



LIFE NETWORK, INC.

FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020

OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Life Network, Inc.
Colorado Springs, Colorado

We have audited the accompanying financial statements of Life Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

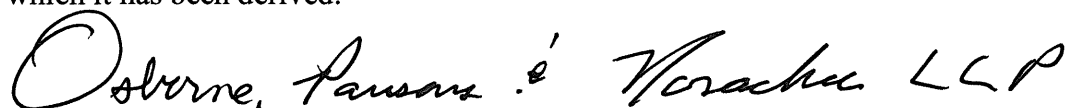
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life Network, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Additional Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expense with estimated value of volunteers on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Life Network, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Osborne, Parsons & Morahan LLP". The signature is written in dark ink and is positioned above the typed name of the firm.

Osborne, Parsons & Morahan LLP
Colorado Springs, Colorado
August 26, 2021

LIFE NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
With Comparative Totals for 2019

ASSETS

	2020	2019
Current Assets		
Cash	\$ 1,386,399	\$ 727,347
Accounts Receivable	54	-
Grants Receivable	33,405	-
Inventory - Program	61,835	62,033
Inventory - Thrift Store	56,753	47,687
Prepaid Expenses	14,817	12,146
Total Current Assets	1,553,263	849,213
Non-current Assets		
Restricted Cash - Building Improvement Reserves	392,355	132,605
Property and Equipment, Net	870,400	911,028
Security Deposit	25,000	25,000
Total Assets	\$ 2,841,018	\$ 1,917,846

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 36,429	\$ 28,703
Accrued Expenses	78,569	46,722
Deferred Revenue	1,650	-
Current Portion of Notes Payable	33,538	33,609
Obligations Under Capital Lease, Current Portion	1,093	1,311
Total Current Liabilities	151,279	110,345
Non-current Liabilities		
Notes Payable, Net of Current Portion	659,591	693,178
Obligations Under Capital Lease, Net of Current Portion	-	1,093
Total Liabilities	810,870	804,616
Net Assets		
Without Donor Restrictions	1,904,368	1,057,360
With Donor Restrictions	125,780	55,870
Total Net Assets	2,030,148	1,113,230
Total Liabilities and Net Assets	\$ 2,841,018	\$ 1,917,846

See Notes to Financial Statements

LIFE NETWORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
With Comparative Totals for 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Public Support and Revenue				
Public Support				
Contributions	\$ 1,682,245	\$ 67,623	\$ 1,749,868	\$ 1,300,750
Grants	16,875	219,863	236,738	56,000
PPP Loan Forgiveness	224,800	-	224,800	-
Special Events	720,927	-	720,927	739,612
Donated Services	12,880	-	12,880	28,228
In-kind Contributions	65,609	-	65,609	94,111
Total Public Support	<u>2,723,336</u>	<u>287,486</u>	<u>3,010,822</u>	<u>2,218,701</u>
Revenue				
Family Thrift Store Revenue:				
Contributions of Merchandise	318,803	-	318,803	99,595
Sales of Contributed Merchandise, Net	289,627	-	289,627	48,253
Less: Value of Merchandise Sold	(309,737)	-	(309,737)	(51,908)
Net Family Thrift Store Revenue	<u>298,693</u>	<u>-</u>	<u>298,693</u>	<u>95,940</u>
Program Fees	5,171	-	5,171	645
Investment Return	821	-	821	1,588
Rent Revenue	17,400	-	17,400	21,150
Other Revenue	-	-	-	5,517
Total Revenue	<u>322,085</u>	<u>-</u>	<u>322,085</u>	<u>124,840</u>
Net Assets Released from Restrictions				
Satisfaction of Program Restrictions	217,576	(217,576)	-	-
Total Net Assets Released	<u>217,576</u>	<u>(217,576)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>3,262,997</u>	<u>69,910</u>	<u>3,332,907</u>	<u>2,343,541</u>
Expenses				
Program Services	1,711,366	-	1,711,366	1,421,170
Supporting Services				
General and Administrative	202,566	-	202,566	181,428
Fundraising Activities	502,057	-	502,057	446,192
Total Supporting Services	<u>704,623</u>	<u>-</u>	<u>704,623</u>	<u>627,620</u>
Total Expenses	<u>2,415,989</u>	<u>-</u>	<u>2,415,989</u>	<u>2,048,790</u>
Change in Net Assets	847,008	69,910	916,918	294,751
Net Assets at Beginning of Year	1,057,360	55,870	1,113,230	818,479
Net Assets at End of Year	<u>\$ 1,904,368</u>	<u>\$ 125,780</u>	<u>\$ 2,030,148</u>	<u>\$ 1,113,230</u>

