

FIRST CARE FAMILY RESOURCES, INC.

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

FIRST CARE FAMILY RESOURCES, INC.
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GARY B. SELLARI, CPA*/PFS, MSM
SCOTT A. STEIN, CPA***
SUZI J. RAPP, CPA*, MAC
B. CHARLES SELLARI, CPA*, MTAX
TOM KEYS, CPA*, CGMA

J. RONALD ANDERSON, CPA**
VICTORIA BOLSKAR, CPA****, LTD
DUSTAN J. BROWN, CPA*****
MARY L. CONTESSA, CPA*, CVA, PA
STEVE A. GOINDOO, CPA***/PFS, MTAX, CFP®
SHARON HOWARD, CPA, CMA, MST*****
CANDACE ANTEZANA KLOTZBIER, CPA*
CHRISTINE M. MCKENNA, CPA*
JAMIE M. RUSSO, CPA*
JANET SCALZITTI, CPA*****
APRIL M. SINNOTT, CPA*
ARTHUR J. SINNOTT, CPA***

BARBARA AHEARN-DUNN, EA
KELLY BEACH, EA
JACQUELINE CARTIER, EA
ANTHONY J. SELLARI, EA



Divine
Blalock
Martin
Sellari
LLC
Est. in 1932

Certified Public Accountants and Consultants
580 Village Boulevard, Suite 110
West Palm Beach, FL 33409
Phone: (561) 686-1110 Fax: (561) 686-1330
info@dbmscpa.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
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JAMES A. BLALOCK, CPA (1914-1996)
G. MICHAEL MARTIN, CPA (1945-2014)

*REGULATED BY THE STATE OF FL
**REGULATED BY THE STATE OF FL AND
THE STATE OF TN
***REGULATED BY THE STATE OF FL
AND THE STATE OF NY
****REGULATED BY THE STATE OF WI
*****REGULATED BY THE STATE OF FL
AND THE STATE OF NJ
*****REGULATED BY THE STATE OF NJ
*****REGULATED BY THE STATE OF NY
*****REGULATED BY THE STATE OF FL
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of First Care Family Resources, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities 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 First Care Family Resources, Inc as of December 31, 2022 and 2021, and the results of its operations and its 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 audits 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 First Care Family Resources, 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 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 First Care Family Resources Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of First Care Family Resources, Inc 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 First Care Family Resources, 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.

Divine, Blalock, Martin & Sellari, LLC

DIVINE, BLALOCK, MARTIN & SELLARI, LLC
West Palm Beach, Florida

July 28, 2023

FIRST CARE FAMILY RESOURCES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

Assets	2022	2021
Current assets		
Cash and cash equivalents	\$ 3,164,663	\$ 2,604,541
Marketable securities	60,449	-
Unconditional promises to give & other receivables	265,255	527,779
Restricted promises to give	268,600	-
Pregnancy clinic supplies	3,010	3,263
Prepaid expenses	44,771	51,817
Total current assets	3,806,748	3,187,400
Unconditional promises to give, noncurrent	-	50,000
Property and equipment, net	1,132,820	78,283
Right-of-Use asset	327,804	-
Deposits and other assets	13,387	16,587
Total other assets	1,474,011	144,870
Total assets	\$ 5,280,759	\$ 3,332,270
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 44,829	\$ 45,121
Accrued vacation and other expenses	95,763	115,985
Lease liability - current portion	152,421	-
Total current liabilities	293,013	161,106
Long-term liabilities		
Lease liability - non-current portion	175,383	-
Long-term-debt - PPP Loan	-	222,194
Total liabilities	175,383	383,300
Net assets		
Board designated for future liquidity needs	309,975	239,975
Undesignated	3,596,849	2,686,902
Total without donor restrictions	3,906,824	2,926,877
With donor restrictions	905,539	22,093
Total net assets	4,812,363	2,948,970
Total liabilities and net assets	\$ 5,280,759	\$ 3,332,270

