



SAVE THE STORKS

Financial Statements
With Independent Auditors' Report

December 31, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022, 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 11, 2024

SAVE THE STORKS

Statements of Financial Position

	December 31,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 624,755	\$ 1,077,701
Prepaid expenses and other assets	142,460	178,894
Assets held for sale	-	372,792
Board-designated operating reserves—cash and cash equivalents	437,782	326,965
Board-designated operating reserves—investments	1,831,595	1,709,012
Operating lease—right-of-use assets	50,390	196,090
Property and equipment—net	562,685	669,204
Total Assets	<u>\$ 3,649,667</u>	<u>\$ 4,530,658</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 252,553	\$ 302,690
Grants payable	-	130,000
Operating lease obligations	85,065	328,564
Note payable	-	252,875
Total liabilities	<u>337,618</u>	<u>1,014,129</u>
Net assets:		
Without donor restrictions		
Undesignated	1,016,159	1,353,729
Board-designated	2,269,377	2,035,977
	<u>3,285,536</u>	<u>3,389,706</u>
With donor restrictions	26,513	126,823
Total net assets	<u>3,312,049</u>	<u>3,516,529</u>
Total Liabilities and Net Assets	<u>\$ 3,649,667</u>	<u>\$ 4,530,658</u>

See notes to financial statements

SAVE THE STORKS

Statements of Activities

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 7,743,696	\$ 880,349	\$ 8,624,045	\$ 8,269,720	\$ 234,538	\$ 8,504,258
Service and product income	49,821	-	49,821	18,827	-	18,827
Investment income-net	114,943	-	114,943	7,114	-	7,114
Other income (loss)	(149,583)	-	(149,583)	67,554	-	67,554
Total Support and Revenue	7,758,877	880,349	8,639,226	8,363,215	234,538	8,597,753
NET ASSETS RELEASED:						
Purpose restrictions	980,659	(980,659)	-	199,435	(199,435)	-
EXPENSES:						
Program activities	6,848,031	-	6,848,031	6,581,213	-	6,581,213
Supporting activities:						
Fundraising	1,042,564	-	1,042,564	1,298,544	-	1,298,544
General and administrative	953,111	-	953,111	735,002	-	735,002
	1,995,675	-	1,995,675	2,033,546	-	2,033,546
Total Expenses	8,843,706	-	8,843,706	8,614,759	-	8,614,759
Change in Net Assets	(104,170)	(100,310)	(204,480)	(52,109)	35,103	(17,006)
Net Assets, Beginning of Year	3,389,706	126,823	3,516,529	3,441,815	91,720	3,533,535
Net Assets, End of Year	\$ 3,285,536	\$ 26,513	\$ 3,312,049	\$ 3,389,706	\$ 126,823	\$ 3,516,529

See notes to financial statements

SAVE THE STORKS

Statement of Functional Expenses

Year Ended December 31, 2023

	Supporting Activities:			Total
	Program Services	Fundraising	General and Administrative	
Salaries and benefits	\$ 2,581,211	\$ 267,052	\$ 281,937	\$ 3,130,200
Professional services	1,180,614	131,661	398,577	1,710,852
Contributions to others	1,566,267	-	-	1,566,267
Marketing and communication	263,429	396,363	-	659,792
Office and other expenses	287,320	172,874	103,514	563,708
Travel	315,548	26,820	53,561	395,929
Conferences and events	316,965	22,495	44,485	383,945
Depreciation expense	186,658	9,501	55,450	251,609
Facilities and maintenance	146,372	15,798	15,587	177,757
Mobile medical unit manufacturing	3,647	-	-	3,647
Total Expenses	<u>\$ 6,848,031</u>	<u>\$ 1,042,564</u>	<u>\$ 953,111</u>	<u>\$ 8,843,706</u>

