Audited Financial Statements

RealOptions
OBRIA MEDICAL CLINICS

December 31, 2025

Quigley & Miron

RealOptions
Audited Financial Statements
Table of Contents
December 31, 2025

Page
Number

Quigley & Miron

Certified Public Accountants

Suite 1755
3580 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 869-6108
Facsimile: (213) 639-3555

Independent Auditor's Report

Board of Directors
RealOptions
San Jose, California

Opinion

We have audited the accompanying financial statements of RealOptions (Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 Organization as of December 31, 2025, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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.

Quigley & Miron

Campbell, California
July 22, 2026

RealOptions
Statement of Financial Position
Year Ended December 31, 2025

Assets		
Cash and cash equivalents	$	621,215
Restricted cash held for endowment		2,907
Investments—Note 4		215,698
Pledges receivable, net—Note 5		66,402
Government grants receivable		63,928
Prepaid expenses		34,396
Deposits		23,046
Property and equipment, net—Note 6		337,322
Operating leases right-of-use asset—Note 7		737,267
Total Assets	**$**	**2,102,181**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$	78,454
Salaries and employee benefits payable		173,437
Operating leases liability—Note 7		788,053
Total Liabilities		**1,039,944**
Net Assets		
Without donor restrictions—Note 9		982,644
With donor restrictions—Note 10		79,593
Total Net Assets		**1,062,237**
Total Liabilities and Net Assets	**$**	**2,102,181**

See notes to financial statements.

RealOptions
Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenue			
Grants and contributions	$ 2,476,318	$ 1,561	$ 2,477,879
Government grants	923,722		923,722
Special events			
Gross revenue	1,203,891	66,402	1,270,293
Less cost of direct benefit to donors	(193,601)		(193,601)
Special Events, Net	**1,010,290**	**66,402**	**1,076,692**
In-kind contributions—Note 12	17,421		17,421
Program income	103,692		103,692
Interest and dividend income	12,239	324	12,563
Net assets released from restrictions	41,385	(41,385)	
Total Support, Revenue, and Releases from Restrictions	**4,585,067**	**26,902**	**4,611,969**
Expenses			
Reproductive healthcare services	4,009,255		4,009,255
Management and general	289,196		289,196
Fund development	441,826		441,826
Total Expenses	**4,740,277**		**4,740,277**
Change in Net Assets from Operations	**(155,210)**	**26,902**	**(128,308)**
Nonoperating Activities			
Investment return, net—Note 4	2,853	605	3,458
Total Nonoperating Activities	**2,853**	**605**	**3,458**
Change in Net Assets	**(152,357)**	**27,507**	**(124,850)**
Net Assets at Beginning of Year	**1,135,001**	**52,086**	**1,187,087**
Net Assets at End of Year	**$ 982,644**	**$ 79,593**	**$ 1,062,237**

See notes to financial statements.

RealOptions
Statement of Functional Expenses
Year Ended December 31, 2025

	Reproductive Healthcare Services	Management and General	Fund Development	Special Events	Total
Expenses					
Salaries	$ 2,376,904	$ 86,683	$ 282,887	$	$ 2,746,474
Payroll taxes	183,115	6,783	21,805		211,703
Employee benefits	149,825	7,935	18,115		175,875
Total Personnel Expenses	**2,709,844**	**101,401**	**322,807**		**3,134,052**
Professional fees	338,188	71,257			409,445
Occupancy	354,097	13,385	31,955		399,437
Marketing and outreach	224,278		67,187		291,465
Cost of direct benefit to donors				193,601	193,601
Supplies and minor equipment	101,656	3,829	4,290		109,775
Travel and Conferences	54,040	316	6,242		60,598
Dues and subscriptions	34,519	20,343			54,862
Depreciation	39,296	5,101	3,861		48,258
Services and practical support	37,942				37,942
Insurance	8,993	28,743			37,736
Bank and merchant fees		31,705	3,625		35,330
Staff and volunteer training	28,674	912			29,586
Other expenses	23,806	328			24,134
Printing and publications	22,035				22,035
Medical supplies	18,657				18,657
Telecommunications	4,312	11,876	1,859		18,047
Licenses, permits, and fees	8,918				8,918
Total Expenses by Function	**4,009,255**	**289,196**	**441,826**	**193,601**	**4,933,878**
Less expenses included with revenues on the statement of activities Cost of direct benefits to donors				(193,601)	(193,601)
Total Expenses	**$ 4,009,255**	**$ 289,196**	**$ 441,826**	**$**	**$ 4,740,277**
Percentage of total expenses	**85%**	**6%**	**9%**		**100%**

See notes to financial statements.

