

Pregnancy Justice

Financial Statements

December 31, 2022

Independent Auditors' Report

Board of Directors Pregnancy Justice

Opinion

We have audited the accompanying financial statements of Pregnancy Justice, which comprise the statement of financial position as of December 31, 2022, 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 Pregnancy Justice as of December 31, 2022, and the changes in net assets and its 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pregnancy Justice 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.

Change in Accounting Policy

As discussed in Note 2 to the financial statements, Pregnancy Justice adopted Financial Accounting Standards Board ("FASB") Topic 842, *Leases*, which resulted in the recognition of a right of use asset and related lease liability, effective January 1, 2022. Our opinion is not modified with respect to that matter.

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 Pregnancy Justice's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Pregnancy Justice'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 Pregnancy Justice'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.

Report on Summarized Comparative Information

We have previously audited Pregnancy Justice's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

September 13, 2023

Pregnancy Justice

Statement of Financial Position
December 31, 2022
(with comparative amounts at December 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 545,982	\$ 1,340,895
Contributions receivable	886,698	492,981
Prepaid expenses and other assets	177,766	202,517
Investments	4,593,230	4,794,385
Right of use asset, net	2,012,547	-
Property and equipment, net	<u>523,589</u>	<u>601,372</u>
	<u>\$ 8,739,812</u>	<u>\$ 7,432,150</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 69,888	\$ 38,179
Accrued payroll and related liabilities	192,755	86,078
Lease liability, operating lease	2,038,309	-
Other liabilities	<u>6,191</u>	<u>11,402</u>
Total Liabilities	<u>2,307,143</u>	<u>135,659</u>
Net Assets		
Without donor restrictions	4,305,566	5,676,494
With donor restrictions	<u>2,127,103</u>	<u>1,619,997</u>
Total Net Assets	<u>6,432,669</u>	<u>7,296,491</u>
	<u>\$ 8,739,812</u>	<u>\$ 7,432,150</u>

See notes to financial statements

Pregnancy Justice

Statement of Activities
Year Ended December 31, 2022
(with summarized totals for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
REVENUE AND SUPPORT				
Foundation support	\$ -	\$ 2,450,000	\$ 2,450,000	\$ 1,400,911
Contributions	616,677	-	616,677	549,573
Other support	31,549	-	31,549	15,521
Donated services	2,570,495	-	2,570,495	382,900
Investment return	(937,997)	-	(937,997)	703,404
Net assets released from restrictions	1,942,894	(1,942,894)	-	-
Total Revenue and Support	4,223,618	507,106	4,730,724	3,052,309
EXPENSES				
Program Services				
Public education	695,334	-	695,334	534,010
Legal/Advocacy	2,788,296	-	2,788,296	1,138,044
Organizing	569,110	-	569,110	532,102
Total Program Services	4,052,740	-	4,052,740	2,204,156
Support Services				
General and administrative	1,289,748	-	1,289,748	777,184
Fundraising	252,058	-	252,058	184,634
Total Support Services	1,541,806	-	1,541,806	961,818
Total Expenses	5,594,546	-	5,594,546	3,165,974
Excess (Deficiency) of Revenue and Support Over Expenses	(1,370,928)	507,106	(863,822)	(113,665)
NON-OPERATING ACTIVITY				
Forgiveness of paycheck protection program loan	-	-	-	266,939
Change in Net Assets	(1,370,928)	507,106	(863,822)	153,274
NET ASSETS				
Beginning of year	5,676,494	1,619,997	7,296,491	7,143,217
End of year	\$ 4,305,566	\$ 2,127,103	\$ 6,432,669	\$ 7,296,491

See notes to financial statements

Pregnancy Justice

Statement of Functional Expenses

Year Ended December 31, 2022

(with summarized totals for the year ended December 31, 2021)