See Notes to Financial Statements

LIFE NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
With Comparative Totals for 2019

	<u>Supporting Services</u>			<u>Total</u>	
	<u>Program</u>	<u>General and</u>		<u>2020</u>	<u>2019</u>
		<u>Administrative</u>	<u>Fundraising</u>		
Salaries and Benefits	\$ 920,794	\$ 111,988	\$ 211,534	\$ 1,244,316	\$ 968,359
Payroll Taxes	63,080	7,672	14,491	85,243	72,103
Health Insurance	37,645	12,923	5,619	56,187	43,912
Total Personnel Costs	1,021,519	132,583	231,644	1,385,746	1,084,374
Occupancy	110,715	7,000	21,441	139,156	30,908
Professional Fees for Service	81,826	10,934	48,995	141,755	118,426
Supplies	105,795	11,517	4,662	121,974	177,172
Computer Network	56,591	5,072	22,468	84,131	80,578
Equipment and Maintenance	68,695	159	701	69,555	97,546
Depreciation	60,648	1,979	735	63,362	55,151
Development and					
Public Relations	15,575	825	37,423	53,823	34,282
Remodeling Project Expenses	36,750	1,547	6,188	44,485	26,291
Interest	40,193	142	84	40,419	38,876
Insurance	20,464	13,953	3,991	38,408	23,139
Advertising and Promotion	11,324	731	25,038	37,093	27,136
Food and Hospitality	13,099	3,490	19,396	35,985	106,423
Printing	12,163	994	21,873	35,030	37,005
Bank and Credit Card Fees	5,741	548	16,322	22,611	25,928
Telephone	15,825	1,820	430	18,075	17,820
Postage and Shipping	1,164	746	14,972	16,882	11,426
Curriculum	15,398	7	28	15,433	3,482
Auction Expense	-	-	14,332	14,332	-
Conferences and Training	8,189	1,912	419	10,520	18,336
Donor Appreciation	-	85	9,381	9,466	191
Travel	4,822	484	1,307	6,613	12,810
Other	1,075	4,376	216	5,667	5,401
Property Taxes	3,328	-	-	3,328	6,393
Memberships	467	1,662	11	2,140	2,543
Automotive Expenses	-	-	-	-	7,130
Mission Support	-	-	-	-	23
Total Expense - 2020	\$ 1,711,366	\$ 202,566	\$ 502,057	\$ 2,415,989	
Percent of Total - 2020	70.8%	8.4%	20.8%		
Total Expense - 2019	\$ 1,421,170	\$ 181,428	\$ 446,192		\$ 2,048,790
Percent of Total - 2019	69.3%	8.9%	21.8%		

See Notes to Financial Statements

LIFE NETWORK, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
With Comparative Totals for 2019

	2020	2019
Cash Flows from Operations		
Change in Net Assets	\$ 916,918	\$ 294,751
Adjustments to Arrive at Net Cash Provided by Operating Activities		
Depreciation	63,362	55,151
Change in		
Accounts Receivable	(54)	-
Grants Receivable	(33,405)	-
Inventory - Program	198	3,669
Inventory - Thrift Store	(9,066)	(47,687)
Prepaid Expense	(2,671)	(3,317)
Security Deposit	-	(25,000)
Accounts Payable	7,726	17,503
Accrued Expenses	31,847	(12,903)
Deferred Revenue	1,650	-
Net Cash Provided by Operations	976,505	282,167
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(22,734)	(72,531)
Net Cash Used by Investing Activities	(22,734)	(72,531)
Cash Flows from Financing Activities		
Principal Payments on Notes Payable	(33,658)	(33,163)
Principal Payments on Capital Lease Obligations	(1,311)	(1,312)
Net Cash Used by Financing Activities	(34,969)	(34,475)
Net Change in Cash and Restricted Cash	918,802	175,161
Beginning Cash and Restricted Cash	859,952	684,791
Ending Cash and Restricted Cash	\$ 1,778,754	\$ 859,952