RealOptions
Statement of Cash Flows
Year Ended December 31, 2025

Cash Flows from Operations		
Change in net assets	$	(124,850)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		48,258
Non-cash lease expenses		215,665
Donated securities		(261,186)
Investment gains		(5,334)
Changes in operating assets and liabilities:		
Pledges receivable, net		(30,586)
Government grants receivable		(20,602)
Prepaid expenses		(30,149)
Accounts payable and accrued expenses		15,006
Salaries and employee benefits payable		(6,228)
Operating leases liability		(208,534)
Cash Used in Operating Activities		**(408,540)**
Cash Flows from Investing Activities		
Purchases of investments		(175,671)
Proceeds from sales and maturities of investments		397,630
Cash Provided by Investing Activities		**221,959**
Net Decrease in Cash, Cash Equivalents, and Restricted Cash		**(186,581)**
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year		**810,703**
Cash, Cash Equivalents, and Restricted Cash at End of Year	**$**	**624,122**
Supplementary Disclosures		
Income taxes paid	$	
Interest paid	$	

See notes to financial statements.

RealOptions
Notes to Financial Statements
December 31, 2025

Note 1—Organization

RealOptions (Organization) is a California nonprofit 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. The Organization has four licensed medical clinic locations serving Alameda, and Santa Clara Counties devoted to caring for patients physically, emotionally, and spiritually. The Organization offers 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 its patients' physical, emotional, and spiritual needs. They provide well woman care, STD testing and treatment, pregnancy option consultations, pregnancy tests, ultrasound imaging, prenatal care, well woman care, gynecological care, abortion pill reversal treatment, childbirth classes, and material support in the form of maternity clothing, formula, diapers, wipes and new cribs, new car seats and more. They also provide reproductive loss healing programs for anyone impacted by abortion, miscarriage, infertility, adoption placement and stillbirth as well as Optimal Health Education in schools, youth groups, and community organizations for fifth through twelfth grade students and their parents.

During the year ended December 31, 2025, RealOptions safeguarded the lives of 6,499 women, men, students and preborn babies through its medical clinics, RealTalk Education program, and Reproductive Loss Healing programs. Through its medical clinics the Organization served 3,049 unique patients with life-affirming services which included: 1,343 pregnancy tests, 2,467 ultrasounds, 308 STD screenings, 603 prenatal exams, 18 abortion pill reversal patients, 81 well woman exams, and 15,919 material support items given to families in need. These numbers represent 8,019 patient encounters for medical and non-medical services and support.

During the year ended December 31, 2025, RealOptions' RealTalk Education continued its third round of a Title V two-year grant cycle. The Organization also completed year two of the SRAE grant, another first in the history of the Organization. This Award widened the Organization's reach to local and under-served students in Santa Clara and Alameda Counties for Optimal Health Education which includes Healthy Relationship and Sexual Risk Avoidance curriculums. During the year ended December 31, 2025, the Organization provided 785 presentations to reach 2,029 students, faculty, and parents at 30 schools and organizations, with a total of 22,520 total hours of student impact. Through December 31, 2025, the Organization operated clinics serving Alameda, and Santa Clara Counties of the SF Bay Area. The Organization was able to grow the number of people served in these communities through its community outreach team and by employing comprehensive digital marketing programs. The Organization's College Campus Outreach to San Jose State University and UC Berkeley campuses gave out 279 pregnancy tests with a coupon for a free ultrasound in one of its medical clinics, had 115 meaningful conversations to support students, and 180 college students came to its medical clinics for services.

During the year ended December 31, 2025, the Reproductive Loss Healing Programs impacted 350 people (women & men) who came to the retreats, conferences, and weekly online support groups. The Organization serves these groups in both English and Spanish.

During the year ended December 31, 2025, RealOptions continued to utilize its Benevolence Committee to oversee the distribution of funds to help patients with desperate financial needs. The Committee consists of the Organization's Director of Operations & HR, the Organization's Senior Director of Community Outreach, and a donor who is a previous board member. Patients must file a simple but detailed application for assistance. Once an application is approved by the Committee the funds are paid directly to their needed request (i.e., gas bill, landlord for rent, etc.)

Note 2—Summary of Significant Accounting Policies

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.

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 non-operating 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.

Income Taxes—The Organization is a nonprofit health and human services 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. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

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, 2025. 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, respectively.

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 consists of cash funds held for endowment.

Note 2—Summary of Significant Accounting Policies—*Continued*

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, 2025:

Cash Accounts Reported in Statement of Financial Position		
Cash and cash equivalents	$	621,215
Restricted cash held for endowment		2,907
Total Cash, Cash Equivalents, and Restricted Cash Reported in Statement of Cash Flows	**$**	**624,122**

Restricted cash held for endowment on the statement of financial position includes restricted cash for its board and donor endowments with donor-imposed restrictions that limit the use of that cash for long-term purposes.