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>Fundraising</u>	<u>General and Administrative</u>	
Salaries and benefits	\$ 2,306,780	\$ 408,468	\$ 259,183	\$ 2,974,431
Professional services	931,840	319,029	194,509	1,445,378
Contributions to others	1,500,427	-	-	1,500,427
Marketing and communication	455,921	274,232	3,949	734,102
Office and other expenses	231,320	78,865	178,169	488,354
Travel	248,569	70,293	35,179	354,041
Conferences and events	460,390	89,186	17,050	566,626
Depreciation expense	172,181	28,300	23,732	224,213
Facilities and maintenance	200,536	30,171	20,669	251,376
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

Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (204,480)	\$ (17,006)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	251,609	224,213
Loss on disposal of property and equipment	255,054	-
(Gain) on lease modification and non-cash lease expense	(97,799)	(45,289)
Unrealized and realized loss on investments	(114,943)	5,720
Contribution of property and equipment	-	101,185
Non-cash effect of change in accounting principle	-	19,248
Change in operating assets and liabilities:		
Prepaid expenses and other assets	36,434	49,550
Accounts payable and accrued expenses	(50,137)	89,320
Grants payable	(130,000)	(30,000)
Net Cash Provided (Used) by Operating Activities	<u>(54,262)</u>	<u>396,941</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(330,090)	(201,249)
Purchases of investments	(256,000)	(2,625,000)
Proceeds from sale of property and equipment	302,738	-
Proceeds from sale of investments	248,360	910,268
Net Cash Used by Investing Activities	<u>(34,992)</u>	<u>(1,915,981)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(252,875)	(9,243)
Net Cash Used by Investing Activities	<u>(252,875)</u>	<u>(9,243)</u>
Change in Cash, Cash Equivalents, and Board-Designated Operating Reserves	(342,129)	(1,528,283)
Cash, Cash Equivalents, and Board-Designated Operating Reserves, Beginning of Year	<u>1,404,666</u>	<u>2,932,949</u>
Cash, Cash Equivalents, and Board-Designated Operating Reserves, End of Year	<u>\$ 1,062,537</u>	<u>\$ 1,404,666</u>

(continued)

See notes to financial statements

SAVE THE STORKS

Statements of Cash Flows (continued)

	Year Ended December 31,	
	<u>2023</u>	<u>2022</u>
SUMMARY OF CASH, CASH EQUIVALENTS, AND BOARD-DESIGNATED OPERATING RESERVES:		
Cash and cash equivalents	\$ 624,755	\$ 1,077,701
Board-designated operating reserves—cash and cash equivalents	<u>437,782</u>	<u>326,965</u>
	<u>\$ 1,062,537</u>	<u>\$ 1,404,666</u>
SUPPLEMENTAL DISCLOSURE:		
Operating lease—right-of-use assets obtained in exchange for operating lease obligations and deferred lease incentive	<u>\$ -</u>	<u>\$ 261,681</u>

See notes to financial statements

SAVE THE STORKS

Notes to Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022, cash on deposit with financial institutions exceeded federally insured limits by approximately \$78,000 and \$592,000, 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, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSETS HELD FOR SALE

During the year ended December 31, 2022, assets held for sale consisted of land and a building. The assets were recorded at the lower of fair value or historical cost, net of accumulated depreciation. These assets were sold during the year ended December 31, 2023.

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. As of December 31, 2023 and 2022, cash held for operating reserves was \$437,782 and \$326,965, respectively. As of December 31, 2023 and 2022, investments held for operating reserves were \$1,831,595 and \$1,709,012, respectively.

OPERATING LEASE–RIGHT-OF-USE ASSETS AND OBLIGATIONS

Some of STS's contracts contain the right to control the use of property or assets and are therefore considered leases. STS records right-of-use assets and lease obligations on the statements of financial position for the rights and obligations created by leases with initial terms of more than twelve months. STS has elected to not separate lease and non-lease components. The additional lease disclosures 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 lessor of the useful life or lease term.

GRANTS PAYABLE

Grants payable consist of amounts not yet paid, but unconditionally promised, to recipient organizations as of December 31, 2023 and 2022.

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.

SAVE THE STORKS

Notes to Financial Statements

December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 statements 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. Other income consists primarily of gains and losses on sales of property and equipment.

Expenses are recorded when incurred.