See Notes to Financial Statements

LIFE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significance accounting policies of Life Network, Inc. is presented to assist in understanding the financial statements.

Nature of Activities – Life Network, Inc. (Life Network) is a nonprofit corporation organized under the laws of the State of Colorado and does business as the Colorado Springs Pregnancy Center, Old Colorado City Pregnancy Center, Education for a Lifetime, Bridges of Hope, and Life Steps. Life Network also operates the Family Thrift Store, located in Colorado Springs, Colorado.

Purpose – Life Network is a sanctity of human life ministry that impacts and transforms people with the love of Christ. Life Network provides pregnancy and post abortion counseling as well as relationships, healthy sexuality education, and suicide prevention messages to the Colorado Springs community.

Cash and Cash Equivalents – For the purpose of the statement of cash flows, cash is defined as all cash on hand, demand deposits, money market accounts, and certificates of deposit with an initial maturity of three months or less.

Promises to Give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Management does not book promises receivable except at year-end. Management closely monitors outstanding balances and establishes an allowance for doubtful accounts based on prior years' experience and management analysis of specific promises made. Management believes all outstanding promises to give for the year ended December 31, 2020, are fully collectible.

Inventory – Inventory is comprised of donated maternity and infant supplies that are provided to Life Network's clients as needed, and merchandise for sale in the Family Thrift Store. The maternity and infant items are recorded at estimated fair market value at the date of receipt, and the merchandise is valued at the lower of FIFO cost or net realizable value.

Property and Equipment – Life Network capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Life Network reports expirations of donor restrictions when the donated or acquired assets are placed in service. Life Network reclassifies net assets with restrictions to net assets without restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful life of the assets.

Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

LIFE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees and rent payments under lease agreements received in advance are deferred to the applicable period in which the related performance obligation is satisfied, or expenditures are incurred. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue from sales of contributed merchandise is recognized at the point in time that the sale takes place, and the customer takes position of the goods purchased.

Contributed Services – The volunteer services of several local doctors and nurses are utilized to provide medical care to clients of Life Network. The services of these volunteers are recorded at a rate of \$70 per hour. Contributed services recognized in the financial statements totaled \$12,880 for 2020.

Volunteers are the heart of this ministry, and due to their tremendous support, Life Network is able to address the needs of both clients and students. More than 14,000 clients received assistance ranging from pregnancy testing and counseling to baby supplies. In 2020, Life Network received approximately 13,000 volunteer hours, with an estimated value of \$197,000. This estimated amount was derived by applying hourly rates ranging from \$12 to \$18 per recorded volunteer hour to various volunteer service categories. These amounts are not included in the financial statements because they do not meet the recognition criteria established by generally accepted accounting principles.

Contributions – Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

Income Tax Status – Life Network is exempt, under Section 501(c)(3) of the Internal Revenue Code, from tax on income derived from donations, income generated by activities carried on in furtherance of its exempt purpose and certain other specified income and, in addition, is qualified to receive tax deductible contributions.

Management believes that based on evaluation of its tax position, any liability as a result of uncertain tax positions would not be material. Management continually evaluates expiring statutes of limitations, changes in the tax laws, and new authoritative rulings to assist in evaluating its tax position. Accrued interest and penalties associated with uncertain tax positions, if any, would be recognized as part of the income tax position.

LIFE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising – Advertising costs are expensed as incurred. Advertising expense was \$20,675 for 2020.