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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions and gifts	\$ 1,212,305	\$ 1,860,191	\$ 3,072,496
Special events	762,158	-	762,158
Investment income	7,565	-	7,565
Gifts in kind	78,605	48,611	127,216
PPP loan forgiveness	223,918	-	223,918
Other income	14,269	-	14,269
Net assets released from restrictions	<u>1,025,356</u>	<u>(1,025,356)</u>	<u>-</u>
Total revenue and support	<u>3,324,176</u>	<u>883,446</u>	<u>4,207,622</u>
Expenses:			
Program services	1,567,256	-	1,567,256
Management and general	374,900	-	374,900
Fundraising	<u>402,073</u>	<u>-</u>	<u>402,073</u>
Total expenses	<u>2,344,229</u>	<u>-</u>	<u>2,344,229</u>
Change in Net Assets	979,947	883,446	1,863,393
Net assets at beginning of the year	<u>2,926,877</u>	<u>22,093</u>	<u>2,948,970</u>
Net assets at end of year	<u><u>\$ 3,906,824</u></u>	<u><u>\$ 905,539</u></u>	<u><u>\$ 4,812,363</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and gifts	\$ 1,583,558	\$ 7,851	\$ 1,591,409
Special events	1,471,833	-	1,471,833
Interest and other income, net	285,613	-	285,613
Gifts in kind	12,715	-	12,715
PPP loan forgiveness	233,023	-	233,023
Net assets released from restrictions	47,678	(47,678)	-
Total revenue and support	3,634,420	(39,827)	3,594,593
Expenses:			
Program services	1,504,263	-	1,504,263
Management and general	392,739	-	392,739
Fundraising	279,628	-	279,628
Total expenses	2,176,630	-	2,176,630
Change in Net Assets	1,457,790	(39,827)	1,417,963
Net assets at beginning of the year	1,469,087	61,920	1,531,007
Net assets at end of year	\$ 2,926,877	\$ 22,093	\$ 2,948,970

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, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 867,386	\$ 252,332	\$ 184,257	\$ 1,303,975
Payroll taxes	66,158	19,206	13,702	99,066
Health insurance	54,040	13,485	3,639	71,164
Retirement benefits	16,984	6,358	4,759	28,101
Workers compensation	2,747	774	570	4,091
	<u>1,007,315</u>	<u>292,155</u>	<u>206,927</u>	<u>1,506,397</u>
Advertising	-	-	2,712	2,712
Building rent	177,998	12,981	20,049	211,028
Building for the Future	-	-	2,760	2,760
Client counseling and medical	25,871	-	-	25,871
Client Acquisition and Management Fee	219,662	-	-	219,662
Computer and website expense	19,840	5,972	8,131	33,943
Conferences and meetings	1,542	6,681	134	8,357
Insurance	12,086	2,465	2,118	16,669
Interest expense	-	174	-	174
Legal and accounting	1,750	6,100	1,150	9,000
Office expense	18,016	25,757	7,782	51,555
Other	19,588	9,222	7,386	36,196
Postage and delivery	27	772	18,802	19,601
Printing and publications	1,395	2,531	40,733	44,659
Relocation and maintenance	9,367	1,120	1,897	12,384
Special events expense	-	-	77,718	77,718
Staff and volunteer training	5,212	5,436	706	11,354
Telephone	15,628	1,918	1,789	19,335
Travel	15	712	146	873
Utilities	8,136	904	1,133	10,173
Total expenses before depreciation	<u>1,543,448</u>	<u>374,900</u>	<u>402,073</u>	<u>2,320,421</u>
Depreciation	<u>23,808</u>	<u>-</u>	<u>-</u>	<u>23,808</u>
Total expenses	<u><u>\$ 1,567,256</u></u>	<u><u>\$ 374,900</u></u>	<u><u>\$ 402,073</u></u>	<u><u>\$ 2,344,229</u></u>

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, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 774,686	\$ 252,628	\$ 121,275	\$ 1,148,589
Payroll taxes	58,040	18,675	9,001	85,716
Health insurance	35,983	11,293	1,516	48,792
Retirement benefits	14,725	6,723	3,193	24,641
Workers compensation	2,628	1,018	400	4,046
	<u>886,062</u>	<u>290,337</u>	<u>135,385</u>	<u>1,311,784</u>
Advertising	-	-	2,784	2,784
Building rent	249,201	12,208	18,091	279,500
Client counseling and medical	23,101	-	-	23,101
Client acquisition and management fee	175,363	-	-	175,363
Computer and website expense	22,727	5,874	6,073	34,674
Conferences and meetings	-	11,816	-	11,816
Insurance	13,595	2,533	1,838	17,966
Interest	-	2,844	-	2,844
Legal and accounting	-	11,625	-	11,625
Office expense	7,562	35,807	2,686	46,055
Other	5,289	3,223	7,101	15,613
Postage and delivery	5	495	15,915	16,415
Printing and publications	12,195	19	23,677	35,891
Relocation and maintenance	32,191	1,383	817	34,391
Special events expense	-	-	62,312	62,312
Staff and volunteer training	2,075	10,891	80	13,046
Telephone	15,509	2,415	1,690	19,614
Travel	-	93	84	177
Utilities	10,107	577	856	11,540
	<u>1,454,982</u>	<u>392,140</u>	<u>279,389</u>	<u>2,126,511</u>
Total expenses before depreciation				
Depreciation	49,281	599	239	50,119
Total expenses	<u>\$ 1,504,263</u>	<u>\$ 392,739</u>	<u>\$ 279,628</u>	<u>\$ 2,176,630</u>

