

**YOUNGMOMS
FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021**

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Independent Auditors' Report

To the Board of Directors
YoungMoms
Kennett Square, Pennsylvania

Opinion

We have audited the accompanying financial statements of YoungMoms (a non-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 YoungMoms 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 the Organization's 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 the Organization's 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.

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Statements of Financial Position

December 31, 2022 and 2021

(See Independent Auditors' Report)

Assets

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	436,892	382,416
Pledges receivable	134,760	19,900
Other receivables	-	19,715
Prepaid expenses	1,235	3,293
Equipment and furniture, net	4,075	2,449
Right-of-use asset - operating lease	36,518	-
Deposits	<u>2,000</u>	<u>2,000</u>
Total Assets	<u><u>615,480</u></u>	<u><u>429,773</u></u>

Liabilities and Net Assets

Liabilities		
Accounts payable	64	624
Accrued expenses	20,147	12,485
Lease liability - operating lease	<u>36,518</u>	<u>-</u>
	56,729	13,109
Net Assets		
Net assets without donor restrictions	350,622	367,787
Net assets with donor restrictions	<u>208,129</u>	<u>48,877</u>
	<u>558,751</u>	<u>416,664</u>
Total Liabilities and Net Assets	<u><u>615,480</u></u>	<u><u>429,773</u></u>

The accompanying notes are an integral part of the financial statements.

YOUNGMOMS

Statements of Activities

For the Years Ended December 31, 2022 and 2021

(See Independent Auditors' Report)

	Net assets Without Donor Restrictions	Net assets With Donor Restrictions	2022 Total
Revenue, Gains and Support			
Contributions and grants	270,151	252,219	522,370
Special events, net	22,806	-	22,806
Interest income	1,223	-	1,223
Net assets released from restrictions	92,967	(92,967)	-
Total Revenue, Gains and Support	387,147	159,252	546,399
Expenses and Losses			
Program services	341,485	-	341,485
Management and general	39,098	-	39,098
Fundraising	23,729	-	23,729
Total Expenses and Losses	404,312	-	404,312
Change in Net Assets	(17,165)	159,252	142,087
Net Assets Beginning of Year	367,787	48,877	416,664
Net Assets at End of Year	350,622	208,129	558,751

The accompanying notes are an integral part of the financial statements.

Net assets Without Donor Restrictions	Net assets With Donor Restrictions	2021 Total
351,817	113,000	464,817
62,541	-	62,541
152	-	152
<u>168,417</u>	<u>(168,417)</u>	<u>-</u>
582,927	(55,417)	527,510
283,296	-	283,296
25,101	-	25,101
<u>59,093</u>	<u>-</u>	<u>59,093</u>
<u>367,490</u>	<u>-</u>	<u>367,490</u>
215,437	(55,417)	160,020
<u>152,350</u>	<u>104,294</u>	<u>256,644</u>
<u><u>367,787</u></u>	<u><u>48,877</u></u>	<u><u>416,664</u></u>

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Statements of Functional Expenses

For the Years Ended December 31, 2022 and 2021

(See Independent Auditors' Report)

	<u>Program</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>2022 Total</u>
Operating Expenses				
Salaries and wages	221,796	22,432	15,622	259,850
Program activities	53,535	-	-	53,535
Occuancy	32,643	3,301	2,299	38,243
Payroll taxes	18,411	1,862	1,297	21,570
Employee benefits	7,772	786	547	9,105
Contractor fees	-	1,403	3,456	4,859
Accounting	-	5,818	-	5,818
Supplies	1,573	790	102	2,465
Insurance	4,287	434	302	5,023
Marketing	122	12	9	143
Professional fees	-	-	-	-
Other	-	2,124	-	2,124
Telecommunications	473	48	33	554
Depreciation	873	88	62	1,023
	<u>341,485</u>	<u>39,098</u>	<u>23,729</u>	<u>404,312</u>

The accompanying notes are an integral part of the financial statements.