Comparative Financial Information – The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with Life Network’s audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 1 – RESTRICTED CASH

Life Network is required by loan covenants to maintain a \$30,000 deposit account to be used solely for making improvements to the property collateralizing the loan. As of December 31, 2020, the balance in this account was \$392,355.

Cash and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows are as follows:

Cash	\$ 1,386,399
Restricted Cash - Building Improvement Reserves	<u>392,355</u>
Total Cash and Restricted Cash Shown in the Statement of Cash Flows	<u><u>\$ 1,778,754</u></u>

NOTE 2 – AVAILABILITY AND LIQUIDITY

Life Network’s goal is generally to maintain financial assets to meet 45 days of operating expenses (approximately \$250,000).

The following reflects Life Network’s financial assets as of December 31, 2020, reduced by amounts not available to meet general expenditures within one year of the statement of financial position date because of loan covenant restrictions, and contractual or donor-imposed restrictions within one year of the balance sheet date:

LIFE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – AVAILABILITY AND LIQUIDITY – Continued

Financial Assets at Year end:	
Cash and Restricted Cash	\$ 1,778,754
Accounts Receivable	54
Grants Receivable	33,405
Total Financial Assets	<u>1,812,213</u>
Less Amounts Not Available to Meet General Expenditures Within One Year:	
Cash Reserved for Building Improvement and Loan Covenant	392,355
Net Assets with Donor Restrictions	125,780
Less Net Assets with Restrictions to be Met in Less Than One Year:	
Purpose Restrictions	<u>(125,780)</u>
	<u>392,355</u>
Financial Assets Available to Meet	
General Expenditures Within One Year	<u>\$ 1,419,858</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of:

Land	\$ 128,196
Building and Improvements	1,303,562
Furniture and Equipment	234,710
Automobiles	8,552
Property Held Under Capital Lease	9,128
Total Cost	<u>1,684,148</u>
Less Accumulated Depreciation	<u>(813,748)</u>
Net Property and Equipment	<u>\$ 870,400</u>

Depreciation expense for 2020 was \$63,362.

NOTE 4 – REFUNDABLE ADVANCE

In April 2020, Life Network received an unsecured \$224,800 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met, including that 60% of the loan must be spent on payroll. The funds were initially treated as a refundable advance until such time that the loan has been explicitly forgiven by the SBA. In December 2020, the loan was forgiven in full and is reflected as PPP Loan Forgiveness on the statement of activities.

LIFE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – NOTES PAYABLE

Notes payable consists of:

Payable to bank in 60 monthly installments of \$3,537 through May 15, 2019, and 59 monthly installments of \$3,567 beginning June 15, 2019. Monthly payments include interest at 4.625%. A balloon payment of \$342,692 is due May 15, 2024. Collateralized by a Deed of Trust, all rents, inventory, chattel paper, accounts, equipment, general intangibles and fixtures. The bank retains the right of offset on all the borrower's accounts.

	\$ 424,231	\$ 444,751
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Payable to bank in 60 monthly installments of \$2,251 through May 12, 2019, and 59 monthly installments of \$2,270 beginning June 12, 2019. Monthly payments include interest at 4.625%. A balloon payment of \$218,076 is due May 12, 2024. Collateralized by a Deed of Trust, all rents, inventory, chattel paper, accounts, equipment, general intangibles and fixtures.

	268,898	282,036
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Total Notes Payable

	693,129	726,787
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Less Current Portion of Notes Payable

	33,538	33,609
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Long-Term Portion of Notes Payable

	\$ 659,591	\$ 693,178
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Future scheduled maturities of notes payable are:

Years Ending December 31,

2021	\$	33,538
2022		35,457
2023		37,485
2024		586,649
Total	\$	693,129

NOTE 6 – CAPITAL LEASE

In November of 2018, office equipment was acquired under a capital lease agreement for 36 months, and payments of \$109 per month. Payments under the lease agreement totaled \$1,311 for 2020. The office equipment is being depreciated over 5 years. The total cost of the equipment acquired under the capital lease is \$3,934. Accumulated depreciation and depreciation expense for the leased equipment was \$1,705 and \$787 for the year ended December 31, 2020.