Concentration of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables.

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. Such cash balances may exceed FDIC insurance limits during the normal course of business.

Cash held in investment accounts at investment custodians is insured by the Securities Investors Protection Corporation (SIPC) up to $250,000 and the investments in securities are insured up to $500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in the market value.

While the Organization is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, Organization's management has assessed the credit risk associated with its cash deposits and investments held at December 31, 2025 and believes it is not exposed to any significant credit risk with its cash, cash equivalents, restricted cash and investments.

Pledges receivable are due from individuals, local foundations and corporations well known to the Organization, with favorable past payment histories. Pledges receivable are reported net of an allowance for doubtful accounts of $9,055 at December 31, 2025.

Government grants receivable are due from municipalities well known to the Organization, with favorable past payment histories. The Organization has assessed the credit risk associated with these government grants receivable and has determined that an allowance for doubtful accounts is not necessary at December 31, 2025.

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._

Allowance for Doubtful Accounts—The Organization has set a 12% allowance for credit losses to account for uncollectible amounts for pledges received during its fundraising events. This rate was determined based on prior history of collections.

Note 2—Summary of Significant Accounting Policies—*Continued*

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 $5,000.

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 and contributions—Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Government grants—Revenues from government grants are reported as increases in net assets without donor restrictions, when allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as government grants receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

Special event income—Special event income is recognized when such income is received. A portion of the gross special event proceeds paid by the participants represents payment for the direct cost of benefits received by the participants at the event. The Organization values such benefits at the actual cost.

In-Kind Contributions—The Organization records the value of donated materials and services at their fair value at the date of donation. In-kind services are recorded only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are fully utilized for the Organization’s reproductive health services, and are reported without donor restriction, unless otherwise noted. The Organization measures donated services using comparable market rates for the services rendered.

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

Interest and dividend income—Interest and dividend income is recognized when earned and is reported under revenues and support in the statement of activities.

Note 2—Summary of Significant Accounting Policies—*Continued*

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. 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.

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 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 and conferences, meetings, and memberships are allocated based on time and effort. All other functional expenses are charged directly to the function benefited.

Marketing and Outreach—Marketing and outreach costs are expensed as incurred and amounted to $291,465 for the year ended December 31, 2025.

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.

Note 3—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, 2025 to cover operating expenses for the next fiscal year:

Cash and cash equivalents, net of donor restrictions	$ 619,522
Pledges receivable, net	66,402
Current Availability of Financial Assets	**$ 685,924**

The Board-designated investment fund totaled $138,372 at December 31, 2025, and is available for appropriation for any necessary expenditures (see Note 11).

Note 4—Investments and Fair Value Measurements

In determining the fair value of assets and liabilities, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Organization determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

<u>Level 1</u>—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Organization at the measurement date.

<u>Level 2</u>—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

<u>Level 3</u>—Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment.

The Organization may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Organization to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. The Organization had no assets or liabilities classified at NAV as a practical expedient during the year ended December 31, 2025.

Investments measured on a recurring basis at December 31, 2025 consist of the following:

	Fair Value	Level 1	Level 2	Level 3
Equities	$ 89,554	$ 89,554	$	$
Exchange traded funds	83,813	83,813		
Mutual funds	42,331	42,331		
Totals	**$ 215,698**	**$ 215,698**	**$**	**$**

Investment return for the year ended December 31, 2025 is as follows:

Unrealized investment gain	$ 5,078
Realized investment gains	256
Investment management fees	(1,876)
Investment Return, Net	**3,458**
Interest and dividend income	12,563
Total Return on Investment	**$ 16,021**

Note 5—Pledges Receivable, Net

Pledges receivable, net at December 31, 2025 are as follows:

Due within 1 year	$ 75,457
Less allowance for doubtful accounts	(9,055)
Pledges Receivable, Net	**$ 66,402**

Note 6—Property and Equipment, Net

The major classes of property and equipment, net at December 31, 2025 are as follows:

Leasehold improvements	$	580,134
Equipment and furniture		552,816
Total Property and Equipment		**1,132,950**
Less accumulated depreciation		(795,628)
Property and Equipment, Net	**$**	**337,322**

Total depreciation expense recorded for the year ended December 31, 2025 was $48,258.

Note 7—Operating Leases

In October 2022, the Organization signed an eight-year lease agreement for space, under an operating lease agreement beginning November 2022 and expiring October 2030. The lease calls for monthly payments escalating each year from $11,291 to $15,260 through October 2030. An operating lease right-of-use asset and an operating lease liability were recorded in relation to this lease, using the lease term, monthly rental amounts, and a discount rate of 2.9% per year, amounting to $1,139,541.

