LIFE NETWORK, INC.

Financial Statements
With Independent Auditor's Report

December 31, 2025 and 2024

LIFE NETWORK, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion
We have audited the accompanying financial statements of Life Network, Inc., which comprise the statements of financial position as of December 31, 2025 and 2024, the related statements of activities, functional expenses, and cash flows 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 Life Network, Inc., as of December 31, 2025 and 2024, and the changes in its net assets and 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 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 Life Network, Inc., 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 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 the 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 Life Network, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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 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 Life Network, Inc'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 Life Network, Inc'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.

Capin Crouse LLC

Colorado Springs, Colorado
May 15, 2026

LIFE NETWORK, INC.

Statements of Financial Position

	December 31, 2025	December 31, 2024
ASSETS:		
Cash and cash equivalents	$ 1,171,488	$ 267,140
Prepaid expenses and other assets	82,061	74,015
Designated cash	895,022	2,193,409
Investments	1,443,548	959,051
Gift-in-kind inventory	416,333	296,916
Operating lease–right-of-use asset	124,458	271,890
Property and equipment–net	5,975,303	5,284,676
Total Assets	$ 10,108,213	$ 9,347,097
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other liabilities	$ 150,930	$ 362,258
Accrued expenses	255,769	198,167
Operating lease obligations	113,931	264,589
Total liabilities	520,630	825,014
Net assets:		
Without donor restrictions:		
Operating	8,662,261	6,162,462
Board designated	895,022	2,193,409
	9,557,283	8,355,871
With donor restrictions	30,300	166,212
Total net assets	9,587,583	8,522,083
Total Liabilities and Net Assets	$ 10,108,213	$ 9,347,097

See notes to financial statements

LIFE NETWORK, INC.

Statements of Activities

	Year Ended December 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Donations	$ 3,293,744	$ 718,942	$ 4,012,686	$ 2,743,570	$ 1,418,592	$ 4,162,162
Gift-in-kind contributions	1,848,310	-	1,848,310	1,069,968	-	1,069,968
Thrift store sales revenue	1,532,645	-	1,532,645	776,770	-	776,770
Special events	1,294,179	-	1,294,179	1,157,274	-	1,157,274
Interest and other income	151,508	-	151,508	122,416	-	122,416
Grants	67,500	56,076	123,576	90,150	100,000	190,150
Donated services	119,441	-	119,441	114,362	-	114,362
Total Revenue and Support	8,307,327	775,018	9,082,345	6,074,510	1,518,592	7,593,102
NET ASSETS RELEASED:						
From purpose restrictions	910,930	(910,930)	-	1,700,999	(1,700,999)	-
EXPENSES:						
Program services:						
Outreach	3,646,349	-	3,646,349	3,113,603	-	3,113,603
Thrift store	2,876,601	-	2,876,601	1,760,317	-	1,760,317
	6,522,950	-	6,522,950	4,873,920	-	4,873,920
Supporting activities:						
General and administrative	402,251	-	402,251	401,432	-	401,432
Fundraising	1,091,644	-	1,091,644	904,041	-	904,041
	1,493,895	-	1,493,895	1,305,473	-	1,305,473
Total Expenses	8,016,845	-	8,016,845	6,179,393	-	6,179,393
Change in Net Assets	1,201,412	(135,912)	1,065,500	1,596,116	(182,407)	1,413,709
Net Assets, Beginning of Year	8,355,871	166,212	8,522,083	6,759,755	348,619	7,108,374
Net Assets, End of Year	$ 9,557,283	$ 30,300	$ 9,587,583	$ 8,355,871	$ 166,212	$ 8,522,083

See notes to financial statements

LIFE NETWORK, INC.

Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services:			Supporting Activities:			
	Outreach	Thrift Store	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	Total
Salaries and benefits	$ 2,511,372	$ 713,681	$ 3,225,053	$ 270,210	$ 405,148	$ 675,358	$ 3,900,411
Cost of goods sold	70,390	1,689,159	1,759,549	-	-	-	1,759,549
Occupancy and office expense	245,824	81,933	327,757	50,837	175,366	226,203	553,960
Marking and communication	158,145	70,325	228,470	633	232,008	232,641	461,111
Facilities	131,491	218,919	350,410	23,152	23,152	46,304	396,714
Events and conferences	95,100	8,478	103,578	3,981	225,327	229,308	332,886
Professional services	184,820	2,385	187,205	24,796	1,087	25,883	213,088
Depreciation	72,057	71,980	144,037	21,450	21,450	42,900	186,937
Curriculum and program supplies	98,473	16,367	114,840	-	-	-	114,840
Travel and training	46,273	3,210	49,483	6,278	661	6,939	56,422
Gifts, meals, and hospitality	32,404	164	32,568	914	7,445	8,359	40,927
	$ 3,646,349	$ 2,876,601	$ 6,522,950	$ 402,251	$ 1,091,644	$ 1,493,895	$ 8,016,845

See notes to financial statements

LIFE NETWORK, INC.

Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services:			Supporting Activities:			
	Outreach	Thrift Store	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	Total
Salaries and benefits	$ 1,935,949	$ 460,377	$ 2,396,326	$ 282,361	$ 381,345	$ 663,706	$ 3,060,032
Cost of goods sold	87,014	912,396	999,410	-	-	-	999,410
Occupancy and office expense	268,290	129,566	397,856	65,697	120,934	186,631	584,487
Marking and communication	158,190	37,473	195,663	262	274,036	274,298	469,961
Facilities	109,518	191,655	301,173	17,684	17,684	35,368	336,541
Events and conferences	142,129	-	142,129	-	85,329	85,329	227,458
Professional services	161,143	9,396	170,539	4,210	3,158	7,368	177,907
Depreciation	68,525	-	68,525	11,421	11,421	22,842	91,367
Curriculum and program supplies	97,923	15,686	113,609	-	-	-	113,609
Travel and training	38,063	67	38,130	12,678	2,839	15,517	53,647
Gifts, meals, and hospitality	46,859	3,701	50,560	7,119	7,295	14,414	64,974
	$ 3,113,603	$ 1,760,317	$ 4,873,920	$ 401,432	$ 904,041	$ 1,305,473	$ 6,179,393

See notes to financial statements

LIFE NETWORK, INC.

Statements of Cash Flows

	Year Ended December 31, 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,065,500	$ 1,413,709
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Reinvested interest	(51,559)	(41,889)
Depreciation	186,937	91,367
Gift-in-kind contributions of inventory	(1,743,860)	(975,173)
Non-cash lease expense	(3,226)	978
Contributions restricted for long-term purposes	(542,992)	(1,404,385)
Change in operating assets and liabilities:		
Prepaid expenses and other assets	(8,046)	1,766
Gift-in-kind inventory	1,624,443	911,579
Accounts payable and other liabilities	(3,669)	6,145
Accrued expenses	57,602	57,768
Net Cash Provided by Operating Activities	581,130	61,865
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(850,000)	(400,000)
Purchases of property and equipment	(1,085,223)	(1,534,465)
Proceeds from sale of investments	417,062	-
Net Cash Used by Investing Activities	(1,518,161)	(1,934,465)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	542,992	1,404,385
Net Cash Provided by Financing Activities	542,992	1,404,385
Net Change in Cash, Cash Equivalents, and Designated Cash	(394,039)	(468,215)
Cash, Cash Equivalents, and Designated Cash, Beginning of Year	2,460,549	2,928,764
Cash, Cash Equivalents, and Designated Cash, End of Year	$ 2,066,510	$ 2,460,549
CASH, CASH EQUIVALENTS, AND DESIGNATED CASH CONSIST OF:		
Cash and cash equivalents	$ 1,171,488	$ 267,140
Designated cash	895,022	2,193,409
	$ 2,066,510	$ 2,460,549
SUPPLEMENTAL DISCLOSURE:		
Additions of property and equipment in accounts payable	$ -	$ 207,659

See notes to financial statements

LIFE NETWORK, INC.

Notes to Financial Statements

December 31, 2025 and 2024

1. NATURE OF ORGANIZATION:

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 and Education for a Lifetime. Life Network also operates two thrift stores; the Family Thrift Store, located in Colorado Springs, Colorado, and the Falcon Thrift Store, located in Peyton, Colorado.

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.

Life Network is operated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), and comparable state laws. However, Life Network is subject to federal income tax on any unrelated business taxable income. Life Network is not a private foundation under Section 509(a) of the IRC. Life Network's primary source of support and revenue is from contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Life Network maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. The significant estimates are depreciation of property and equipment, valuation of gifts-in-kind contributions and inventory, allocation of expenses on a functional basis, and valuation of lease right-of-use assets and liabilities. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH, CASH EQUIVALENTS, AND DESIGNATED CASH

Cash, cash equivalents, and designated cash contain checking accounts, savings accounts, and highly liquid investments with original maturities of less than ninety days. As of December 31, 2025 and 2024, the amount exceeding the federally insured limits was approximately $1,824,000 and $903,000, respectively. Designated cash consists of amounts set aside by the board for specific projects.

