549	61,919	2,003	292,471
Office and other expenses	227,103	78,272	276,590	581,965
Travel	121,022	41,814	32,187	195,023
Facilities and maintenance	180,826	17,425	32,816	231,067
Depreciation expense	205,710	18,870	29,037	253,617
Mobile medical unit manufacturing	169,745	-	6,110	175,855
<b>Total Expenses</b>	<b><u>\$ 5,482,350</u></b>	<b><u>\$ 743,907</u></b>	<b><u>\$ 1,011,497</u></b>	<b><u>\$ 7,237,754</u></b>

See notes to financial statements



# SAVE THE STORKS

## Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (17,006)	\$ 973,280
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	224,213	253,617
Loss on disposal of property and equipment	-	160,803
Unrealized and realized loss on investments	5,720	-
Forgiveness of Paycheck Protection Program loan	-	(428,303)
Contribution of property and equipment	101,185	143,200
Non-cash effect of change in accounting principle	19,248	-
Non-cash lease expense	(45,289)	-
Change in operating assets and liabilities:		
Prepaid expenses and other assets	49,550	53,814
Accounts payable and accrued expenses	100,094	(451,102)
Grants payable	(30,000)	(9,000)
Deferred income	(10,774)	774
Deferred lease incentive–net	-	(45,290)
Net Cash Provided by Operating Activities	<u>396,941</u>	<u>651,793</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(201,249)	(172,514)
Purchases of investments	(2,625,000)	-
Proceeds from sale of property and equipment	-	30,500
Proceeds from sale of investments	910,268	-
Net Cash Used by Investing Activities	<u>(1,915,981)</u>	<u>(142,014)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on note payable	(9,243)	(8,789)
Proceeds from Paycheck Protection Program loan	-	428,303
Net Cash Provided by Investing Activities	<u>(9,243)</u>	<u>419,514</u>
Change in Cash, Cash Equivalents, and Board-Designated Operating Reserves	(1,528,283)	929,293
Cash, Cash Equivalents, and Board-Designated Operating Reserves, Beginning of Year	<u>2,932,949</u>	<u>2,003,656</u>
Cash, Cash Equivalents, and Board-Designated Operating Reserves, End of Year	<u>\$ 1,404,666</u>	<u>\$ 2,932,949</u>

(continued)

See notes to financial statements

# SAVE THE STORKS

## Statements of Cash Flows (continued)

	Year Ended December 31,	
	2022	2021
SUMMARY OF CASH, CASH EQUIVALENTS, AND BOARD-DESIGNATED OPERATING RESERVES:		
Cash and cash equivalents	\$ 1,077,701	\$ 2,932,949
Board-designated operating reserves—cash and cash equivalents	326,965	-
	<u>\$ 1,404,666</u>	<u>\$ 2,932,949</u>
SUPPLEMENTAL DISCLOSURE:		
Transfer to asset held for sale	<u>\$ -</u>	<u>\$ 474,106</u>
Non-cash forgiveness of Paycheck Protection Program loan	<u>\$ -</u>	<u>\$ 428,303</u>
Operating lease—right-of-use assets obtained in exchange for operating lease obligations and deferred lease incentive	<u>\$ 261,681</u>	<u>\$ -</u>

See notes to financial statements

# SAVE THE STORKS

## Notes to Financial Statements

December 31, 2022 and 2021

### 1. NATURE OF ORGANIZATION:

Officially founded in 2012, Save the Storks (STS) is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state laws. Save The Storks is not a private foundation under Section 509(a) of the Internal Revenue Code.

The initial program of Save the Storks was developing partnerships with pregnancy resource centers across the nation and helping them launch Mobile Medical Units (MMU). As the organization grew, the goal of serving abortion-vulnerable moms and saving babies continued to expand. There was an increased need to equip pregnancy resource centers with more than just mobile ministry. Save the Storks has since developed and implemented training curriculum and services to help the centers more efficiently and effectively serve their communities.