In April 2023, the Organization renewed a lease agreement for space, under a three-year operating lease agreement beginning April 2023 and expiring November 2026. The lease calls for monthly payments escalating each year from $6,000 to $6,556 through November 2026. An operating lease right-of-use asset and an operating lease liability were recorded in relation to this lease, using the lease term, monthly rental amounts, and a discount rate of 2.9% per year, amounting to $260,538.

At December 31, 2025 operating lease right-of-use asset and the related liability amounted to $737,267 and $788,053, respectively.

Future minimum annual rental commitments by year for these operating leases with maturity greater than one year from December 31, 2025 are as follows:

Year Ending December 31,		
2026	$	229,121
2027		163,878
2028		170,433
2029		177,251
2030		152,600
Gross Rental Payments		**893,283**
Less effect of discounting at 2.9%		(105,230)
Operating Lease Liability	**$**	**788,053**

The Organization leases two additional locations under non-cancellable lease agreements with month-to-month leases totalling $10,316.

Occupancy expense for the year ended December 31, 2025 was $399,437.

Note 8—Contingencies

In the ordinary course of business, the Organization may be involved in legal proceedings and regulatory investigations. In September 2023, the California Attorney General filed a lawsuit against the Organization seeking to block the Organization from advertising abortion pill reversal as safe and effective. The lawsuit seeks an unspecified amount of monetary and non-monetary relief and substantial post-judgment judicial supervision.

Management believes that the outcome of such matters existing at December 31, 2025 will be resolved without material adverse effect on the Organization's future financial position, changes in net assets, or cash flows.

Note 9—Net Assets without Donor Restrictions

Net assets without donor restrictions at December 31, 2025 are as follows:

Board designated endowment funds	$	138,372
Undesignated		844,272
Total Net Assets without Donor Restrictions	**$**	**982,644**

Note 10—Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2025 consist of the following:

Subject to purpose restrictions:		
Medical training and benevolence fund	$	1,269
East San Jose Clinic		424
Total Subject to Purpose Restrictions		**1,693**
Subject to time restrictions		
General support		66,402
Subject to appropriation and expenditure		
General support		1,498
Held in perpetuity		
General support		10,000
Total Net Assets with Donor Restrictions	**$**	**79,593**

Net assets released from donor restrictions for the year ended December 31, 2025 are as follows:

Satisfaction of purpose restrictions:		
Medical training and practical support	$	5,569
Satisfaction of passage of time		
General support		35,816
Total Net Assets Released from Donor Restrictions	**$**	**41,385**

Note 11—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 deciding 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>—To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term objectives within prudent risk restraints. The Board is aware that there is an implicit understanding that the market value of the donor-restricted endowment may, from time to time, fall below the fair value of the original gift as of the gift date due to market conditions or continued prudent expenditures by the Board of certain amounts of the endowment. If such a temporary deficit occurred, the Board would take all prudent steps, given ongoing market conditions, to restore the fair value of the fund to an amount at or above the amount of the original gift.

Endowment net assets at December 31, 2025 consisted of the following:

		Donor Restricted		
	Board Designated	Subject to Appropriation	Held in Perpetuity	Total
Board designated funds	$ 138,372	$	$	$ 138,372
With donor restrictions		1,498	10,000	11,498
Endowment Net Assets at December 31, 2025	**$ 138,372**	**$ 1,498**	**$ 10,000**	**$ 149,870**

Note 11—Endowment Net Assets—*Continued*

Change in endowment net assets for the year ended December 31, 2025 consists of:

		Donor Restricted		
	Board Designated	Subject to Appropriation	Held in Perpetuity	Total
Endowment Net Assets at December 31, 2024	**$ 81,350**	**$ 701**	**$ 10,000**	**$ 92,051**
Interest and dividend income	2,657	324		2,981
Investment gains	4,424	539		4,963
Investment expenses	(537)	(66)		(603)
Total Investment Return on Endowment Funds	**6,544**	**797**		**7,341**
Contributions	50,478			50,478
Endowment Net Assets at December 31, 2025	**$ 138,372**	**$ 1,498**	**$ 10,000**	**$ 149,870**

Note 12—In-Kind Contributions

During the year ended December 31, 2025, the Organization recognized in-kind contributions without donor restrictions of program outreach items. These items are recorded at costs incurred by donor, and are used in the Organization's Reproductive Healthcare Services program.

For the year ended December 31, 2025, in-kind contributions amounting to $17,421 are reported in the statement of functional expenses under the services and practical support caption.

Note 13—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 year ended December 31, 2025.

Note 14—Subsequent Events

Management evaluated all activities of the Organization through July 22, 2026, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.