Audited Financial Statements

RealOptions
OBRIA MEDICAL CLINICS

December 31, 2020 and 2019

Quigley & Miron

Quigley & Miron

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
RealOptions
San Jose, California

We have audited the accompanying financial statements of RealOptions (Organization), a nonprofit organization, 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.

Auditor's 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RealOptions 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.

Quigley & Miron

San Jose, California
October 20, 2021

RealOptions
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 846,830	$ 214,363
PPP advance—restricted cash	262,569	
Restricted cash held for endowment	11,061	11,057
Pledges and grants receivable, net—Note 3	227,171	85,842
Government grants receivable	129,827	64,454
Prepaid expenses	4,857	10,129
Other assets	15,858	15,858
Property and equipment, net—Note 4	607,690	579,619
Total Assets	**$ 2,105,863**	**$ 981,322**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 42,273	$ 94,403
Salaries and employee benefits payable	68,875	114,825
PPP advance—Note 5	262,569	
Total Liabilities	**373,717**	**209,228**
Net Assets		
Without donor restrictions—Note 6	1,429,338	619,697
With donor restrictions—Note 7	302,808	152,397
Total Net Assets	**1,732,146**	**772,094**
Total Liabilities and Net Assets	**$ 2,105,863**	**$ 981,322**

See notes to financial statements.

RealOptions
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenue			
Contributions and grant income	$ 1,800,554	$ 249,519	$ 2,050,073
Government grants	514,664		514,664
Special events			
Gross revenue	794,237	4,151	798,388
Less cost of direct benefit to donors	(172,388)		(172,388)
Special Events, Net	**621,849**	**4,151**	**626,000**
In-kind contributions—Note 10	3,936		3,936
Program income	6,365		6,365
Interest income	77	3	80
Fee for service	3,370		3,370
Other revenue	10		10
Net assets released from restrictions	103,262	(103,262)	
Total Support and Revenue	**3,054,087**	**150,411**	**3,204,498**
Expenses			
Reproductive healthcare services	1,649,107		1,649,107
Management and general	379,071		379,071
Fundraising and development	216,268		216,268
Total Expenses	**2,244,446**		**2,244,446**
Change in Net Assets from Operations	**809,641**	**150,411**	**960,052**
Net Assets at Beginning of Year	**619,697**	**152,397**	**772,094**
Net Assets at End of Year	**$ 1,429,338**	**$ 302,808**	**$ 1,732,146**

See notes to financial statements.

RealOptions
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenue			
Contributions and grant income	$ 1,721,069	$ 85,842	$ 1,806,911
Government grants	201,129		201,129
Special events			
Gross revenue	401,104		401,104
Less cost of direct benefit to donors	(162,757)		(162,757)
Special Events, Net	**238,347**		**238,347**
In-kind contributions—Note 10	3,193		3,193
Program income	13,345		13,345
Interest income	3	24	27
Fee for service	1,475		1,475
Other revenue	1,000		1,000
Net assets released from restrictions	232,198	(232,198)	
Total Support and Revenue	**2,411,759**	**(146,332)**	**2,265,427**
Expenses			
Reproductive healthcare services	1,744,501		1,744,501
Management and general	354,572		354,572
Fundraising and development	224,011		224,011
Total Expenses	**2,323,084**		**2,323,084**
Change in Net Assets from Operations	**88,675**	**(146,332)**	**(57,657)**
Net Assets at Beginning of Year	**531,022**	**298,729**	**829,751**
Net Assets at End of Year	**$ 619,697**	**$ 152,397**	**$ 772,094**

See notes to financial statements.