	Program Services				Support Services			2022 Total	2021 Total
	Public Education	Legal/ Advocacy	Organizing	Total	General and Administrative	Fundraising	Total		
Salaries and related costs	\$ 452,917	\$ 516,162	\$ 387,990	\$ 1,357,069	\$ 263,463	\$ 139,713	\$ 403,176	\$ 1,760,245	\$ 1,682,528
Contractual services (including in-kind of \$2,570,495 and \$382,900 for 2022 and 2021)	103,605	2,083,464	46,669	2,233,738	932,050	76,157	1,008,207	3,241,945	928,269
Rent and utilities	92,560	92,560	92,560	277,680	15,427	15,427	30,854	308,534	282,663
Telephone	3,335	3,560	3,326	10,221	6,670	483	7,153	17,374	12,664
Supplies	419	1,235	151	1,805	1,807	191	1,998	3,803	4,104
Printing and postage	438	106	18	562	1,595	2,150	3,745	4,307	10,439
Travel	3,248	23,451	1,937	28,636	1,241	-	1,241	29,877	6,833
Meetings	-	3,212	-	3,212	364	-	364	3,576	1,409
Subscriptions and books	220	18,265	-	18,485	15,814	1,908	17,722	36,207	29,780
Marketing and related costs	1,523	1,007	814	3,344	8,265	119	8,384	11,728	35,861
Equipment	998	903	950	2,851	1,947	553	2,500	5,351	9,132
Insurance	9,450	9,450	9,450	28,350	1,576	1,575	3,151	31,501	32,503
Miscellaneous	1,576	9,876	200	11,652	35,355	9,608	44,963	56,615	43,629
Depreciation	25,045	25,045	25,045	75,135	4,174	4,174	8,348	83,483	86,160
Total Functional Expenses	<u>\$ 695,334</u>	<u>\$ 2,788,296</u>	<u>\$ 569,110</u>	<u>\$ 4,052,740</u>	<u>\$ 1,289,748</u>	<u>\$ 252,058</u>	<u>\$ 1,541,806</u>	<u>\$ 5,594,546</u>	<u>\$ 3,165,974</u>

See notes to financial statements

Pregnancy Justice

Statement of Cash Flows
Year Ended December 31, 2022
(with comparative amounts for the year ended December 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (863,822)	\$ 153,274
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	83,483	86,160
Unrealized loss (gains) on investments	1,097,949	(60,963)
Realized loss (gains) on investments	15,100	(444,555)
Forgiveness of Paycheck Protection Program loan	-	(266,939)
Amortization of right of use asset	251,179	-
Changes in operating assets and liabilities		
Contributions receivable	(393,717)	388,741
Prepaid expenses and other assets	24,751	(4,745)
Accounts payable	31,709	(133,603)
Accrued payroll and related liabilities	106,677	21,593
Payments on lease liability	(225,417)	-
Other liabilities	(5,211)	11,402
Net Cash from Operating Activities	122,681	(249,635)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,700)	(11,728)
Purchases of investments	(1,478,416)	(1,614,011)
Proceeds from sale of investments	566,522	2,338,858
Net Cash from Investing Activities	(917,594)	713,119
 Net Change in Cash and Cash Equivalents	(794,913)	463,484
CASH AND CASH EQUIVALENTS		
Beginning of year	1,340,895	877,411
End of year	\$ 545,982	\$ 1,340,895

See notes to financial statements

Pregnancy Justice

Notes to Financial Statements
December 31, 2022 and 2021

1. Organization and Tax Status

Pregnancy Justice is a not-for-profit organization dedicated to securing the human rights and civil rights, and health and welfare of pregnant and parenting people. Pregnancy Justice works to ensure that no one loses their rights because of pregnancy or because of their capacity for pregnancy, focusing on pregnant people who are most at risk of state control and criminalization: those who are low-income, of color, and drug-using. Pregnancy Justice has maintained this mission since the organization was first established in 2001 as National Advocates for Pregnant Women. During 2022, National Advocates for Pregnant Women, Inc. changed its name to Pregnancy Justice. Pregnancy Justice is primarily supported by foundation grants. The Internal Revenue Service has determined that Pregnancy Justice is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Pregnancy Justice's programs are as follows:

Public Education: Pregnancy Justice uses a variety of traditional and online public education, communications, and social marketing strategies to educate the public, policymakers, advocates and activists about myths and misinformation relating to pregnancy, abortion, pregnancy loss, labor, delivery and drug use by pregnant people. Pregnancy Justice challenges destructive and dehumanizing stereotypes about pregnant women, drug users, and abortion; advocates for evidence-based, humane policies that will ensure the health and human dignity of pregnant people and their families; and identifies the common threads and threats connecting women who have abortions with those seeking to continue their pregnancies to term.

