

**MISSION: Pre-Born, Inc.**

Financial Statements

Year Ended September 30, 2022

**MISSION: Pre-Born, Inc.**

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**September 30, 2022**

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# **BEESON, HOFFMAN & SIDDALL, INC.**

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

June 8, 2023

Board of Directors  
MISSION: Pre-Born, Inc.  
Indianapolis, IN

### **Opinion**

We have audited the accompanying financial statements of MISSION: Pre-Born, Inc. (a non-profit organization) which comprise the statement of financial position as of September 30, 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 MISSION: Pre-Born, Inc. as of September 30, 2022, and the changes in its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 the organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

*Beeson, Hoffman & Siddall*

**MISSION: PRE-BORN, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2022**

**ASSETS**

Cash and cash equivalents	\$ 6,641,312
Prepays	396,236
Certificates of deposit	253,124
Investments	186,975
Property and equipment, net	79,601
Deposits	<u>855</u>
<b>Total Assets</b>	<b>\$ <u>7,558,103</u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued expenses	\$ <u>221,167</u>
Total Liabilities	<u>221,167</u>

**Net Assets**

Net assets without donor restrictions	3,090,077
Net assets with donor restrictions	<u>4,246,859</u>
Total Net Assets	<u>7,336,936</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>7,558,103</u></b>

See Accompanying Notes

**MISSION: PRE-BORN, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support &amp; Revenues</b>			
Contributions	\$ 14,932,510	\$ 9,041,749	\$ 23,974,259
Interest and dividends	11,249	-	11,249
Gain on investments	76,288	-	76,288
Other income	9,773	-	9,773
Net assets released from restrictions	<u>8,037,624</u>	<u>(8,037,624)</u>	<u>-</u>
Total Revenues	<u>23,067,444</u>	<u>1,004,125</u>	<u>24,071,569</u>
<b>Expenses</b>			
Program	20,697,790	-	20,697,790
Support: management & general	1,703,281	-	1,703,281
Fundraising	<u>699,249</u>	<u>-</u>	<u>699,249</u>
Total Expenses	<u>23,100,320</u>	<u>-</u>	<u>23,100,320</u>
<b>Change in Net Assets</b>	(32,876)	1,004,125	971,249
Net Assets - Beginning of Year	<u>3,122,953</u>	<u>3,242,734</u>	<u>6,365,687</u>
<b>Net Assets - End of Year</b>	<u>\$ 3,090,077</u>	<u>\$ 4,246,859</u>	<u>\$ 7,336,936</u>

See Accompanying Notes

**MISSION: PRE-BORN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Consulting</u>	<u>Events</u>	<u>Sponsor- ship</u>	<u>OE National</u>	<u>Other Programs</u>	<u>Total Program</u>	<u>Support: Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expenses	\$ 1,163,682	\$ -	\$ -	\$ 99,457	\$ 564,764	\$ 1,827,903	\$ 628,715	\$ 354,746	\$ 2,811,364
Printing Expense	-	-	17,024	-	12,031	29,055	273,425	143,751	446,231
Marketing Expense	2,345,295	39,723	498,620	-	126,455	3,010,093	21,663	39,708	3,071,464
Administrative Expenses	61,308	11	264,028	420	1,180	326,947	300,796	59,722	687,465
Facility Expense	-	-	-	-	-	-	50,995	-	50,995
Liability Insurance	-	-	-	-	-	-	34,674	-	34,674
Auto Expense	850	-	-	-	-	850	13,135	-	13,985
Travel Expense	52,788	-	1,815	30,971	1,911	87,485	50,232	23,293	161,010
Professional Services	3,000	-	-	-	56,712	59,712	282,578	-	342,290
Contract Labor	178,593	-	121,454	50,871	19,905	370,823	8,400	16,860	396,083
Program Expense	269,655	182,714	2,047,189	1,115,011	11,370,353	14,984,922	25,419	61,169	15,071,510
Depreciation Expense	-	-	-	-	-	-	13,249	-	13,249
	<u>\$ 4,075,171</u>	<u>\$ 222,448</u>	<u>\$ 2,950,130</u>	<u>\$ 1,296,730</u>	<u>\$ 12,153,311</u>	<u>\$ 20,697,790</u>	<u>\$ 1,703,281</u>	<u>\$ 699,249</u>	<u>\$ 23,100,320</u>

See Accompanying Notes

**MISSION: PRE-BORN, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**Operating Activities**

Change in net assets	\$ 971,249
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	13,249
Gain on investments	(76,288)
Sources and (uses) of cash from changes in operating assets and liabilities:	
Prepays	(188,184)
Accounts payable and accrued expenses	<u>17,655</u>

**Net Cash from Operating Activities**

737,681

**Investing Activities**

Sale of certificates of deposit	4,485,437
Purchase of investments, net	(110,687)
Expenditures for property and equipment	<u>(43,923)</u>

**Net Cash from Investing Activities**

4,330,827

**Net Change in Cash**

5,068,508

**Beginning Cash**

1,572,804

**Ending Cash**

\$ 6,641,312

See Accompanying Notes



**MISSION: PRE-BORN, INC.**  
**Notes to Financial Statements**  
**September 30, 2022**

**1. Nature of the organization**

MISSION: Pre-Born, Inc. (Pre-born!) was incorporated in 2007 in Indiana as a not-for-profit public charity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Contributions made by the public are deductible for income tax purposes.

