

FIRST CARE FAMILY RESOURCES, INC.
REPORT ON AUDITS OF FINANCIAL STATEMENTS
FOR THE PERIOD OCTOBER 1, 2016 THROUGH
DECEMBER 31, 2017 AND THE YEAR ENDED SEPTEMBER 30, 2016

FIRST CARE FAMILY RESOURCES, INC.

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Report of Independent Auditors

To the Board of Directors
First Care Family Resources, Inc.

We have audited the accompanying financial statements of First Care Family Resources, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2017 and September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the period October 1, 2016 through December 31, 2017 and the year ended September 30, 2016, 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 audits. We conducted our audits 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 First Care Family Resources, Inc. as of December 31, 2017 and September 30, 2016 and the changes in its net assets and its cash flows for the period October 1, 2016 through December 31, 2017 and the year ended September 30, 2016 in accordance with accounting principles generally accepted in the United States of America.

Templeton & Company, LLP

West Palm Beach, Florida
May 25, 2018

FIRST CARE FAMILY RESOURCES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and September 30, 2016

	December 31, 2017	September 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 504,035	\$ 177,630
Unconditional promises to give	187,500	131,400
Pregnancy clinic supplies	23,307	14,928
Prepaid expenses	15,101	40,750
Total current assets	729,943	364,708
Property and equipment, net	135,338	90,350
Deposits and other assets	8,687	9,228
Total assets	\$ 873,968	\$ 464,286
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 24,243	\$ 19,505
Accrued vacation and other liabilities	33,045	22,517
Deferred revenue	2,625	23,610
Total current liabilities	59,913	65,632
Net assets:		
Unrestricted	812,635	312,132
Temporarily restricted	1,420	86,522
Total net assets	814,055	398,654
Total liabilities and net assets	\$ 873,968	\$ 464,286

See accompanying notes to financial statements.

FIRST CARE FAMILY RESOURCES, INC.
STATEMENTS OF ACTIVITIES
For the Period October 1, 2016 through December 31, 2017 and
the Year Ended September 30, 2016

	For the Period October 1, 2016 through December 31, 2017			For the Year Ended September 30, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions and gifts	\$ 1,102,520	\$ 29,364	\$ 1,131,884	\$ 784,411	\$ 87,037	\$ 871,448
Fees	4,681	-	4,681	9,355	-	9,355
Special events	1,194,128	-	1,194,128	631,381	-	631,381
Interest and other income, net	3,094	-	3,094	491	-	491
Gifts in kind	118,386	-	118,386	123,678	-	123,678
Net assets released from restrictions	114,466	(114,466)	-	21,146	(21,146)	-
Total support and revenue	<u>2,537,275</u>	<u>(85,102)</u>	<u>2,452,173</u>	<u>1,570,462</u>	<u>65,891</u>	<u>1,636,353</u>
Expenses:						
Program services	1,368,455	-	1,368,455	975,809	-	975,809
Management and general	152,874	-	152,874	88,747	-	88,747
Fund raising expenses	515,443	-	515,443	448,868	-	448,868
Total expenses	<u>2,036,772</u>	<u>-</u>	<u>2,036,772</u>	<u>1,513,424</u>	<u>-</u>	<u>1,513,424</u>
Increase (decrease) in net assets	500,503	(85,102)	415,401	57,038	65,891	122,929
Net assets at beginning of year	312,132	86,522	398,654	255,094	20,631	275,725
Net assets at end of year	<u>\$ 812,635</u>	<u>\$ 1,420</u>	<u>\$ 814,055</u>	<u>\$ 312,132</u>	<u>\$ 86,522</u>	<u>\$ 398,654</u>

See accompanying notes to financial statements.