INVESTMENTS

Investments consists of two certificates of deposit. Certificates of deposit are reported at cost plus accrued interest and have original maturities of greater than ninety days. Certificates of deposit mature during the year ended December 31, 2026 and earn interest at rates from 3.25% to 4.00%.

LIFE NETWORK, INC.

Notes to Financial Statements

December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

GIFT-IN-KIND INVENTORY

Gift-in-kind inventory consists of donated merchandise, such as clothing and miscellaneous items, the majority of which is sold in the thrift store. It also consists of items donated for the baby boutique, which are then donated to mothers in need. All such inventory is recorded at its estimated fair value at the date of the donation and reported at its carrying amount thereafter.

OPERATING LEASE–RIGHT OF USE ASSETS AND OBLIGATIONS

Life Network recognizes the assets and liabilities that arise from leases in the statements of financial position. Life Network separates lease and non-lease components and excludes leases with terms less than 12 months. The additional lease disclosures can be found in Note 5.

PROPERTY AND EQUIPMENT–NET

Property and equipment is recorded at cost. Donated items are recorded at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives (currently three to forty years) of the related assets. Life Network capitalizes fixed asset purchases exceeding $2,500, with lesser amounts, including repairs, expensed in the year purchased. Land is not depreciated.

CLASSES OF NET ASSETS

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

Net assets without donor restrictions are those currently available at the discretion of management for use in Life Network's operations and those resources designated by the board for specific purposes or projects. Board designated funds consisted of:

	December 31,	
	2025	2024
Building fund	$ 623,042	$ 1,921,429
Contingency fund	271,980	271,980
	$ 895,022	$ 2,193,409

Net assets with donor restrictions are restricted by donors for specific operating purposes or until time restrictions have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE

Donations are recorded when made, which may be when cash or other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, 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 statements of activities as net assets released from restrictions. Life Network reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Life Network reports expirations of donor restrictions when the donated long-lived assets are placed in service. Special events consist of donations related to two special events; the Walk and the Gala. Contributions related to these events are recorded when made.

Gift-in-kind contributions consist of donated merchandise, such as clothing, and baby and miscellaneous items, which is sold in the thrift store and used in the ministry. All contributions are recorded at the estimated fair value at the date of the donation and reported at the carrying amount thereafter. The actual sale price or the wholesale values for similar products in the United States are used to determine, measure, and record fair value of these contributions. No donor imposed restrictions were associated with these contributed assets. See Note 8 for the major categories of gift-in-kind contributions.

Thrift store sales consist of product sales and are recognized when the products are sold, net of returns and discounts. The majority of these sales represent sales of the items that were donated and recognized as gift-in-kind contributions. While the contributions and sales are related to the same product, this is in accordance with accounting principles generally accepted and would have to be purchased by Life Network if they were not donated.

Grant income is recorded when received or unconditionally promised. Conditional grants are recorded when conditions are met.

Donated services consist of donated labor provided to Life Network by individuals possessing specialized skills, which would need to be purchased if not contributed, and is recorded at fair value. These services consist of volunteer nurses and doctors who donate their time and expertise to provide medical care to clients of Life Network. These services are recorded at rates ranging between $50-$150 per hour and recognized when the service is provided. Donated services also consist of facility improvements that were made during the year. These facility improvements are valued based on the actual rates the vendor would normally charge. Only professional services are recorded at their estimated fair market values. See Note 8 for the major categories of donated services. For all other donated services, Life Network does not record contribution revenue as these services do not meet the criteria to be recorded under accounting standards. However, of the total 580 volunteers across all programs of Life Network, there were approximately 35,000 volunteer hours that didn't meet the definition of contributed services for recording purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued
Interest and other income mainly consists of interest earned on cash and investments and conference and event income, which is recorded when the event or conference occurs, upon satisfaction of the performance obligation. There are no accounts receivable or performance contract liabilities related to this income.

Expenses, including advertising, are reported when costs are incurred in accordance with the accrual basis of accounting. Advertising expenses totaled $236,250 and $153,088 during the years ended December 31, 2025 and 2024, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES
The statements of activities and functional expenses report certain categories of expenses that are attributable to program or support activities of Life Network. These expenses include facility costs and depreciation and amortization, which are allocated based on square footage occupancy. Salaries and benefits are allocated based on time and effort, and costs of other categories are allocated based on the purpose of the expense.

LIFE NETWORK, INC.