RealOptions
Statement of Functional Expenses
Year Ended December 31, 2020

	Reproductive Healthcare Services	Management and General	Fundraising and Development	Special Events	Total
Expenses					
Salaries	$ 875,711	$ 204,398	$ 138,893	$	$ 1,219,002
Payroll taxes	69,309	16,177	10,993		96,479
Other employee benefits	58,862	13,740	9,336		81,938
Total Personnel Expenses	**1,003,882**	**234,315**	**159,222**		**1,397,419**
Occupancy	197,768	35,497	20,284		253,549
Client outreach and advertising	206,760				206,760
Cost of direct benefit to donors				172,388	172,388
Professional fees	64,142	24,146	16,660		104,948
Bank, merchant fees, and interest		51,192			51,192
Depreciation	30,998	5,564	3,179		39,741
Supplies, materials, and minor equipment	25,591	4,593	2,625		32,809
Printing and publications	23,482	5,481	3,724		32,687
Other expenses	13,361	9,276	5,122		27,759
Staff and volunteer training	23,714				23,714
Telecommunications	17,234	3,093	1,768		22,095
Insurance	10,336	1,855	1,060		13,251
Medical supplies	12,860				12,860
Dues and subscriptions	8,027	1,874	1,273		11,174
Taxes, licenses, permits, and fees	6,877	1,234	705		8,816
Travel, meetings, and memberships	3,395	792	538		4,725
Postage and delivery	680	159	108		947
Total Expenses by Function	**1,649,107**	**379,071**	**216,268**	**172,388**	**2,416,834**
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors				(172,388)	(172,388)
Total Expenses	**$ 1,649,107**	**$ 379,071**	**$ 216,268**	**$**	**$ 2,244,446**

See notes to financial statements.

RealOptions
Statement of Functional Expenses
Year Ended December 31, 2019

	Reproductive Healthcare Services	Management and General	Fundraising and Development	Special Events	Total
Expenses					
Salaries	$ 929,023	$ 216,842	$ 147,348	$	$ 1,293,213
Payroll taxes	71,981	16,801	11,417		100,199
Other employee benefits	81,408	19,001	12,912		113,321
Total Personnel Expenses	**1,082,412**	**252,644**	**171,677**		**1,506,733**
Occupancy	290,179	52,083	29,762		372,024
Client outreach and advertising	174,585				174,585
Cost of direct benefit to donors				162,757	162,757
Professional fees	19,599	4,757	1,933		26,289
Bank, merchant fees, and interest		18,075			18,075
Depreciation	31,310	5,620	3,211		40,141
Supplies, materials, and minor equipment	25,497	4,576	2,615		32,688
Printing and publications	14,049	3,279	2,228		19,556
Other expenses	14,524	1,168	4,980		20,672
Staff and volunteer training	15,269				15,269
Telecommunications	22,506	4,039	2,308		28,853
Insurance	13,292	2,386	1,363		17,041
Medical supplies	14,548				14,548
Dues and subscriptions	14,606	3,409	2,317		20,332
Taxes, licenses, permits, and fees	5,461	980	560		7,001
Travel, meetings, and memberships	4,621	1,079	733		6,433
Postage and delivery	2,043	477	324		2,844
Total Expenses by Function	**1,744,501**	**354,572**	**224,011**	**162,757**	**2,485,841**
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors				(162,757)	(162,757)
Total Expenses	**$ 1,744,501**	**$ 354,572**	**$ 224,011**	**$**	**$ 2,323,084**

See notes to financial statements.

RealOptions
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

		2020		2019
Cash Flows from Operations				
Change in net assets	$	960,052	$	(57,657)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		39,741		40,141
Changes in operating assets and liabilities:				
Pledges and grants receivable, net		(141,329)		110,659
Government grants receivable		(65,373)		(64,454)
Prepaid expenses		5,272		8,229
Accounts payable and accrued expenses		(52,130)		(117,726)
Salaries and employee benefits payable		(45,950)		114,825
PPP advance		262,569		
Cash Provided by Operating Activities		**962,852**		**34,017**
Cash Flows from Investing Activities				
Purchases of property and equipment		(67,812)		(2,944)
Cash Used in Investing Activities		**(67,812)**		**(2,944)**
Net Increase in Cash, Cash Equivalents, and Restricted Cash		**895,040**		**31,073**
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year		**225,420**		**194,347**
Cash, Cash Equivalents, and Restricted Cash at End of Year	**$**	**1,120,460**	**$**	**225,420**
Supplementary Disclosures				
Income taxes paid	$		$	
Interest paid	$		$	

See notes to financial statements.