FIRST CARE FAMILY RESOURCES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Period October 1, 2016 through December 31, 2017

	Programs Services	Management and General	Fund Raising	Total 2017
Salaries and wages	\$ 769,738	\$ 83,089	\$ 183,790	\$ 1,036,617
Payroll taxes	55,698	5,860	13,862	75,420
Health insurance	47,782	2,703	6,404	56,889
Retirement benefits	11,946	1,647	3,733	17,326
Workers compensation	3,266	339	842	4,447
Total salaries and related expenses	888,430	93,638	208,631	1,190,699
Advertising and promotion	28,552	-	8,998	37,550
Building rent	186,685	7,999	21,590	216,274
Client counseling and medical	65,504	-	-	65,504
Computer and website expense	10,355	4,018	8,382	22,755
Conferences and meetings	3,823	1,113	180	5,116
Insurance	15,329	3,516	955	19,800
Legal and accounting	-	12,163	-	12,163
Office expense	13,208	7,355	15,872	36,435
Other	7,479	3,872	2,953	14,304
Postage and delivery	245	1,588	18,441	20,274
Printing	14,692	4,255	29,165	48,112
Repairs	31,861	939	2,870	35,670
Special events expenses	247	-	183,821	184,068
Staff and volunteer training	8,426	6,262	238	14,926
Telephone	23,296	2,002	4,669	29,967
Travel	16,597	1,650	5,180	23,427
Utilities	23,412	703	1,677	25,792
Total expenses before depreciation	1,338,141	151,073	513,622	2,002,836
Depreciation	30,314	1,801	1,821	33,936
Total expenses	\$ 1,368,455	\$ 152,874	\$ 515,443	\$ 2,036,772

See accompanying notes to financial statements.

FIRST CARE FAMILY RESOURCES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2016

	Programs Services	Management and General	Fund Raising	Total 2016
Salaries and wages	\$ 569,966	\$ 48,060	\$ 174,346	\$ 792,372
Payroll taxes	42,394	3,609	13,079	59,082
Health insurance	53,603	3,231	4,640	61,474
Retirement benefits	11,314	1,010	4,337	16,661
Workers compensation	1,748	153	550	2,451
Total salaries and related expenses	679,025	56,063	196,952	932,040
Advertising and promotion	18,383	360	846	19,589
Building rent	111,699	2,466	19,086	133,251
Client counseling and medical	40,820	-	-	40,820
Computer and website expense	4,312	2,188	6,911	13,411
Conferences and meetings	201	804	5,628	6,633
Insurance	11,849	2,674	760	15,283
Legal and accounting	-	7,950	-	7,950
Office expense	10,879	3,548	10,899	25,326
Other	4,083	4,792	8,634	17,509
Postage and delivery	85	511	23,033	23,629
Printing	12,086	1,646	28,550	42,282
Repairs	17,476	512	3,820	21,808
Special events expenses	1,962	-	129,417	131,379
Staff and volunteer training	6,374	2,629	1,272	10,275
Telephone	13,839	630	5,428	19,897
Travel	15,138	319	4,544	20,001
Utilities	13,835	214	1,631	15,680
Total expenses before depreciation	962,046	87,306	447,411	1,496,763
Depreciation	13,763	1,441	1,457	16,661
Total expenses	\$ 975,809	\$ 88,747	\$ 448,868	\$ 1,513,424

See accompanying notes to financial statements.

FIRST CARE FAMILY RESOURCES, INC.
STATEMENTS OF CASH FLOWS
For the Period October 1, 2016 through December 31, 2017 and
the Year Ended September 30, 2016

	2017	2016
Cash flows from operating activities:		
Increase in net assets	\$ 415,401	\$ 122,929
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	33,936	16,661
Contribution of marketable securities	(26,926)	(10,142)
Realized gain from sale of marketable securities	(662)	(67)
Gifts-in-kind	(118,386)	(123,678)
In-kind expenses	104,886	70,178
Changes in operating assets and liabilities:		
Unconditional promises to give	(109,600)	(52,900)
Pregnancy clinic supplies	(8,379)	1,497
Prepaid expenses	25,649	(15,620)
Deposits and other assets	541	(2,287)
Accounts payable	4,738	7,335
Accrued vacation and other liabilities	10,528	624
Deferred revenue	(20,985)	13,590
Net cash provided by operating activities	310,741	28,120
Cash flows from investing activities:		
Proceeds from sales of marketable securities	27,588	10,209
Purchases of property and equipment	(11,924)	(8,690)
Net cash provided by investing activities	15,664	1,519
Net increase in cash and cash equivalents	326,405	29,639
Cash and cash equivalents, beginning of year	177,630	147,991
Cash and cash equivalents, end of year	\$ 504,035	\$ 177,630

See accompanying notes to financial statements.