The stated mission of Save the Storks is to revolutionize the meaning of pro-life. This is accomplished by: 1) changing the language and conversation around pro-life, 2) creating innovative ways to engage and serve abortion-vulnerable women and save babies, 3) equipping grassroots leaders with strategies and tools to provide love, compassion and action to women in crisis pregnancies, and 4) mobilizing cultural influences to create catalytic change.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

STS 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 consist of cash held in checking and savings accounts, cash on hand, and money market funds. As of December 31, 2022 and 2021, cash on deposit with financial institutions exceeded federally insured limits by approximately \$669,000 and \$2,228,000, respectively.

#### INVESTMENTS

Investments are stated at fair value. Fair values are determined by quoted market prices. Donated securities are recorded at fair value on the date of the gift and sold as soon as possible thereafter. Gains and losses are recorded when incurred and are included as investment income on the statements of activities.

# SAVE THE STORKS

## Notes to Financial Statements

December 31, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ASSETS HELD FOR SALE

During the year ended December 31, 2021, assets held for sale consisted of a mobile medical unit, which were sold during the year. As of December 31, 2022, assets held for sale consist of land and a building. The assets are recorded at the lower of fair value or historical cost, net of accumulated depreciation.

#### BOARD-DESIGNATED OPERATING RESERVES

STS has board-designated net assets that were established with surplus operating funds. These designations were established during 2022 and are set aside as operating reserves. The board of STS designates how these funds are spent. At December 31, 2022, the cash held for operating reserves and investments held for operating reserves were \$326,965 and \$1,709,012, respectively.

#### OPERATING LEASE–RIGHT-OF-USE ASSETS AND OBLIGATIONS

STS adopted Accounting Standards Update (ASU) 2016-02 (see recently adopted accounting standard below) and its related amendments as of January 1, 2022, which resulted in the recognition of operating lease right-of-use assets totaling \$196,090 as of December 31, 2022, as well as operating lease obligations totaling \$328,564. STS elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of January 1, 2022 without restating prior-year amounts. The additional lease disclosure can be found in Note 6.

#### PROPERTY AND EQUIPMENT–NET:

Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Assets costing greater than \$2,500 are capitalized. Depreciation is recorded over the estimated useful lives of the assets on a straight-line basis, which range from three to thirty years. Leasehold improvements are depreciated or amortized over the lesser of the useful life or lease term.

#### DEFERRED INCOME

Deferred income is recorded for the unearned portion of payments received on mobile medical units (MMU). Revenue is recognized as earned, which is at point of delivery of the MMU. Deferred income is also recorded for the unearned portion of ticket sales related to upcoming events.

#### GRANTS PAYABLE

Grants payable consist of amounts not yet paid, but unconditionally promised, to recipient organizations as of December 31, 2022 and 2021.

# SAVE THE STORKS

## Notes to Financial Statements

December 31, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

*Net assets without donor restrictions* are those resources currently available at the discretion of the board of directors for use in STS's operations and for board-designated purposes.

*Net assets with donor restrictions* are those contributions restricted by donors for various ministry projects and programs.

#### SUPPORT, REVENUE, AND EXPENSES

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 support with donor restrictions 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 statement of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Service and product income consists primarily of MMU sales to pregnancy resource centers and is recognized when earned.

During the year ended December 31, 2021, STS received a second draw Paycheck Protection Program 2 (PPP) loan of \$428,303. STS incurred qualifying expenses exceeding the loan amount and on August 19, 2021, STS' request for loan forgiveness was granted by the Small Business Administration (SBA) and STS received formal forgiveness in August 2021. The full amount of the grant is recorded in government grant revenue on the statements of activities. STS has adopted the simultaneous release option for funds received through conditional grants. Therefore, all conditional grants for which STS has met the barriers for revenue recognition have been treated as grants without donor restrictions in the statements of activities.

#### ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of STS. These expenses include salaries and benefits, facilities, travel, depreciation, and other. Depreciation and facilities are allocated based on square footage. Costs of other categories are allocated on estimates of time and effort. Total expenses include all operating expenses.

# SAVE THE STORKS

## Notes to Financial Statements

December 31, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### JOINT COSTS

STS hosts events and sends marketing materials throughout the year that result in joint costs. Joint costs are incurred when requests for contributions and program service activities are conducted simultaneously. Joint costs are allocated based on time and effort or space used on marketing materials. Total joint costs consist of the following:

	December 31,	
	2022	2021
Program services	\$ 307,032	\$ 150,430
Fund-raising	218,505	37,607
	<u>\$ 525,537</u>	<u>\$ 188,037</u>

#### RECENTLY ADOPTED ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, *Leases* (Topic 842 of the Accounting Standards Codification). The amendments in this update require organizations that lease assets to recognize on the statements of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. STS adopted this update for the year ended December 31, 2022. Some of STS's contracts contain the right to control the use of property or assets and are therefore considered leases. STS elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842) and recorded the impact of adoption as of January 1, 2022, without restating any prior-year amounts. STS also elected the practical expedient to not separate lease and non-lease components and the accounting policy election to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosure can be found in Note 6. The effect of the adjustment to the opening balance of net assets totaled \$19,248. As it was deemed immaterial, the net asset difference was adjusted through facilities and maintenance expenses on the statements of activities and functional expenses. This amount is reported as a non-cash effect of change in accounting principle on the statements of cash flows.

# SAVE THE STORKS

## Notes to Financial Statements

December 31, 2022 and 2021

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects STS's financial assets as of the statements of financial position, reduced by amounts not available for general use because of purpose restrictions within one year of December 31, 2022 and 2021. STS has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Amounts not available include amounts set aside for cash and investment operating reserves designated by the board that could be drawn upon if the governing board approves that action.

	December 31,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 1,077,701	\$ 2,932,949
Board-designated operating reserves—cash and cash equivalents	326,965	-
Board-designated operating reserves—investments	1,709,012	-
	<u>3,113,678</u>	<u>2,932,949</u>
Less those unavailable for general expenditure within one year:		
Board-designated operating reserves—cash and cash equivalents	(326,965)	-
Board-designated operating reserves—investments	(1,709,012)	-
	<u>(2,035,977)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,077,701</u>	<u>\$ 2,932,949</u>

### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

STS uses appropriate valuation techniques to determine fair value based on inputs available. When available, STS measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. At December 31, 2022 and 2021, STS did not have any Level 3 investments.

Following is a description of the valuation methodologies and assumptions used in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

#### *Level 1 Fair Value Measurements*

The fair values of fixed income exchange-traded funds are based on quoted market prices in active markets for identical assets and which have the highest priorities are classified as Level 1 investments.

#### *Level 2 Fair Value Measurements*

The fair values of treasury bills and bonds and corporate and municipal bonds are based on quoted market prices in markets that are not active or quoted prices for similar assets or liabilities in active markets.

# SAVE THE STORKS

## Notes to Financial Statements

December 31, 2022 and 2021

### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Board-designated operating reserves–investments consist of:

	<u>Fair Value Measurements at December 31, 2022:</u>		
	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Fixed income exchange-traded funds	\$ 862,856	\$ 862,856	\$ -
Treasury bills and bonds	316,640	-	316,640
Municipal bonds	280,255	-	280,255
Corporate bonds	249,261	-	249,261
Total	<u>\$ 1,709,012</u>	<u>\$ 862,856</u>	<u>\$ 846,156</u>

As of December 31, 2021, total investments were \$0.