The vision of Pre-Born! is to glorify Jesus Christ by leading and equipping pregnancy clinics to save more babies and souls. Pre-Born! strategically impacts the abortion industry through the following initiatives: Prayer, Equipping Pregnancy Clinics and Evangelism Training.

**2. Summary of Significant Accounting Policies**

The financial statements of the organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The statements include a statement of financial position that presents the amount of net assets as either with restrictions or without restrictions based on the existence or absence of donor-imposed restrictions, a statement of activities that reflects the change in those categories of net assets, and a statement of functional expenses that shows the detailed nature of the expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The carrying values of cash and cash equivalents approximate their fair values because of the short maturities of those financial instruments.

Certificates of Deposit

Certificates of deposit are valued at cost plus accrued interest, which approximates fair value due to the short-term nature of these investments.

Property and Equipment

The organization capitalizes property and equipment over \$1,000. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to ten years.

The organization reviews the carrying value of its property and equipment for impairment whenever events or changes in circumstances indicate the net carrying value may not be recoverable.

**MISSION: PRE-BORN, INC.**  
**Notes to Financial Statements**  
**September 30, 2022**

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

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in gain on investments in the statements of activities.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The organization files information returns with federal and state governments. The returns are subject to examination by the relevant authorities under the prescribed statutes of limitation.

Net Assets

The financial statements report amounts by classification of net assets as follows:

*Net assets without donor restrictions* are those currently available for purposes under the direction of the board, designated by the board and resources invested in property and equipment.

*Net assets with donor restrictions* are contributed with donor stipulations for specific operating purposes or programs.

Support, Revenue and Reclassifications

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the organization. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. Donated property (including securities, real property and equipment) is recorded at estimated fair value on the date of the gift.

The organization receives gifts of cash and other assets as “support with donor restrictions” if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, 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. 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.

**MISSION: PRE-BORN, INC.**  
**Notes to Financial Statements**  
**September 30, 2022**

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

Expenses

All expenses are stated on the accrual basis and presented on both a program area basis and a functional basis. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include printing and marketing, which are allocated based on the nature of the mailing as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Advertising

Advertising costs are expensed as incurred. During the year ended September 30, 2022, advertising costs totaled \$3,071,464.

Evaluation of Subsequent Events

Management has evaluated the impact of all subsequent events through June 8, 2023, which was the date the financial statements were available to be issued.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, Leases (Topic 842). Lessees are required to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than 12 months. The standard is effective for fiscal years beginning after December 15, 2021. The organization has evaluated the effect of this accounting pronouncement and deemed it to be immaterial.

**3. Investments**

Investments consist of the following:

Common stock	\$ 15,298
Fixed income	<u>171,677</u>
	<u>\$ 186,975</u>

**MISSION: PRE-BORN, INC.**  
**Notes to Financial Statements**  
**September 30, 2022**

**4. Property and Equipment**

Property and equipment consist of the following:

Office equipment	\$ 121,022
Less accumulated depreciation	<u>(41,421)</u>
	<u>\$ 79,601</u>

**5. Transfer to Donor Advised Fund**

Under the approval of the board of directors, the organization donated \$9,310,000 to a donor advised fund which is dedicated to funding the organization's projects and chartered purposes. The Treasurer and President of the organization have advisory privileges with respect to the distribution of the funds.

**6. Net Assets**

Net assets with donor restrictions are subject to expenditure for a specified purpose. At September 30, 2022 the net assets with donor restrictions related to the following purposes:

Child sponsorship	\$ 2,950,129
Operation Equip	<u>1,296,730</u>
	<u>\$ 4,246,859</u>

**7. Retirement Plan**

The organization has a defined contribution pension plan under Section 401(k) of the Internal Revenue Code that covers all eligible employees. During the year ended September 30, 2022, the organization contributed \$235,621 to the plan.

**MISSION: PRE-BORN, INC.**  
**Notes to Financial Statements**  
**September 30, 2022**

**8. Liquidity**

The following reflects the organization's financial assets as of September 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year or restricted by donors either for long-term purposes or for use in a certain time period. Pre-Born! has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

Cash and cash equivalents	\$	6,641,312
Certificates of deposit		253,124
Restricted by donor for purpose		<u>(4,246,859)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>2,647,577</u></u>

**9. Fair Value**

The following are the classes of assets measured at fair value on a recurring basis using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

Description	Fair Value (Level 1)	
Common stock	\$	15,298
Fixed income		<u>171,677</u>
	\$	<u><u>186,975</u></u>

The organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year.

Fair values for investments in common stock and fixed income securities are determined by reference to quoted market prices and other relevant information generated by market transactions.