FIRST CARE FAMILY RESOURCES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Organization

First Care Family Resources, Inc. (First Care) is a faith and community-based educational and health and welfare organization serving Palm Beach County, Florida. Its principal mission is to offer counseling and other assistance to women through the operation of pregnancy medical clinics.

First Care's mission is carried out by the operation of four women's health clinics under the brand name of 'First Care Women's Clinic'. Client services include programs designed to assist women in confronting and dealing with the physical, emotional, economic and social issues associated with pregnancy by offering counseling, pregnancy tests, sonograms, STI testing and treatment, infant and maternity clothing, baby food, infant formula and other goods and services to women in need.

First Care is managed by a full-time professional staff under the oversight and direction of a volunteer Board of Directors (the Board or Board of Directors). It vigorously enforces its policy to provide services to those in need regardless of the client's ability to pay. Accordingly, First Care is significantly dependent upon gifts and charitable contributions to assist in subsidizing nonrevenue-producing services.

Note 2 – Summary of Significant Accounting Policies

Fiscal year change

First Care changed its fiscal year end from September 30 to December 31 to better capture all of the activity related to the Organization's significant special events in the fourth quarter of the calendar year. Accordingly, the current financial statements are prepared for a fifteen month period from October 1, 2016 through December 31, 2017 and as a result, the comparative figures stated in the statements of activities and cash flows and the related notes are not comparable. A normal operating cycle is considered a twelve month period of time.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Net assets and revenues, expenses, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, the net assets of First Care and changes therein are classified as follows:

Unrestricted net assets are either not restricted by donors or the donor-imposed restrictions have expired.

Temporarily restricted net assets contain donor-imposed restrictions that may or will be met either by actions of First Care and, or, by the passage of time.

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit First Care to use or expend all of the income derived from the donated assets for unrestricted purposes. First Care did not have any permanently restricted net assets as of December 31, 2017 or September 30, 2016.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Summary of Significant Accounting Policies, Continued

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain 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. The use of estimates include, but are not limited to, amounts earned in the reporting period under grant contracts, the estimated value of in-kind services, the allocation of expenses among program and support categories, and the useful lives of depreciable assets. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of non-interest bearing demand deposit accounts and interest-bearing money market accounts. Cash equivalents are short-term investments with a maturity date of three months or less from the date of purchase. The concentration of credit risk associated with cash and cash equivalents is considered low due to the credit quality of the financial institutions and the immediate availability of these financial instruments.

Pregnancy clinic supplies

Infant and maternity clothing, diapers, baby beds and bedding accessories, strollers, nonperishable food and other items on hand at year-end are valued at cost for items purchased and at estimated fair value for donated goods. Inventory items are not resalable. Items are held for distribution to needy persons and their families.

Property and equipment

Property and equipment is stated at cost, if purchased, or, if acquired by contribution, at estimated fair value on the date of contribution. Depreciation is provided for using the straight-line method over the five to ten year estimated useful lives of the assets. Office, computers and medical equipment are generally assigned an estimated useful life of 5-years; office furniture is assigned a useful life of 7-years; and leasehold improvements are generally amortized over a 10-year period. Expenditures for furniture and equipment costing \$1,000 or more are capitalized; lesser amounts are expensed.

Fair value of financial instruments

The carrying values of cash and cash equivalents, unconditional promises to give, accounts payable, and accrued vacation and other liabilities are reflected in the financial statements at fair value because, in management's opinion, the short maturity of these financial instruments is equal to the price that would be received to sell the assets or paid to transfer the liabilities in an orderly transaction between market participants at the measurement date.