During the years ended December 31, 2023 and 2022, advertising expenses totaled \$480,000 and \$150,000, respectively. Advertising is used to promote STS's programs and services.

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.

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,	
	2023	2022
Program services	\$ 57,420	\$ 307,032
Fundraising	57,420	218,505
	<u>\$ 114,840</u>	<u>\$ 525,537</u>

SAVE THE STORKS

Notes to Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022. 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,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 624,755	\$ 1,077,701
Board-designated operating reserves—cash and cash equivalents	437,782	326,965
Board-designated operating reserves—investments	1,831,595	1,709,012
	<u>2,894,132</u>	<u>3,113,678</u>
Less those unavailable for general expenditure within one year:		
Board-designated operating reserves—cash and cash equivalents	(437,782)	(326,965)
Board-designated operating reserves—investments	(1,831,595)	(1,709,012)
	<u>(2,269,377)</u>	<u>(2,035,977)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 624,755</u>	<u>\$ 1,077,701</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, 2023 and 2022, 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, 2023 and 2022

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Board-designated operating reserves—investments consist of:

	<u>Fair Value Measurements at December 31, 2023:</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	\$ 871,936	\$ 871,936	\$ -
Treasury bills and bonds	297,565	-	297,565
Municipal bonds	393,182	-	393,182
Corporate bonds	268,912	-	268,912
Total	<u>\$ 1,831,595</u>	<u>\$ 871,936</u>	<u>\$ 959,659</u>

	<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>

SAVE THE STORKS

Notes to Financial Statements

December 31, 2023 and 2022

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	December 31,	
	2023	2022
Leasehold improvements	\$ 396,407	\$ 944,907
Equipment	48,784	132,767
Software	586,000	221,250
	<u>1,031,191</u>	<u>1,298,924</u>
Less accumulated depreciation and amortization	(551,756)	(744,720)
	<u>479,435</u>	<u>554,204</u>
Construction in progress	83,250	115,000
	<u>\$ 562,685</u>	<u>\$ 669,204</u>

SAVE THE STORKS

Notes to Financial Statements

December 31, 2023 and 2022

6. OPERATING LEASE OBLIGATIONS:

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. During the year ended December 31, 2022, the lease incentive was written off with the adoption of the provisions of Topic 842, *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, 2023, STS had no such plans to terminate the lease prior to the termination date. During the year ended December 31, 2023, STS entered into a lease modification. The related gain is included in other income on the statements of activities for the year ended December 31, 2023. The discount rate of 8.38% 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 \$5,067. Total expenses incurred under the operating lease was \$77,402 and \$86,914 for the years ended December 31, 2023 and 2022, respectively.

	December 31,	
	2023	2022
Operating lease—right-of-use assets	\$ 50,390	\$ 196,090
Operating lease liabilities	\$ 85,065	\$ 328,564
Operating lease costs	\$ 77,402	\$ 86,914
Weighted-average discount rate	8.38%	6.00%
Weighted-average remaining lease term	1.50 years	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>	
2024	\$ 59,850
2025	29,925
	<u>89,775</u>
Less: imputed interest	<u>(4,710)</u>
	<u>\$ 85,065</u>

SAVE THE STORKS

Notes to Financial Statements

December 31, 2023 and 2022

7. NOTE PAYABLE:

Note payable consists of:

	December 31,	
	2023	2022
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, and was paid in full during the year ended December 31, 2023.	\$ -	\$ 252,875

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2023	2022
Mobile medical units	\$ 20,437	\$ 66,061
Start course and other programs	6,076	60,762
	<u>\$ 26,513</u>	<u>\$ 126,823</u>

9. RELATED PARTIES:

During the years ended December 31, 2023 and 2022, STS paid \$60,000 each year for consulting services provided by board members. STS also paid \$124,000 and \$39,000, to a former board member who managed the New York property and training program, during the years ended December 31, 2023 and 2022, respectively.

10 SUBSEQUENT EVENTS:

Subsequent events were evaluated through April 11, 2024, which is the date the financial statements were available to be issued.