Legal/Advocacy: Pregnancy Justice works directly as co-counsel on numerous cases, and provides legal assistance to defense lawyers, social workers, activists, and people working in the medical and public health fields. Pregnancy Justice challenges prosecutions, legislation, and ballot measures that limit access to abortion; dehumanize pregnant people; invent separate legal rights for fertilized eggs, embryos, and fetuses; expands the war on drugs to criminalize pregnancy; needlessly separate families based on stigma and medical misinformation and that create a separate and unequal system of law for pregnant people.

Organizing and Education: Pregnancy Justice organizes at both the local and national levels. Pregnancy Justice helps to support and encourage grassroots partners, trains people directly affected by punitive policies to become advocates, mobilizes state-based coalitions to action, and sponsors major conferences and continuing education programs that inspire effective advocacy and activism. Pregnancy Justice also works at the national level to mobilize medical and health experts, organizations, and academics to speak out against punitive and counterproductive policies.

Pregnancy Justice

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Such estimates include functional allocation of expenses, depreciation expense, and allowance for doubtful accounts. Actual results could differ from these estimates.

Change in Accounting Policy

Leases

Pregnancy Justice adopted Financial Accounting Standards Board ("FASB") Topic 842, *Leases*, using the effective date method with January 1, 2022, as the date of initial adoption. In adopting Topic 842, Pregnancy Justice elected to use the modified retrospective transition method, which applies the provisions of the standard at the effective date without any adjustment to the comparative periods presented. Pregnancy Justice adopted the following practical expedients and elected the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment. Accordingly, Pregnancy Justice will recognize lease payments on a straight-line basis over the lease term and variable payments in the period when the corresponding obligation is incurred.

As a result of the adoption of the new lease accounting guidance, on January 1, 2022, Pregnancy Justice recognized a lease liability of \$2,263,726, that represents the present value of the remaining operating lease payments of \$2,424,152, discounted using the normalized risk-free interest rate of 1.59% and a right-of-use asset of \$2,263,726.

Adoption of the standard had a material impact on Pregnancy Justice's statement of financial position but did not have a material impact on its statements of activities and cash flows. The most significant impact was the recognition of the right-of-use asset and lease liability for operating leases.

Cash and Cash Equivalents

Cash equivalents include highly liquid investments with a maturity of three months or less at the time of purchase.

Allowance for Doubtful Accounts

Pregnancy Justice provides an allowance for doubtful accounts based upon prior experience and management's assessment of the collectability of existing specific accounts.

Pregnancy Justice

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (*continued*)

Fair Value Measurements

Pregnancy Justice follows U.S. GAAP guidance for fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments and Investment Income

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the change in net assets.

Property and Equipment

Property and equipment in excess of \$1,500 are capitalized, stated at cost and depreciated using the straight-line method over their estimated lives. Leasehold improvements are depreciated over the shorter of the term of the lease, inclusive of all renewal periods which are reasonably assured, or the estimated useful life of the asset.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount of the asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for the years ended December 31, 2022 and 2021.

Net Asset Presentation

Pregnancy Justice reports information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

Without donor restrictions – consist of resources available for the general support of Pregnancy Justice's operations. Net assets without donor restrictions may be used at the discretion of Pregnancy Justice's management and Board of Directors.

With donor restrictions – represent amounts restricted by donors to be used for specific activities or at some future date, or which require Pregnancy Justice to maintain in perpetuity. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, 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.