Board designated net assets

During the fifteen months ended December 31, 2017, the Board of Directors established an operating reserve with the objective of setting aside funds to be drawn upon in the event of financial distress or an immediate liquidity need. The operating reserve balance totaled \$45,000 at December 31, 2017. The funds may be released from designation by majority vote of the Board of Directors' Finance Committee with notification to the entire Board. In addition, the Board has designated \$57,000 in unrestricted donor contributions through December 31, 2017 to be used to fund the 2020 Vision program for expansion of future services.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Summary of Significant Accounting Policies, Continued

Reclassifications

Certain amounts in the 2016 financial statements were reclassified to conform to the presentation in the 2017 financial statements.

Revenue recognition

Financial support is provided by private sector grants, public donations and gifts. Private grants and public contributions are recognized when received or when a donor or grantor makes an unconditional promise to give. Donor pledges are considered an intent to give rather than an unconditional promise to give. Accordingly, pledges are not recognized as support at the time of the pledge. Donations that contain donor stipulations that limit the use of an asset for specific purposes or designates the support for future periods, are reported as an increase in temporary or permanently restricted net assets depending upon the nature of the restriction. When a donor restriction expires, that is, when a stipulation time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported in the statements of activities as net assets released from restrictions. Donor contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of long-lived assets (e.g., property and equipment) or contributions that the donor requires to be used to acquire long-lived assets are reported as temporarily restricted. First Care reflects the expiration of the donor-imposed restriction when long-lived assets have been placed in service, at which time temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributed services and goods

Donated services that create or enhance a non-financial asset or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded as in-kind service income and in-kind expense at their respective fair value in the period received. Services donated by volunteers that do not meet those criteria are not recorded as in-kind services. Donated goods and supplies are recorded at their fair value when received.

Functional classification of expenses

In the accompanying statements of activities, expenses have been reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the organization exists. Supporting activities are all activities of an organization other than program services and are included in the financial statements as management and general expenses and fundraising expenses.

Expenses are recorded in the period in which the obligation is incurred. Expenses are charged directly to program services or support activities based on specific identification, when possible. Indirect expenses are allocated among the programs and support categories based on the level of benefit received as measured by personnel time and facility usage associated with the activity or function.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Summary of Significant Accounting Policies, Continued

Functional classification of expenses, continued

First Care compensates its employees for designated holidays, vacation and sick time. The obligation for unpaid compensation due to such absences is accrued at the end of each fiscal reporting period.

Income taxes

First Care is a tax-exempt, not-for-profit corporation under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Internal Revenue Service notified First Care by a letter dated April 12, 1984, that its governing documents and plan of operations were designed in accordance with section 501(c)(3) of the Internal Revenue Code (the Code).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by First Care and recognize a tax liability if First Care has taken an uncertain position that more than likely would not be substantiated upon examination by the tax authorities. Management monitors the on-going financial and functional activities undertaken by the organization for compliance with its exempt status requirements and has concluded that for the tax reporting period ended December 31, 2017, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. First Care is no longer subject to income tax examinations for years prior to 2014.

Note 3 – Property and Equipment

Property and equipment consists of the following at December 31, 2017 and September 30, 2016:

	2017	2016
Leasehold improvements	\$ 131,812	\$ 126,738
Office and computer equipment	41,903	39,801
Medical equipment	194,096	127,096
Office furniture	14,787	10,037
	382,598	303,672
Accumulated depreciation	(247,260)	(213,322)
	\$ 135,338	\$ 90,350

Note 4 – Unconditional Promises to Give

Unconditional promises to give in the amount of \$187,500 as of December 31, 2017 and \$131,400 as of September 30, 2016, respectively, are due within one year and are presented at the estimated fair value of the underlying promises.