Note 1—Organization and Summary of Significant Accounting Policies

Organization—RealOptions (Organization) is a California not-for-profit corporation, incorporated in 1981 in the State of California. The Organization provides compassionate, comprehensive, high quality holistic healthcare, support services, optimal health education, and pregnancy loss healing to women, men, students, and families. They have five licensed medical clinic locations serving Alameda, San Mateo, and Santa Clara Counties devoted to caring for patients physically, emotionally, and spiritually. We offer a broad spectrum of prevention, intervention, and restorative services to the community positively impacting thousands of students and families each year. The Organization has a holistic approach to health care and is committed to meeting our patient's physical, emotional, and spiritual needs. They provide well woman care, STD testing and treatment, pregnancy option consultations, pregnancy tests, ultrasound imaging, prenatal care, abortion pill reversal treatment, childbirth and parenting classes, and material support in the form of maternity clothing, emergency formula, diapers, and new car seats. They also provide pregnancy loss healing programs to anyone impacted by miscarriage or abortion, as well as Optimal Health Education in schools, youth groups, and community organizations for fifth through twelfth grade students and their parents.

In 2020 the Organization provided 7,400 services to 4,200 people through their medical clinics, Optimal Health Education, and pregnancy loss healing programs. They also began a merger process with First Resort (dba Support Circle), who operated clinics serving San Mateo and Alameda County. They continued to expand the impact in these locations by:

1) Adding additional services in these clinics which include: Well Woman Care, STD Testing and Treatment, Prenatal Care and Abortion Pill Reversal Treatment.

2) Expanding the hours of operation and staffing these clinic locations to full time five days per week with our Medical and Optimal Health teams.

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Organization and changes therein are presented and reported as follows:

Net Assets without Donor Restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets with Donor Restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of the Organization to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of the Organization's reproductive healthcare services; nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. The Organization did not engage in any reportable nonoperating activities during the years ending December 31, 2020 and 2019.

Income Taxes—The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). The Organization is similarly exempt from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2020 and 2019. Generally, the Organization's information returns remain open for examination for periods of three (federal) or four (state of California) years from the date of filing.

Recently Adopted Accounting Principles

Revenue Recognition—In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Organization opted to adopt ASU No. 2014-09 for the year ended December 31, 2020, and noted that there was no material effect on the financial statements.

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. The clarified guidance applies to all entities that receive or make contributions (grants). ASU No. 2018-08 has been adopted by the Organization for the year ended December 31, 2019, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements. The Organization has determined that adopting ASU No. 2018-08 has had no material effect on the financial statements.

Cash, Cash Equivalents, and Restricted Cash—Cash and cash equivalents consist of cash on premises generated through the course of daily activities and cash on deposit with banks as well as money market funds or short-term investments held at financial institutions, with original maturities of three months or less from the date of purchase. Restricted cash consist of funds from the PPP advance (see Note 5) and cash held for endowment.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the cash, cash equivalents, and restricted cash total shown in the statement of cash flows at December 31, 2020 and 2019:

	2020	2019
Cash Accounts Reported in Statement of Financial Position		
Cash and cash equivalents	$ 846,830	$ 214,363
PPP advance-restricted cash	262,569	
Restricted cash held for endowment	11,061	11,057
Total Cash, Cash Equivalents, and Restricted Cash Reported in Statement of Cash Flows	**$ 1,120,460**	**$ 225,420**

Restricted cash held for endowment on the statement of financial position includes restricted cash received with a donor-imposed restriction that limits the use of that cash to long-term purposes.

Concentration of Credit Risk—Cash and cash equivalents, investments in securities, and receivables are the primary form of concentration of credit risk to which the Organization is subject. The Organization places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. Cash held in investment accounts at investment custodians are insured by the Securities Investors Protection Corporation (SIPC) up to $250,000 and the investments in securities are insured up to $500,000. At times, in the normal course of business, such cash balances are in excess of the FDIC/SIPC insurance limits, but management deems the risk of loss due to these concentrations to be minimal. Conservative investment guidelines established by the Board of Directors (Board) govern the Organization's investments in securities to achieve diversification of the portfolio.

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

Allowance for Doubtful Accounts—The Organization has set a 10% allowance for uncollectible amounts for pledges received during its fundraising events. This rate was determined based upon prior collections history of collections.

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains and losses are reported as unrestricted income unless use of the earnings is restricted by the donor.

