

FIRST CARE FAMILY RESOURCES, INC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018**

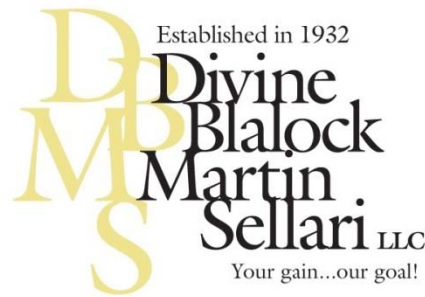
**FIRST CARE FAMILY RESOURCES, INC.,
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report.....	1
Statement of Financial Position	3
Statement of Activities.....	4
Statement of functional expenses.....	5
Statement of Cash Flows	6
Notes to the Financial Statements.....	7-11

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
First Care Family Resources, Inc.
West Palm Beach, Florida

We have audited the accompanying financial statements of First Care Family Resources, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and cash flows 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 First Care Family Resources, Inc. as of December 31, 2018, 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.

Divine, Blalock, Martin & Sellari, LLC

DIVINE, BLALOCK, MARTIN & SELLARI, LLC
West Palm Beach, Florida
June 5, 2019

FIRST CARE FAMILY RESOURCES, INC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Current assets		
Cash and cash equivalents	\$	1,337,400
Unconditional promises to give		198,172
Pregnancy clinic supplies		14,460
Prepaid expenses		<u>31,002</u>
Total current assets		1,581,034
Property and equipment, net		115,128
Deposits and other assets		<u>21,731</u>
Total other assets		<u>136,859</u>
TOTAL ASSETS	\$	<u><u>1,717,893</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$	34,575
Accrued vacation and other liabilities		42,965
Deferred revenue		<u>9,550</u>
Total current liabilities		<u>87,089</u>
Net assets		
Without donor restrictions		1,577,633
With donor restrictions		<u>53,170</u>
Total net assets		<u>1,630,803</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>1,717,893</u></u>

The accompanying notes are an integral part of these financial statements.

FIRST CARE FAMILY RESOURCES, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and gifts	\$ 1,815,983	\$ 57,320	\$ 1,873,303
Fees	7,336	-	7,336
Special events	701,148	-	701,148
Interest and other income, net	4,951	-	4,951
Gifts in kind	90,028	-	90,028
Net assets released from restrictions	5,570	(5,570)	-
Total support and revenue	2,625,016	51,750	2,676,766
Expenses :			
Program services	1,347,812	-	1,347,812
Management and general	131,602	-	131,602
Fund raising expenses	380,604	-	380,604
Total expenses	1,860,018	-	1,860,018
Change in net assets	764,998	51,750	816,748
Beginning net assets	812,635	1,420	814,055
Ending net assets	\$ 1,577,633	\$ 53,170	\$ 1,630,803

The accompanying notes are an integral part of these financial statements.

FIRST CARE FAMILY RESOURCES, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Programs Services	Management and General	Fund Raising	Total
Salaries and wages	\$ 724,513	\$ 58,268	\$ 143,464	\$ 926,245
Payroll taxes	52,833	4,320	10,417	67,570
Health insurance	39,172	1,905	6,137	47,214
Retirement benefits	11,225	1,571	3,014	15,810
Workers compensation	4,020	413	733	5,166
	<u>831,763</u>	<u>66,477</u>	<u>163,765</u>	<u>1,062,005</u>
Advertising	77,019	-	1,971	78,990
Building rent	177,699	12,798	9,836	200,333
Client counseling and medical	52,783	-	-	52,783
Computer and website expense	7,798	3,372	4,480	15,650
Conferences and meetings	5,461	3,912	25	9,398
Insurance	11,567	3,785	-	15,352
Legal and accounting	-	11,842	-	11,842
Office expense	15,757	7,424	11,206	34,387
Other	25,540	3,622	4,098	33,260
Postage and delivery	310	535	17,001	17,846
Printing & publications	11,815	2,563	25,888	40,266
Relocation & maintenance	42,876	1,611	962	45,449
Special events expenses	-	-	122,423	122,423
Staff and volunteer training	10,510	7,379	11,752	29,641
Telephone	20,383	1,787	1,600	23,770
Travel	13,887	1,501	3,714	19,102
Utilities	16,770	1,111	793	18,674
	<u>1,321,938</u>	<u>129,719</u>	<u>379,514</u>	<u>1,831,171</u>
Total expenses before depreciation				
Depreciation	25,874	1,883	1,090	28,847
Total expenses	<u>\$ 1,347,812</u>	<u>\$ 131,602</u>	<u>\$ 380,604</u>	<u>\$ 1,860,018</u>

The accompanying notes are an integral part of these financial statements.