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

FIRST CARE FAMILY RESOURCES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,863,393	\$ 1,417,963
<i>Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation and amortization	23,808	50,119
PPP loan forgiveness	(222,194)	(233,023)
Net realized and unrealized on investments	(9)	-
<i>Decrease (Increase) in operating assets:</i>		
Unconditional promise to give & other receivables	312,524	(324,593)
Restricted promise to give	(268,600)	-
Pregnancy clinic supplies	253	1,224
Prepaid expenses	7,046	(2,171)
Deposits and other assets	3,200	4,979
<i>Increase (Decrease) in operating liabilities</i>		
Accounts payable	(292)	16,738
Accrued vacation and other liabilities	(20,222)	27,965
Net cash provided by (used in) operating activities	<u>1,698,907</u>	<u>959,201</u>
Cash flows from investing activities:		
Acquisition of marketable securities	(60,440)	-
Purchased of fixed assets	(1,078,345)	(1,204)
Net cash provided by (used in) investing activities	<u>(1,138,785)</u>	<u>(1,204)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	-	222,194
Net cash provided by (used in) financing activities	<u>-</u>	<u>222,194</u>
Increase in cash and cash equivalents	560,122	1,180,191
Cash and cash equivalents, beginning of year	<u>2,604,541</u>	<u>1,424,350</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,164,663</u></u>	<u><u>\$ 2,604,541</u></u>

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

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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 women's health clinics under the brand name of 'Palm Beach 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

First Care'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 First Care or the passage of time and net assets subject to donor-imposed stipulations to be maintained permanently by First Care. Generally, the donors of these assets permit First Care to use all or part of the earnings on related investments for general or specific purposes.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year's presentation. The reclassifications had no effect on previously reported net assets or increase in net assets.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Investments

Investments are presented in the financial statements at fair value, using quoted market prices for publicly traded securities and other relevant information generated by market transactions. Investments consist of funds invested in securities and mutual funds. The securities and mutual funds are held by a brokerage firm for the benefit of First Care, but are not insured or collateralized. Investment transactions are recorded on a trade date basis. Investment income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date. Investment earnings and realized and unrealized gains and losses are included in the Statement of Activities. Investment expenses are netted against investment income.

Pledges receivable

Pledges receivable represent unconditional promises to give support over a period of time. Unconditional promises to give are reported as an increase in net assets with or without donor restrictions, depending on the nature of the donor-imposed restriction, if any. First Care recognizes pledges receivable at estimated net realizable value for pledges due within one year. Pledges receivable that are expected to be collected in future years are recorded at the present value of their net realizable value. No allowance was deemed necessary for pledges receivable as they were deemed fully collectible by management.

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.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

First Care compensates its employees for designated holidays, vacation and sick time. The amount accrued as of December 31, 2022 and 2021 is \$36,986 and \$33,928, respectively.

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 \$309,975 and \$239,975 at December 31, 2022 and 2021, respectively. The funds may be released from designation by majority vote of the Board of Directors' Finance Committee with notification to the entire Board.

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. Contributions 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.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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 First Care for compliance with its exempt status requirements and has concluded that for the tax reporting periods ended December 31, 2022 and 2021, 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 2019.

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.

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 First Care 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.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued and Adopted Accounting Pronouncements

- Effective January 1, 2022, First Care adopted FASB ASC 842, *Leases*. First Care determines if an arrangement contains a lease at inception based on whether First Care has the right to control the asset during the contract period and other facts and circumstances. First Care elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use-assets and operating lease liabilities of \$327,804 as of December 31, 2022, which are measured by discounting lease payments using our incremental borrowing rate as the discount rate. We determine the incremental borrowing rate applicable to each lease by reference to our outstanding secured borrowings and implied spreads over the risk-free discount rates that correspond to the term of each lease, as adjusted for the currency of the lease. Subsequent amortization of the ROU asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term. Variable lease cost are recognized in the period when changes in facts and circumstances on which the variable lease payments are based occur.

