

PROGRACE INTERNATIONAL
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021
TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ProGrace International:

Opinion

We have audited the accompanying financial statements of ProGrace International, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro Grace International, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pro Grace International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pro Grace International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pro Grace International'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 Pro Grace International's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


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PROGRACE INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 214,224	\$ 126,569
Unconditional promise to give	50,000	55,000
Prepaid expenses	182	265
	\$ 264,406	\$ 181,834
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 5,101	\$ 1,969
NET ASSETS:		
Net assets without donor restrictions	259,305	179,865
	\$ 264,406	\$ 181,834

The accompanying notes are an integral part of this statement.

PROGRACE INTERNATIONAL
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 590,828	\$ -	\$ 590,828	\$ 512,712	\$ -	\$ 512,712
Training fees - pregnancy centers	6,791	-	6,791	17,683	-	17,683
- miscellaneous	4,090	-	4,090	135	-	135
Forgiveness of note payable	-	-	-	38,840	-	38,840
Misc Income	-	-	-	776	-	776
Total support and revenue	<u>601,709</u>	<u>-</u>	<u>601,709</u>	<u>570,146</u>	<u>-</u>	<u>570,146</u>
EXPENSES:						
Program services	406,739	-	406,739	420,949	-	420,949
Supporting activities:						
Management & general	88,674	-	88,674	80,121	-	80,121
Fundraising	26,856	-	26,856	21,445	-	21,445
Total expenses	<u>522,269</u>	<u>-</u>	<u>522,269</u>	<u>522,515</u>	<u>-</u>	<u>522,515</u>
CHANGE IN NET ASSETS	79,440	-	79,440	47,631	-	47,631
NET ASSETS, beginning of year	<u>179,865</u>	<u>-</u>	<u>179,865</u>	<u>132,234</u>	<u>-</u>	<u>132,234</u>
NET ASSETS, end of year	<u>\$ 259,305</u>	<u>\$ -</u>	<u>\$ 259,305</u>	<u>\$ 179,865</u>	<u>\$ -</u>	<u>\$ 179,865</u>

The accompanying notes are an integral part of this statement.

PROGRACE INTERNATIONAL
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 79,440	\$ 47,631
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Forgiveness of note payable	-	(38,840)
(Increase) decrease in promise to give	5,000	(52,787)
Decrease in prepaid expenses	83	-
Increase (decrease) in accounts payable and accrued expenses	3,132	(3,592)
Net cash provided by (used in) operating activities	<u>87,655</u>	<u>(47,588)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	87,655	(47,588)
CASH AND CASH EQUIVALENTS, beginning of year	<u>126,569</u>	<u>174,157</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 214,224</u></u>	<u><u>\$ 126,569</u></u>

The accompanying notes are an integral part of this statement.

PROGRACE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021				
	Program	Management and General	Fundraising	Total Expenses	Program	Management and General	Fundraising	Total Expenses
Salaries	\$ 174,711	\$ 14,553	\$ 16,278	\$ 205,542	\$ 166,392	\$ 13,860	\$ 15,503	\$ 195,755
Payroll taxes	13,366	1,113	1,245	15,724	12,729	1,060	1,186	14,975
Professional services	173,431	54,555	4,210	232,196	190,669	39,908	4,736	235,313
Occupancy	-	-	-	-	-	464	-	464
Office expenses	1,770	8,049	4,855	14,674	1,285	13,378	20	14,683
Information technology	5,878	6,002	-	11,880	8,146	2,262	-	10,408
Travel and meetings	7,943	1,482	268	9,693	2,164	5,795	-	7,959
Insurance	-	1,529	-	1,529	-	1,554	-	1,554
Training	20,150	-	-	20,150	27,099	488	-	27,587
Miscellaneous	245	1,081	-	1,326	11,085	871	-	11,956
Marketing	9,245	310	-	9,555	1,380	481	-	1,861
Total functional expenses	<u>\$ 406,739</u>	<u>\$ 88,674</u>	<u>\$ 26,856</u>	<u>\$ 522,269</u>	<u>\$ 420,949</u>	<u>\$ 80,121</u>	<u>\$ 21,445</u>	<u>\$ 522,515</u>

The accompanying notes are an integral part of this statement.

PROGRACE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(1) NATURE OF ORGANIZATION:

ProGrace International (the Organization) is a nonprofit corporation incorporated in Illinois that seeks to change the abortion conversation, so that Christians can have a grace-centered, non-political way to respond to the issue. The Organization works with local churches to create communities where both women and children can thrive during and after unintended pregnancy. And those communities are what can bring God's hope – and His answer – to ultimately shift the abortion issue.

The financial statements were available to be issued on July 28, 2023, with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies and practices reflected in the accompanying financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting -

The Organization maintains its financial statements on the accrual basis of accounting which recognizes the support and revenue as it is earned and expenses as they are incurred.

Financial Statement Presentation -

The financial statements of the Organization have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

With donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

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 estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Accordingly, actual results may vary from those estimates.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributions -

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Training Fees -

Training fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the services. The Organization's program revenue consists of educational programs which are considered to have a single performance obligation that is satisfied at a point in time. The performance obligations for these services are considered met, and revenue is recognized, when the educational program occurs and are billed at this point.

Concentrations of Risk -

For the year ended December 31, 2022, 45% of the Organization's contributions were from five donors. For the year ended December 31, 2021, 44% of the Organization's contributions were from four donors.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization's cash deposits may exceed the FDIC limit at various times throughout each year. On December 31, 2022 and 2021, there were no balances in excess of FDIC limits.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, professional services, trainings and meetings, travel and other, which are allocated on the basis of estimates of time and effort.

Tax Status -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes, except for taxes on unrelated business income generated from unrelated trade or business activities. The Organization did not have unrelated business income for the years ended December 31, 2022 and 2021. Accordingly, no provision for income tax has been established.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Tax Status - (Continued)

The Organization files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2019. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

(3) UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give consists of the following on December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 50,000	\$ 55,000
One to five years	<u>-</u>	<u>-</u>
	50,000	55,000
Less - Discount to present value (at a rate of 3.50%)	<u>-</u>	<u>-</u>
	<u>\$ 50,000</u>	<u>\$ 55,000</u>

(4) LIQUIDITY AND AVAILABILITY:

Financial assets are considered to be available for general expenditure if there are no donor or other restrictions that would preclude use for general expenditures. On December 31, 2022 and 2021, financial assets available for general expenditure within one year are comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 214,224	\$ 126,569
Unconditional promise to give	<u>50,000</u>	<u>55,000</u>
Total liquid assets available for general expenditures	<u>\$ 264,224</u>	<u>\$ 181,569</u>

The Organization manages its liquidity and reserves following three guiding principles:

- operating within a prudent range of financial soundness and stability.
- maintaining adequate liquid assets to fund near-term operating needs.
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.