Notes to Financial Statements

December 31, 2025 and 2024

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Life Network's financial assets reduced by amounts not available for general use because of contractual, donor-imposed restrictions, or board designations within one year of the statements of financial position date:

	December 31,	
	2025	2024
Financial Assets:		
Cash and cash equivalents	$ 1,171,488	$ 267,140
Designated cash	895,022	2,193,409
Investments	1,443,548	959,051
Less those unavailable for general expenditures within one year due to:		
Board designated for specific purposes	(895,022)	(2,193,409)
	$ 2,615,036	$ 1,226,191

Life Network has approximately $30,000 and $166,000 of donor-restricted net assets that are available for general expenditures within one year of December 31, 2025 and 2024, respectively, as the restrictions are expected to be met by conducting the normal activities of Life Network in the coming year. Life Network structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Life Network's goal is to maintain financial assets to meet 90 days of operating expenses. Management monitors cash flows closely through board meetings and detailed financial analysis.

4. GIFT-IN-KIND INVENTORY:

Gift-in-kind inventory included in the financial statements consists of:

	December 31,	
	2025	2024
Clothing	$ 163,544	$ 144,269
Baby blankets, clothing, toys, and books	65,201	62,930
Baby formula, diapers, and wipes	22,951	21,653
Books, media, and games	45,338	25,709
Shoes and accessories	56,543	21,347
Furniture and hardware	42,074	16,597
Linens and other	10,208	4,411
	$ 405,859	$ 296,916

5. OPERATING LEASE–RIGHT-OF-USE ASSETS AND OBLIGATIONS:

Life Network leases retail space under a noncancelable operating lease expiring in 2026. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term as of the adoption date. Monthly payments under this lease as of December 31, 2025 total $13,050 with an annual 3% increase in payment amounts and a discount rate of 1.37%.

	December 31, 2025	December 31, 2024
Operating lease right-of-use assets	$ 124,458	$ 271,890
Operating lease liabilities	$ 113,931	$ 264,589
Operating lease costs	$ 150,328	$ 150,328
Cash paid for operating leases	$ 153,554	$ 149,350
Weighted-average discount rate	1.37%	1.37%
Weighted-average remaining lease term	0.81 years	1.81 years

Future minimum lease payments required under the operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Year Ending December 31,	
2026	$ 117,455
Less imputed interest	(3,524)
	$ 113,931

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, consists of:

	December 31, 2025	December 31, 2024
Land	$ 968,535	$ 333,349
Buildings and improvements	5,934,689	2,845,902
Furniture and equipment	220,110	211,558
	7,123,334	3,390,809
Less accumulated depreciation	(1,148,031)	(961,337)
	5,975,303	2,429,472
Plus construction in progress	-	2,855,204
	$ 5,975,303	$ 5,284,676

As of December 31, 2024, construction in progress consists of costs incurred for the Eastside thrift store and associated administrative offices not yet placed in service.

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions as of December 31, 2025 and 2024 consisted of $0 and $150,748 for the Eastside campus renovations and $30,300 and $15,464 for the pregnancy centers, respectively.

8. GIFT-IN-KIND CONTRIBUTIONS AND DONATED SERVICES:
Major categories of gift-in-kind contributions consist of:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Clothing	$ 928,570	$ 557,944
Books, media, and games	301,255	147,837
Shoes and accessories	265,914	122,326
Furniture and hardware	190,682	87,322
Linens and other	76,403	66,708
Baby blankets, clothing, toys, and books	58,518	79,473
Baby formula, diapers, and wipes	26,968	8,358
	$ 1,848,310	$ 1,069,968

Donated services consist of:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Medical services	$ 103,785	$ 99,916
Other professional services	15,656	14,446
	$ 119,441	$ 114,362

9. RETIREMENT PLAN:
Life Network offers employees a SIMPLE IRA plan, and has elected to contribute matching contributions of up to 3% of their qualifying employee compensation for the years ended December 31, 2025 and 2024. Employer contributions are immediately vested upon contribution. The employer match for the years ended December 31, 2025 and 2024 was $41,109 and $26,855 respectively.

10. JOINT COSTS:

Accounting standards require all costs which contain any fundraising appeal to be allocated to fundraising unless all of the following three tests are met: purpose, audience, and content. Life Network incurs costs for their Gala and Walk events that include fundraising functions. These costs are referred to as joint costs and are allocated to program services and fundraising. Joint cost allocations are:

	Year Ending December 31,	
	2025	2024
Program services	$ 125,151	$ 134,159
Fundraising	111,344	113,685
	$ 236,495	$ 247,844

11. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 15, 2026, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.