Future minimum lease payments are:

Years Ending December 31,

2021	\$	1,093
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LIFE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – OPERATING LEASE

In November 2019, Life Network entered into a lease agreement for retail space for the Family Thrift Store providing for monthly payments ranging from \$4,680 to \$8,829, including CAM charges, through September 2023. Rent payments under this agreement totaled \$83,610 for 2020. As of December 31, 2020, future minimum lease payments under this operating lease are as follows:

<u>Years Ending December 31,</u>	
2021	\$ 101,329
2022	103,944
2023	79,462
Total	<u>\$ 284,735</u>

NOTE 8 – STATEMENT OF CASH FLOWS

Life Network paid cash of \$39,959 in interest expense during 2020.

NOTE 9 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of Life Network’s financial instruments approximates their fair value.

NOTE 10 – RETIREMENT PLAN

During October 2017, Life Network entered into a SIMPLE IRA plan, effective January 1, 2018, and has elected to contribute a matching contribution of up to 3% of eligible compensation for the year. Employer contributions to the plan are fully and immediately vested upon contribution. During 2020, the plan resulted in \$17,504 of pension expense.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net asset with donor restrictions activity consists of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Released</u>	<u>Ending Balance</u>
Grant (Social Media, Medical Support and Supplies)	\$ 55,090	\$ 75,000	\$ (55,090)	\$ 75,000
Grant (SRAE)	-	144,863	(144,863)	-
Program and Thrift Store	-	67,623	(17,623)	50,000
Fence Repairs	780	-	-	780
Total	<u>\$ 55,870</u>	<u>\$ 287,486</u>	<u>\$ (217,576)</u>	<u>\$ 125,780</u>

LIFE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – DONATED PROFESSIONAL SERVICES AND MATERIALS

Life Network received donated professional services and materials as follows during the year ended December 31, 2020:

	Program	General and Administrative	Fundraising	Total
Medical Professional Services	\$ 12,880	\$ -	\$ -	\$ 12,880
Program Inventory Supplies	65,609	-	-	65,609
Family Thrift Store Merchandise	239,102	15,940	63,761	318,803
	<u>\$ 317,591</u>	<u>\$ 15,940</u>	<u>\$ 63,761</u>	<u>\$ 397,292</u>

The inventory supplies and thrift store merchandise received during 2020 are recorded as inventory on the statement of financial position.

NOTE 13 – CONCENTRATION OF CREDIT RISK

At times during the year, cash deposits at financial institutions exceeded federally insured limits. Life Network has not experienced any loss in these accounts, and believes it is not exposed to any significant credit risk.

During 2020, approximately 27% of total contributions were from five donors.

During 2020, approximately 24% of total public support was from fund-raising events.

NOTE 14 – RISKS AND UNCERTAINTIES

Coronavirus (COVID-19) Pandemic

In December 2019, an outbreak of a novel strain of Coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic, and multiple jurisdictions in the U.S. have declared a state of emergency. During 2020, Life Network’s ability to hold events and operate the Family Thrift Store was impacted by the pandemic and related restrictions. The full extent of the impact of COVID-19 on Life Network’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on our staff, contributors, and our ability to provide program services, none of which can be reasonably predicted. At this point, the extent to which COVID-19 may impact Life Network’s financial condition or results of operations is uncertain.

NOTE 15 – RELATED PARTY TRANSACTIONS

During 2020, members of the board of directors and management contributed \$78,059 to Life Network.

LIFE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 16 – ALLOCATION OF FUNCTIONAL EXPENSE

The financial statements report certain categories of expense that are attributable to one or more program or supporting functions of Life Network. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on a building square footage basis include building depreciation, building interest, utilities, maintenance, and insurance. The expenses that are allocated, based on usage by the number of staff, are phone service, computer system maintenance, food and hospitality, and office supplies. The expenses that are allocated based on estimates of time and effort are wages and related personnel expenses.