FIRST CARE FAMILY RESOURCES, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities:		
Increase in net assets	\$	816,748
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		28,847
Loss on disposal of property and equipment		20,505
Changes in operating assets & liabilities:		
Unconditional promise to give		(10,672)
Pregnancy clinic supplies		8,847
Prepaid expenses		(15,901)
Deposits and other assets		(13,044)
Accounts payable		10,332
Accrued vacation and other liabilities		9,920
Deferred revenue		6,925
		<hr/>
Net cash provided by operating activities		862,507
		<hr/>
Cash flows from investing activities:		
Purchase of property and equipment		(29,142)
		<hr/>
Net cash used in investing activities		(29,142)
		<hr/>
Increase in cash and cash equivalents		833,365
Cash and cash equivalents, beginning of year		504,035
		<hr/>
Cash and cash equivalents, end of year	\$	<u>1,337,400</u>

The accompanying notes are an integral part of these financial statements.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

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.

Basis of accounting

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

Basis of presentation

First Care records unconditional promises to give (pledges) as contributions at fair value at the date the promises are received or made and distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, expenses, gains and losses are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, net assets of the First Care and changes therein are classified as follows:

Net assets without donor restrictions – Net assets either not restricted by donors or the donor-imposed restrictions have expired.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time and net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - 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 includes, 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 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 promise 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

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 immediate liquidity need. The operating reserve balance totaled \$140,000 at December 31, 2018. The funds may be released from designation by majority vote of the Board of Directors' Finance Committee with notification to the entire Board.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 net assets with donor restrictions and net assets without donor restrictions 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; net assets with donor restrictions 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 net assets with donor restrictions. First Care reflects the expiration of the donor-imposed restriction when long-lived assets have been placed in service, at which time 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.

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 organizations 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 charges 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.

Compensated Absences

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.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

First Care is a tax-exempt, not-for-profit corporation under Internal Revenue Code (IRC) 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 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, 2018, 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.

New Accounting Pronouncement:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (Note I)

NOTE B – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give in the amount of \$198,172 as of December 31, 2018 are due within one year and are presented as the estimated fair value of the underlying promise.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2018:

Leasehold improvements	\$ 52,252
Office and computer equipment	37,890
Medical equipment	194,096
Office furniture	14,581
	<u>298,819</u>
Accumulated depreciation	<u>(183,691)</u>
	<u><u>\$ 115,128</u></u>

NOTE D – 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 \$15,810 for the year ended December 31, 2018.

NOTE E – 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 year ended December 31, 2018 consisted of:

Baby and maternity supplies	\$ 30,234
Pregnancy clinic facilities	48,000
Sonogram equipment and supplies	1,125
Volunteer professional nurses	10,669
	<u>90,028</u>
	<u><u>\$ 90,028</u></u>

Volunteer time that did not meet the criteria for recognition in the accompanying financial statements totaled 4,901 hours for the year ended December 31, 2018 having an estimated fair value of \$120,997.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE F – 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 year ended December 31, 2018, facility lease expense totaled \$200,333 of which \$48,000 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, 2018 are as follows:

<u>Year Ending December 31,</u>	<u>Office/Clinics</u>	<u>Equipment</u>	<u>Total</u>
2019	\$ 128,989	\$ 17,400	\$ 146,389
2020	92,298	14,940	107,238
2021	79,798	-	79,798
2022	36,232	-	36,232
	<u>\$ 337,317</u>	<u>\$ 32,340</u>	<u>\$ 369,657</u>

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

	<u>December 31,</u> <u>2017</u>	<u>Contributions</u>	<u>Released</u>	<u>December 31,</u> <u>2018</u>
Baby closets	\$ -	\$ 345	\$ (202)	\$ 143
Belle Glade clinic	1,000	-	(1,000)	-
Boca Raton RV/clinic	-	3,300	-	3,300
Natural childbirth education	420	-	-	420
Johanna Jurado Memorial Fund	-	53,675	(4,368)	49,307
	<u>\$ 1,420</u>	<u>\$ 57,320</u>	<u>\$ (5,570)</u>	<u>\$ 53,170</u>

NOTE H – CONCENTRATIONS OF CREDIT RISK

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

As of December 31, 2018, 95% of unconditional promises to give are due from one related party donor and management believes the unconditional promise to give to be fully collectible.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE I - LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general expenditures within one year of the statement of financial position date.

Financial assets:	
Cash and cash equivalents	\$ 1,337,400
Unconditional promises to give	<u>198,172</u>
Total Financial assets, at year-end	\$ 1,535,572
Less those unavailable for general expenditures within one year due to:	
Donor restricted	(53,170)
Board designated reserves for future liquidity needs	<u>(140,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,342,402</u></u>

NOTE J – SUBSEQUENT EVENTS

In the normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position date, December 31, 2018, for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through June 5, 2019, which is the date the financial statements were available to be issued.