Pregnancy Justice

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (*continued*)

Foundation Support and Contributions

Contributions received, including unconditional promises to give, are recognized as support in the period received. Pregnancy Justice reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

In-kind Contributions

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

All in-kind contributions for the years ended December 31, 2022 and 2021 consist of legal professional fees utilized for program and general and administrative activities without donor restrictions and are valued at the estimated fair value based on current rates for similar services.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. All other expenses are allocated to functional categories based on estimates of time and effort, except for rent, depreciation, and insurance, which are based on a square footage basis.

Summarized Comparative Information

The statements of activities and functional expenses include certain prior year summarized comparative information in total but not by net asset class or functional class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Pregnancy Justice's financial statements as of and for the year ended December 31, 2021 from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

Pregnancy Justice recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that Pregnancy Justice had no uncertain tax positions that would require financial statement recognition or disclosure. Pregnancy Justice is no longer subject to examinations by the applicable taxing jurisdictions for years prior to 2019.

Advertising

Advertising is expensed as it is incurred.

Pregnancy Justice

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (*continued*)

Leases

At January 1, 2022, Pregnancy Justice leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets ("ROU assets") and operating lease liabilities on the accompanying statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When leases do not provide an implicit borrowing rate, Pregnancy Justice uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease. When it is reasonably certain that Pregnancy Justice will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for the lease payments is recognized on a straight-line basis of the lease term.

Pregnancy Justice's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 13, 2023.

3. Concentration of Credit Risk

Financial instruments that potentially subject Pregnancy Justice to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. At times, cash balances may be in excess of the balance insured by the Federal Deposit Insurance Corporation. At December 31, 2022, Pregnancy Justice's cash and cash equivalent balances on deposit exceeded the federal insurance limits by approximately \$276,000. At December 31, 2021, Pregnancy Justice's cash and cash equivalent balances on deposit exceeded the federal insurance limits by approximately \$1,059,000.

Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times cash balances may exceed SIPC limits. At December 31, 2022 and 2021, the Organization's uninsured investment holdings totaled \$4,093,000 and \$4,294,000.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk.

Pregnancy Justice

Notes to Financial Statements
December 31, 2022 and 2021

3. Concentration of Credit Risk *(continued)*

A concentration of credit risk existed with respect to contributions since amounts received from three donors represented 23% of total support and revenue during 2022 and these same donors represented 62% of the total contributions receivable balance at December 31, 2022. During 2021, one donor represented 13% of total support and revenue and this same donor represented 41% of the total contributions receivable balance at December 31, 2021.

4. Contributions Receivable

Contributions receivable consist of the following at December 31:

	2022	2021
Due within		
less than one year	\$ 886,698	\$ 489,602
One to five years	-	3,379
	\$ 886,698	\$ 492,981

Management determined that the receivables are fully collectible and no allowance for doubtful accounts has been established.

5. Investments

The following are major categories of investments measured at fair value at December 31:

Description	2022		
	Level 1	Level 2	Total
Equities	\$ 1,101,410	\$ -	\$ 1,101,410
Mutual funds	1,819,115	-	1,819,115
Corporate bonds	-	696,039	696,039
Municipal bonds	-	327,855	327,855
Fixed income	-	648,811	648,811
	\$ 2,920,525	\$ 1,672,705	\$ 4,593,230
Description	2021		
	Level 1	Level 2	Total
Equities	\$ 1,205,293	\$ -	\$ 1,205,293
Mutual funds	2,026,995	-	2,026,995
Corporate bonds	-	744,946	744,946
Municipal bonds	-	313,661	313,661
Fixed income	-	503,490	503,490
	\$ 3,232,288	\$ 1,562,097	\$ 4,794,385

Pregnancy Justice recognizes transfers between levels in the fair value hierarchy on the date of the event or change in circumstances that cause the transfer. There were no transfers between levels for the years ended December 31, 2022 and 2021.

Pregnancy Justice

Notes to Financial Statements
December 31, 2022 and 2021

6. Property and Equipment

Property and equipment consist of the following at December 31:

	Estimated Useful Lives	2022	2021
Furniture and equipment	5-7 yrs.	\$ 265,548	\$ 343,600
Leasehold improvements	7 yrs.	444,285	550,711
		709,833	894,311
Accumulated depreciation		(186,244)	(292,939)
		\$ 523,589	\$ 601,372

During the year ended December 31, 2022, fully depreciated property and equipment of \$190,178 was disposed of.