Property and Equipment—Purchased property and equipment are recorded at cost, and donated assets are recorded at the estimated fair value on the date of receipt. The Organization depreciates its property and equipment using the straight-line-method over the following estimated useful lives:

Furniture, fixtures and equipment	3-10 years
Building improvements	10-20 years
Buildings	55 years
Exhibition and media development costs	5-10 years

The Organization follows the practice of capitalizing all expenditures of property in excess of $1,500.

Repairs and maintenance costs are expensed as incurred. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used and gifts of cash or other assets that must be used to acquire and maintain long-lived assets are reported as restricted support. Absent explicit donor stipulations, the Organization reports expirations of donor restrictions when such long-lived assets are placed in service.

Revenue Recognition—The Organization's revenue recognition policies are as follows:

Grants Income—Revenues from grants and contracts are reported as increases in net assets, without donor restrictions as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants receivable.

Fee for Service—Fee for service revenues are recorded when earned and consist of various services provided by the organization for a nominal fee.

Rental Income—Rental income consists of facilities rental fees earned from unrelated third parties including retail vendors, film production companies, and individuals. Rental income is recognized upon the occurrence of the events for which the facilities were rented.

Program Income—Revenues from services revenue are recognized at the time services are provided.

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

Contributed Services—A substantial number of unpaid volunteers have made significant contributions of their time and services to further the Organization's mission. During the years ended December 31, 2020 and 2019, these in-kind contributions amounted to over 3,618 and 6,252 volunteer hours valued at approximately $72,360 and $125,040, respectively. These amounts are not reflected in these financial statements as the recognition criteria under GAAP were not met.

Functional Expenses—The costs of providing the various program and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been directly charged to the program services and supporting services benefitted. Occupancy, depreciation, supplies, materials, and minor equipment, telecommunications, insurance, and taxes, licenses, permits and fees are allocated based upon square footage. Salaries, payroll taxes, other employee benefits, professional fees, printing and publications, other expenses, dues and subscriptions, travel, meetings, and memberships, and postage and delivery are allocated on the basis of time and effort. All other functional expenses are charged directly to the function benefited.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities 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.

Reclassifications—Certain amounts in 2019 have been reclassified to conform with the 2020 financial statement presentation.

Note 2—Availability and Liquidity

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses.

The following represents the availability and liquidity of the Organization's financial assets at December 31, 2020 to cover operating expenses for the next fiscal year:

Cash and cash equivalents, net of donor restrictions	$ 781,245
Pledges and grants receivable, net	227,171
Current Availability of Financial Assets	**$ 1,008,416**

Note 3—Pledges and Grants Receivable, Net

Net pledges and grants receivable at December 31, 2020 and 2019 consist of:

	2020	2019
Due within 1 year	$ 227,632	$ 89,665
Less allowance for doubtful accounts	(461)	(3,823)
Net	**$ 227,171**	**$ 85,842**

Note 4—Property and Equipment, Net

The major classes of property and equipment, net at December 31, 2020 and 2019 are as follows:

	2020	2019
Leasehold improvements	$ 939,224	$ 924,420
Equipment and furniture	496,963	443,955
Total Property and Equipment	**1,436,187**	**1,368,375**
Less accumulated depreciation	(828,497)	(788,756)
Property and Equipment, Net	**$ 607,690**	**$ 579,619**

Total depreciation expense recorded for the years ended December 31, 2020 and 2019 was $39,741 and $40,141, respectively.

Note 5—PPP Advance

On April 28, 2020, the Organization received $262,569 in Paycheck Protection Program (PPP) funding from the U.S. Small Business Administration (SBA), in response to the COVID-19 pandemic (see Note 13). While these funds carry loan repayment terms, it is the opinion of management that all funds received will be forgiven under the present terms of the PPP in the upcoming fiscal year. The Organization has elected to record the PPP grant revenue only upon receipt of the forgiveness letter from the SBA.