### 5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 944,907	\$ 944,907
Equipment	132,767	132,767
Software	221,250	135,000
	<u>1,298,924</u>	<u>1,212,674</u>
Less accumulated depreciation and amortization	<u>(744,720)</u>	<u>(520,635)</u>
	554,204	692,039
Construction in progress	115,000	-
	<u>\$ 669,204</u>	<u>\$ 692,039</u>



# SAVE THE STORKS

## Notes to Financial Statements

December 31, 2022 and 2021

### 6. OPERATING LEASE OBLIGATIONS:

Prior to the adoption of ASUs 2016-02 and 2018-11 under Topic 842 as described in Note 2, STS was applying Topic 840 in relation to operating leases. During the year ended December 31, 2019, STS entered into a lease agreement with an unrelated third party vendor for use of office space. Per the agreement, the lessor agreed to pay for leasehold improvements up to \$271,740. This was considered a lease incentive. The total costs of the leasehold improvements were capitalized, and the amount paid directly by the lessor, \$271,740, was recorded as a deferred lease incentive liability. The deferred lease incentive was amortized at a rate of \$3,774 per month over the life of the lease as an offset against rent expense. As of December 31, 2021, the deferred lease incentive was stated net of amortization of \$113,225. Total expenses incurred under the operating lease for the year ended December 31, 2021 was \$174,251. During the year ended December 31, 2022, the lease incentive was written off with the adoption of ASU No. 2016-02 *Leases*.

The office space under an operating lease expires in 2025. The lease is cancellable by STS with 6 months prior written notice to the landlord, but as of December 31, 2022, STS had no such plans to terminate the lease prior to the termination date. The discount rate of 6% represents the incremental borrowing rate based on what STS estimates the interest rate would have been had the lease been financed. Variable lease payments not based on an index or rate are not included in the operating lease liability as they cannot be reasonably estimated and are recognized in the period in which the obligation for those payments is incurred. Monthly payments under the lease range from \$9,813 to \$12,077. Total expenses incurred under the operating lease for the year ended December 31, 2022 was \$86,914.

	<u>December 31, 2022</u>
Operating lease—right-of-use assets	\$ 196,090
Operating lease liabilities	\$ 328,564
Operating lease costs	\$ 86,914
Weighted-average discount rate	6.00%
Weighted-average remaining lease term	2.31 years

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 138,135
2024	142,664
2025	<u>72,464</u>
	353,263
Less: imputed interest	<u>(24,699)</u>
	<u><u>\$ 328,564</u></u>

# SAVE THE STORKS

## Notes to Financial Statements

December 31, 2022 and 2021

7. NOTE PAYABLE:

Note payable consists of:

	December 31,	
	2022	2021
Note payable consists of a mortgage to a financial institution. The mortgage bears interest at 4.98% and has monthly principal and interest payments of \$1,855 with a balloon payment required upon maturity. The mortgage matures in November 2029 and is secured by land and buildings.	\$ 252,875	\$ 262,118

Future minimum payments are:

<u>Year Ending December 31,</u>	
2023	\$ 9,929
2024	10,435
2025	10,966
2026	11,525
2027	12,112
Thereafter	197,908
	<u>\$ 252,875</u>

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2022	2021
Mobile medical units	\$ 66,061	\$ 61,720
Start course	50,000	-
Other	10,762	30,000
	<u>\$ 126,823</u>	<u>\$ 91,720</u>

9. RELATED PARTIES:

During the years ended December 31, 2022 and 2021, STS paid \$99,000 and \$60,000, respectively, for consulting services provided by board members. STS also paid \$0 and \$60,000, to a former board member who managed the New York property and training program, during the years ended December 31, 2022 and 2021, respectively.

# **SAVE THE STORKS**

## **Notes to Financial Statements**

December 31, 2022 and 2021

### 10. SUBSEQUENT EVENTS:

Subsequent to December 31, 2022, STS sold the assets held for sale. The assets sold for \$335,000 and \$256,238 of the proceeds were used to pay off the note payable in full.

Subsequent events were evaluated through April 24, 2023, which is the date the financial statements were available to be issued.