Note 5 – Retirement Plan

First Care maintains a SIMPLE IRA plan under Code Section 408(p). Under the plan, employees are able to contribute up to the maximum allowed by the Internal Revenue Service. First Care made matching contributions of \$17,327 and \$16,661 for the period ended October 1, 2016 through December 31, 2017 and year ended September 30, 2016, respectively.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 6 – In-Kind Contributions

First Care receives the majority of baby and maternity supplies from individuals and churches, which are recorded as in-kind support at estimated fair value. In accordance with the accounting policies set forth in Note 2, the estimated fair value of the donated services rendered by nurses and other medical professionals and the rental value of donated facilities are recorded as in-kind support and expense in the accompanying statements of activities. Furthermore, the receipt of donated equipment or the purchase of equipment at a price significantly below its current value is also recorded as in-kind support.

In-kind support for the period from October 1, 2016 through December 31, 2017 and year ended September 30, 2016 consisted of:

	2017	2016
Baby and maternity supplies	\$ 30,163	\$ 11,955
Ultrasound equipment	13,500	53,500
Pregnancy clinic facilities	63,000	50,400
Sonogram equipment and supplies	641	647
Volunteer professional nurses	11,082	7,176
	\$ 118,386	\$ 123,678

Volunteer time that did not meet the criteria for recognition in the accompanying financial statements totaled 5,927 hours for the period from October 1, 2016 through December 31, 2017 having an estimated fair value of \$133,403, and 4,020 hours for the year ended September 30, 2016 with an estimated fair value of \$87,677.

Note 7 – Lease Commitments

First Care operates its administrative offices and its pregnancy clinics in leased facilities and leases certain office equipment under operating lease arrangements. Some real estate leases are at rates below the standard lease rate for similar facilities and in-kind support and expenses are recognized for the difference between the actual lease rate and the comparable estimated fair rental value of the property. For the period October 1, 2016 through December 31, 2017, facility lease expense totaled \$216,274 of which \$63,000 is represented by in-kind contributions and, for the year ended September 30, 2016, facility lease expense totaled \$133,251 of which \$50,400 was from in-kind contributions.

Future annual lease payments for the administrative office, clinics, and office equipment for the remaining terms of the leases in effect at December 31, 2017 are as follows:

Year Ending December 31,	Office/Clinics	Equipment	Total
2018	\$ 129,025	\$ 12,984	\$ 142,009
2019	48,647	12,382	61,029
2020	-	11,952	11,952
2021	-	7,968	7,968
	\$ 177,672	\$ 45,286	\$ 222,958

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following for the period October 1, 2016 through December 31, 2017:

	October 1, 2016	Contributions	Released	December 31, 2017
Baby closets	\$ 414	\$ 874	\$ (1,288)	\$ -
Belle Glade clinic	1,251	2,250	(2,501)	1,000
Boca Raton RV/clinic	81,937	26,240	(108,177)	-
Natural childbirth education	420	-	-	420
Lake Worth clinic	2,500	-	(2,500)	-
	<u>\$ 86,522</u>	<u>\$ 29,364</u>	<u>\$ (114,466)</u>	<u>\$ 1,420</u>

Temporarily restricted net assets consist of the following for the year ended September 30, 2016:

	October 1, 2015	Contributions	Released	September 30, 2016
Baby closets	\$ 1,884	\$ 702	\$ (2,172)	\$ 414
Belle Glade clinic	-	3,450	(2,199)	1,251
Boca Raton RV/clinic	14,795	82,885	(15,743)	81,937
LEAPP	871	-	(871)	-
Natural childbirth education	420	-	-	420
Lake Worth clinic	2,661	-	(161)	2,500
	<u>\$ 20,631</u>	<u>\$ 87,037</u>	<u>\$ (21,146)</u>	<u>\$ 86,522</u>

Note 9 – Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

As of December 31, 2017, 100% of unconditional promises to give are due from one related party donor and management believes the unconditional promise to give to be fully collectible. At September 30, 2016, approximately 64% of unconditional promises to give were due from two donors and were fully collected during the subsequent period.

Note 10 – Subsequent Events

Management evaluated subsequent events from December 31, 2017 through May 25, 2018, the date on which the financial statements were available to be issued, for material events that require recognition or disclosure in these financial statements.