<u>Program</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>2021 Total</u>
182,288	9,981	42,309	234,578
44,822	-	-	44,822
25,846	1,415	5,999	33,260
15,078	826	3,500	19,404
7,925	434	1,839	10,198
-	1,378	-	1,378
-	8,636	-	8,636
1,771	1,021	2,095	4,887
3,717	204	863	4,784
505	48	63	616
-	-	2,113	2,113
-	1,084	-	1,084
600	33	139	772
744	41	173	958
<u>283,296</u>	<u>25,101</u>	<u>59,093</u>	<u>367,490</u>

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Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(See Independent Auditors' Report)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	142,087	160,020
Depreciation expense	1,023	958
Debt forgiveness	-	(46,200)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Pledges receivable	(114,860)	(3,845)
Other receivables	19,715	(19,715)
Prepaid expenses	2,058	64
Accounts payable	(560)	(145)
Accrued expenses	7,662	11,647
	<u>57,125</u>	<u>102,784</u>
Net Cash Provided by Operating Activities		
	57,125	102,784
Cash Flows from Investing Activities		
Furniture purchases	<u>(2,649)</u>	<u>-</u>
Net Change in Cash or Equivalents	54,476	102,784
Cash or Equivalents At Beginning of Year	<u>382,416</u>	<u>279,632</u>
Cash or Equivalents At End of Year	<u><u>436,892</u></u>	<u><u>382,416</u></u>

The accompanying notes are an integral part of the financial statements.

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Notes to the Financial Statements

December 31, 2022 and 2021

(See Independent Auditors' Report)

Notes:

(1) Summary of Organization:

Organization and Objectives:

YoungMoms was incorporated as a nonprofit organization under the laws of the Commonwealth of Pennsylvania. YoungMoms was established to provide the academic/vocational, relational, and parenting support pregnant and parenting young women need to improve their lives and those of their children. YoungMoms is helping clients stay in school, pursue college education or vocational training, gain the skills necessary to parent effectively, and be empowered to make healthy personal decisions. The Organization's primary source of income is contributions and grants from individuals and local organizations.

(2) Summary of Significant Accounting Policies:

Basis of Accounting:

The records of Young Moms are maintained on the accrual basis of accounting whereby receipts are recognized when realized and expenditures are recognized when incurred. The accompanying statements have been prepared on that basis.

Basis of Presentation

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-10-65-1, the Organization is required to report information regarding its financial position and activities according to two mutually exclusive classes according to the existence or absence of donor-imposed restrictions. See Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

Cash Equivalents:

Cash equivalents consist of funds in YoungMoms' checking and savings accounts. For purposes of reporting cash flows, YoungMoms considers investments purchased with an original maturity of three months or less to be cash equivalents.

Promises to Give:

Unconditional promises to give are recognized as revenues or gains in the period in which notification of such promise is received. Unconditional promises to give due in one year or less are recorded at their net realizable value. Unconditional promises to give due in more than one year are recorded at fair value in the year promised using

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Notes to the Financial Statements

December 31, 2022 and 2021

(See Independent Auditors' Report)

(2) Summary of Significant Accounting Policies - continued:

present value techniques. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2022 and 2021, all receivables were expected to be collected within a year.

Property & Equipment:

Property and equipment acquisitions are recorded at historical cost and depreciated over their estimated useful lives using the straight-line method. Expenditures that extend the useful life of an asset are capitalized while those considered normal repairs and maintenance are expensed as incurred. It is the Organization's policy to generally expense acquisitions and betterments if they do not exceed \$1,500.

Furniture and equipment is being depreciated over an estimated useful life of five years using the straight-line method.

Net Assets:

Net assets without donor restrictions are assets that are not restricted in any manner for use by the Organization to carry out its mission. Net assets with donor restrictions are any assets the donor has restricted by communicating purpose restrictions or time restrictions for when or how the Organization may use the asset to carry out its mission. When a restriction expires, 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.

Contributions and Grants:

Contributions received are recorded as either net assets with or without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. Restricted contributions are reported as restricted support and are reclassified to net assets without donor restrictions upon expiration of the restriction.

Revenue Recognition

The Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service to the customer. The Organization's principal activity resulting in contracts with customers is revenue from fundraising events.

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Notes to the Financial Statements

December 31, 2022 and 2021

(See Independent Auditors' Report)

Because the benefit received from fundraising events has an original expected duration of one year or less, the Organization has elected the practical expedient and not disclosed the value of unsatisfied performance obligations and expected timing for completion related to the revenue.

Concentrations of Credit Risk:

Cash deposits that potentially subject YoungMoms to concentrations of credit risk consist of checking and savings accounts held at a local bank. During the year, account balances did not exceed FDIC insurance limits.

Noncash Donations:

Noncash donations are recorded at fair market value at the date of donation and are included in revenues and expenses for the year. The estimated fair value of donated supplies and services are recorded as contribution revenue. For the year ending December 31, 2022 and 2021, in-kind contributions were \$28,078 and \$19,367, respectively.