Note 6—Net Assets without Donor Restrictions

Net assets without donor restrictions consist of the following:

	2020	2019
Board designated endowment funds	$ 1,008	$ 1,006
Undesignated	1,428,330	618,691
Total Net Assets without Donor Restrictions	**$ 1,429,338**	**$ 619,697**

Note 7—Net Assets with Donor Restrictions

	2020	2019
Subject to purpose restrictions:		
Medical	$ 26,498	$
Education program	25,520	41,139
Practical support	13,567	15,366
Subject to time restrictions		
General support	227,171	85,843
Subject to appropriation and expenditure		
General support	52	49
Held in perpetuity		
General support	10,000	10,000
Total Net Assets with Donor Restrictions	**$ 302,808**	**$ 152,397**

Net assets released from donor restrictions for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Satisfaction of purpose restrictions:		
Education program	$ 15,619	$ 35,148
Practical support	1,800	5,481
Ultrasound equipment		5,617
Pastor appreciation		1,284
Satisfaction of passage of time		
General support	85,843	184,668
Total Net Assets Released from Donor Restrictions	**$ 103,262**	**$ 232,198**

Note 8—Endowment Net Assets

In 2009, the State of California adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

The Organization classifies net assets held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets held in perpetuity is classified as net assets subject to appropriation and expenditure until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Organization
7) The investment policies of the Organization

<u>Return Objectives and Risk Parameters</u>—The Organization has adopted an investment policy with the primary investment objective to maximize total return, while assuming an appropriate level of risk given the nature of the funds under management. The goal is to produce a growing level of income and principal to ensure funding for the activities supported by the endowment can be maintained in the face of inflation.

<u>Strategies Employed for Achieving Objectives</u>—Endowment assets are invested in a savings account to preserve capital as the Organization implements it investment and distribution policies.

Note 8—Endowment Net Assets—*Continued*

Endowment net assets at December 31, 2020 and 2019 consisted of the following:

	Board Designated	Subject to Appropriation	Held in Perpetuity	Total
Board designated funds	$ 1,008	$	$	$ 1,008
With donor restrictions		49	10,000	10,049
Endowment Net Assets at December 31, 2019	**$ 1,008**	**$ 49**	**$ 10,000**	**$ 11,057**

	Board Designated	Subject to Appropriaton	Held in Perpetuity	Total
Board designated funds	$ 1,008	$	$	$ 1,008
With donor restrictions		52	10,000	10,052
Endowment Net Assets at December 31, 2020	**$ 1,008**	**$ 52**	**$ 10,000**	**$ 11,060**

Change in endowment net assets for the years ended December 31, 2020 and 2019 consists of:

	Board Designated	Subject to Appropriaton	Held in Perpetuity	Total
Endowment Net Assets at December 31, 2018	**$ 1,006**	**$ 25**	**$ 10,000**	**$ 11,031**
Interest income	2	24		26
Endowment Return, Net	**2**	**24**		**26**
Endowment Net Assets at December 31, 2019	**1,008**	**49**	**10,000**	**11,057**
Interest income		3		3
Endowment Return, Net		**3**		**3**
Endowment Net Assets at December 31, 2020	**$ 1,008**	**$ 52**	**$ 10,000**	**$ 11,060**

Note 9—Commitments and Contingencies

The Organization leases its administrative offices under non-cancellable lease agreements. Future minimum annual rental commitments by year for operating leases with maturities greater than one year from December 31, 2020 are as follows:

For the Year Ending December 31,		
2021	$	217,204
2022		175,135
2023		100,955
2024		69,229
2025		75,297
Total	**$**	**637,820**

Rent expense for the years ended December 31, 2020 and 2019 was $229,605 and $352,923, respectively.

Note 10—In-Kind Contributions

The Organization recognized in-kind services and supplies by natural expense classification, as follows:

		2020		2019
Client outreach and advertising	$	3,761	$	2,935
Other expenses		175		150
Supplies, materials, and minor equipment				108
Totals	**$**	**3,936**	**$**	**3,193**

Note 11—Retirement Plan

The Organization sponsors a 403(b) defined contribution plan (Plan). The Plan covers all full-time employees immediately upon employment. The Organization did not make any contributions to the plan during the years ended December 31, 2020 and 2019.

Note 12—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021 with early adoption permitted. The Organization is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

Note 13—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The Organization has continued to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on the Organization, if any, cannot be fully determined, therefore no related adjustment has been made to these financial statements.

Note 14—Subsequent Events

On March 31, 2021 the Organization acquired First Resort dba Support Circle Preganancy Clinics, a California not-for-profit corporation, and transferred all of its assets, liabilities, and net assets at that date.

Management evaluated all activities of RealOptions through October 20, 2021, which is the date the financial statements were available to be issued, and concluded that, other than the acquisition described above, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.