NOTE 17 - JOINT COSTS

Life Network achieves some of its programmatic goals during the annual Gala and Walk for Life events that include requests for sponsorships and contributions, as well as through operation of the Family Thrift Store that includes services for clients and ministry outreach to the community. The costs to conduct the events and to operate the thrift store were allocated among functional expense categories, as follows:

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Gala Event	\$ 12,667	\$ -	\$ 71,778	\$ 84,445
Walk For Life	5,494	-	31,135	36,629
Family Thrift Store	208,568	13,905	55,618	278,091
	<u>\$ 226,729</u>	<u>\$ 13,905</u>	<u>\$ 158,531</u>	<u>\$ 399,165</u>

NOTE 18 – INFORMATION RETURNS

Life Network’s Forms 990 and 990-T information returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2020, the information returns for the three prior years are considered open for Internal Revenue Service examination.

During 2014, Life Network obtained a building with a current tenant through debt financing. Rents received from the tenant are classified as unrelated business income and are subject to taxation. As of December 31, 2020, Life Network had no tax obligation liability.

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 26, 2021, the date on which the financial statements were available to be issued.

In February 2021, Life Network closed on the purchase of a building located in Fountain, Colorado, to be the future location of a Fountain Valley Pregnancy Center.

ADDITIONAL INFORMATION

LIFE NETWORK, INC.
SCHEDULE OF FUNCTIONAL EXPENSES WITH ESTIMATED VALUE OF VOLUNTEERS
YEAR ENDED DECEMBER 31, 2020
With Comparative Totals for 2019

	<u>Supporting Services</u>			<u>Total</u>	
	<u>Program</u>	<u>General and</u>		<u>2020</u>	<u>2019</u>
		<u>Administrative</u>	<u>Fundraising</u>		
Salaries and Benefits	\$ 920,794	\$ 111,988	\$ 211,534	\$ 1,244,316	\$ 968,359
Payroll Taxes	63,080	7,672	14,491	85,243	72,103
Health Insurance	37,645	12,923	5,619	56,187	43,912
Total Personnel Costs	1,021,519	132,583	231,644	1,385,746	1,084,374
Occupancy	110,715	7,000	21,441	139,156	30,908
Professional Fees for Service	81,826	10,934	48,995	141,755	118,426
Supplies	105,795	11,517	4,662	121,974	177,172
Computer Network	56,591	5,072	22,468	84,131	80,578
Equipment and Maintenance	68,695	159	701	69,555	97,546
Depreciation	60,648	1,979	735	63,362	55,151
Development and					
Public Relations	15,575	825	37,423	53,823	34,282
Remodeling Project Expenses	36,750	1,547	6,188	44,485	26,291
Interest	40,193	142	84	40,419	38,876
Insurance	20,464	13,953	3,991	38,408	23,139
Advertising and Promotion	11,324	731	25,038	37,093	27,136
Food and Hospitality	13,099	3,490	19,396	35,985	106,423
Printing	12,163	994	21,873	35,030	37,005
Bank and Credit Card Fees	5,741	548	16,322	22,611	25,928
Telephone	15,825	1,820	430	18,075	17,820
Postage and Shipping	1,164	746	14,972	16,882	11,426
Curriculum	15,398	7	28	15,433	3,482
Auction Expense	-	-	14,332	14,332	-
Conferences and Training	8,189	1,912	419	10,520	18,336
Donor Appreciation	-	85	9,381	9,466	191
Travel	4,822	484	1,307	6,613	12,810
Other	1,075	4,376	216	5,667	5,401
Property Taxes	3,328	-	-	3,328	6,393
Memberships	467	1,662	11	2,140	2,543
Automotive Expenses	-	-	-	-	7,130
Mission Support	-	-	-	-	23
Total Expense	1,711,366	202,566	502,057	2,415,989	2,048,790
 Estimated Value of Program Volunteers	 120,194	 11,360	 8,696	 140,250	 140,009
 Total with Estimated Value of Program Volunteers	 \$ 1,831,560	 \$ 213,926	 \$ 510,753	 \$ 2,556,239	 \$ 2,188,799