7. Net Assets With Donor Restrictions

In 2022 and 2021, the activity in the net assets with donor restrictions consists of the following:

<u>Purpose/Restriction</u>	Balance at December 31, 2021	Additions	Net Assets Released	Balance at December 31, 2022
Time restricted general support	\$ 1,619,997	\$ 2,250,000	\$ (1,942,894)	\$ 1,927,103
Abortion and birth justice programs	-	200,000	-	200,000
	\$ 1,619,997	\$ 2,450,000	\$ (1,942,894)	\$ 2,127,103

<u>Purpose/Restriction</u>	Balance at January 1, 2021	Additions	Net Assets Released	Balance at December 31, 2021
Time restricted general support	\$ 1,682,863	\$ 1,310,000	\$ (1,372,866)	\$ 1,619,997
Abortion and birth justice programs	284,809	-	(284,809)	-
	\$ 1,967,672	\$ 1,310,000	\$ (1,657,675)	\$ 1,619,997

Pregnancy Justice

Notes to Financial Statements
December 31, 2022 and 2021

8. Commitments and Contingencies

Lease Commitments

Pregnancy Justice signed a lease for a facility which has a lease term from February 1, 2020 through July 31, 2030. Rent expense under the operating lease charged to operations amounted to \$275,476 and \$254,554 for 2022 and 2021.

The right-of-use asset and corresponding liability associated with future lease payments on the above noted lease at December 31, 2022 are shown below:

Right-of-use asset	\$ 2,012,547
Lease Liability	\$ 2,038,309

The discount rate on the lease is 1.59%.

ROU asset is net of \$251,179 accumulated amortization at December 31, 2022.

Future minimum rental payments under the lease arrangement are as follows for the years ending December 31:

2023	\$ 265,918
2024	272,566
2025	279,380
2026	286,364
2027	293,524
Thereafter	<u>766,968</u>
Total Future Minimum Lease Payments	2,164,720
Less Imputed Interest	<u>(126,411)</u>
Total Operating Lease Liability	<u>\$ 2,038,309</u>

Supplemental cash flow information related to operating leases was as follows for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 259,432
ROU assets recognized upon adoption of new lease guidance	\$ 2,263,726

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Notes to Financial Statements
December 31, 2022 and 2021

9. Employee Benefit Plan

Pregnancy Justice maintains a defined contribution 403(b) plan. All employees are eligible to participate and contribute provided they work at least 800 hours in a 12 month period and worked at least 90 days for Pregnancy Justice. Contributions by Pregnancy Justice to the plan on behalf of employees are discretionary and based on the employee's individual compensation. Contributions by Pregnancy Justice to the plan amounted to \$58,919 for the year ended December 31, 2022. Contributions by Pregnancy Justice to the plan amounted to \$53,486 for the year ended December 31, 2021.

10. Liquidity and Availability of Financial Assets

The following reflects Pregnancy Justice's financial assets at December 31, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 545,982	\$ 1,340,895
Contributions receivable	886,698	492,981
Investments	<u>4,593,230</u>	<u>4,794,385</u>
Total Financial Assets	6,025,910	6,628,261
Less: Contractual, internally designated or donor restricted amounts:		
Donor-imposed restrictions beyond one year	<u>518,333</u>	<u>288,727</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 5,507,577</u>	<u>\$ 6,339,534</u>

As part of its liquidity risk management, Pregnancy Justice maintains a cash balance to ensure it is available as its general expenditures, liabilities, and obligations become due within one year. Pregnancy Justice monitors the status and collectability of its contributions receivable on a regular basis. Foundation support and contributions are solicited on a regular basis to increase revenue and support. In addition, Pregnancy Justice's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions and foundation support.

11. Risks and Uncertainties

Pregnancy Justice's operations and financial performance has been, and may continue to be, affected by global and domestic economic uncertainty which has adversely affected economic conditions throughout the world. Pregnancy Justice may experience a decline in revenue activities as a result of the economic uncertainty.

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