Directors, officers, and advisors have made a significant contribution of their time to develop YoungMoms and its programs. Amounts for volunteered services are recognized in the accompanying statement of activities when the criteria for recognition of such efforts under generally accepted accounting principles have been satisfied. During the years ended December 31, 2022 and 2021, volunteers contributed over 1,000 hours of their time in support of YoungMoms.

Allocation of Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated to program and supporting services on the following bases:

- (a) Management and general expenses, occupancy, supplies, and depreciation are allocated based on time and expense studies.
- (b) Legal expenses were allocated based on an estimate of time spent between program benefits and administration.
- (c) Personnel expenses are allocated based on direct salaries.

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Notes to the Financial Statements

December 31, 2022 and 2021

(See Independent Auditors' Report)

Income Tax Status:

YoungMoms has been granted tax-exempt status as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, files federal tax Form 990 (Return of Organization Exempt from Income Tax) annually.

In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Uncertain Tax Positions:

YoungMoms is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. YoungMoms believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. Form 990 and all related state filings remain subject to examination generally for three years from the date of the filing.

New Accounting Standards:

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

The Organization elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Organization's balance sheet but did not have a material impact on the income statement. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

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Notes to the Financial Statements

December 31, 2022 and 2021

(See Independent Auditors' Report)

Date of Managements' Review:

Management has evaluated subsequent events for possible disclosure in the notes to the financial statements through the date of the report, March ~~XX~~, 2023.

(3) Loan Payable:

During the year ended December 31, 2019, the Organization received a Small Business Administration Paycheck Protection Program loan of \$46,200. The loan as been forgiven as of January 2021 and will be recorded as a government grant for the year ended December 31, 2021.

(4) Restrictions on Assets:

Net assets with donor restrictions include funds restricted for the following uses:

	<u>2022</u>	<u>2021</u>
Capacity building	\$ 46,016	19,167
Case management	7,743	-
Client transportation	1,138	-
Driver's education and counseling	-	520
Emergency food, clothing and shelter	-	4,830
Life skills workshop	10,270	-
Mentoring & advocacy program	1,658	-
Pledges receivable	134,760	19,900
Rent support	1,500	-
Strategic Plan	4,600	-
Website	444	4,460
	<u>\$ 208,129</u>	<u>\$ 48,877</u>

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Notes to the Financial Statements

December 31, 2022 and 2021

(See Independent Auditors' Report)

Net assets were released from donor restrictions by incurring expenses satisfying restricted purposes as follows:

	<u>2022</u>	<u>2021</u>
Capacity building	\$ 23,152	35,300
Case management	4,532	25,275
Client transportation	1,362	-
Direct client assistance	4,843	1,200
Driver's education and counseling	570	1,000
Emergency food, clothing and shelter	-	3,672
Furniture and office equipment	-	784
Grant writing	-	3,438
Legal assistance	-	2,000
Life skills workshop	9,730	-
Mentoring & advocacy program	102	7,567
Pledges receivable	40,160	16,055
Rent support	4,500	-
Time restriction	-	19,900
Website	4,016	540
YoungDads	-	51,686
	<u>\$ 92,967</u>	<u>\$ 168,417</u>

(5) Leases:

The Organization adopted FASB Topic 842, *Leases*, using the modified retrospective approach with January 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. In addition, the Organization elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in shortening the lease terms for certain existing leases.

The Organization signed a new three-year agreement for office space on April 1, 2019, at \$2,000 per month. The lease was extended for two years in February 2022 through March 31, 2024 with a monthly payment of \$2,500. As a result of the new standard, the Organization recorded a right-of-use asset of \$36,527 and a corresponding liability. The lease asset and liability were calculated utilizing the risk-free discount rate (4%), according to the Company's elected policy.

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Notes to the Financial Statements

December 31, 2022 and 2021

(See Independent Auditors' Report)

Future maturities of the operating lease liability are:

Year Ending December 31:		
2023	\$	30,000
2024		<u>7,500</u>
Total lease payments		37,500
Less: Interest		<u>982</u>
Present value of lease liabilities	\$	<u><u>36,518</u></u>

(6) Liquidity:

YoungMoms has \$571,652 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$436,892, and receivables of \$134,760.

(7) Conflict of Interest Policy:

Included in YoungMoms Board of Directors and Officers are volunteers from the community who provide valuable assistance to the Organization. YoungMoms has adopted a conflict-of-interest policy so that board members are disqualified from participating in decisions regarding any action affecting their related company or organization.