- *ASU 2020-07, (Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets)* - Effective January 1, 2022, First Care adopted ASU 2020-07 – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial assets.

NOTE B – INVESTMENTS

Investments as of December 31, 2022 and 2021 are classified as follows:

	<u>2022</u>	<u>2021</u>
Investment Breakdown		
Securities and mutual funds	\$ 60,449	\$ -
Total Investments	<u>\$ 60,449</u>	<u>\$ -</u>

First Care's investments in mutual funds and ETF's are exposed to various risks, such as market risk, interest rate risk, and credit risks. In addition, certain investments may be subject to additional risks including foreign currency risk, derivatives risk, foreign and emerging markets risk, leveraging risk, liquidity risk, multi-manager risk, real estate risk and small company risk. Due to the various risks associated with First Care's investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE C – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recorded as receivables and support when received or promised. These contributions are considered unconditional promises to give which is a promise to give that depends only on the passage of time or demand by the promise for performance. Unconditional promises to give that are due beyond one year have been measured using the net present value of future cash flows based on a discount rate of 3%. For the year ended December 31, 2022 no discount for future payments has been recorded as the calculated amount was immaterial.

The allowance for uncollectible pledges is based on management’s estimate of uncollectible amounts in the future. As of December 31, 2022 and 2021, management determined no allowance for uncollectible pledges was needed.

Unconditional promises to give at December 31, 2022 and 2021 were as follows:

	2022	2021
Unconditional promises to give, net	\$ 265,000	\$ 318,021
Unconditional promises to give due within one year	\$ 265,000	\$ 318,021
Unconditional promises to give due in one-five years	-	-
	\$ 265,000	\$ 318,021

NOTE D – EMPLOYEE RETENTION CREDIT

In 2021, First Care computed and recognized \$259,727 in payroll expenses under the Employee Retention Credit (ERC) government program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge First Care’s claim to the ERC, and it is not possible to determine the impact (if any) this would have upon First Care. In April 2022, First Care received a credit for the full amount of \$259,727 from the US Treasury Department, representing the Employee Retention Credit claimed.

FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE E- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 28,842	\$ 71,531
Office and computer equipment	23,806	53,586
Medical equipment	142,357	113,257
Office furniture	17,199	18,548
Construction in progress	55,031	-
Land - Northlake	946,523	-
Lan Improvement	23,940	-
	<u>1,237,698</u>	<u>256,922</u>
Less: Accumulated depreciation	(104,880)	(178,639)
Property and equipment, net	<u>\$ 1,132,818</u>	<u>\$ 78,283</u>

NOTE F- LONG TERM DEBT - PPP LOANS

On March 12, 2021, First Care received a second draw from Paycheck Protection Program (PPP loan) of \$220,440. This PPP loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the PPP loan. First Care is eligible for PPP loan forgiveness of up to 100% of the PPP loan, upon meeting certain requirements. The PPP loan is uncollateralized and is fully guaranteed by the Federal government. On January 14, 2022 First Care received notice from the Small Business Administration (SBA) that 100% of the PPP loan has been forgiven. At the time of the notice, the outstanding principal balance was \$220,440 and interest was \$1,754.

NOTE G - LEASE COMMITMENTS

First Care operates its administrative offices and its pregnancy clinics in leased facilities under operating lease arrangements. For the years ended December 31, 2022 and 2021, facility lease expense totaled \$193,050 and \$279,500 respectively. Future minimum annual lease payments for the administrative office, clinics and equipment for the remaining terms of the leases in effect at December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	<u>Office</u>	<u>Clinics</u>	<u>Equipment</u>	<u>Total</u>
2023	\$ 46,002	\$ 97,119	\$ 9,300	\$ 152,421
2024	47,382	64,789	9,300	121,471
2025	7,935	31,252	9,300	48,487
2026	-	-	5,425	5,425
2027	-	-	-	-
2028 and thereafter	-	-	-	-
	<u>\$ 101,319</u>	<u>\$ 193,160</u>	<u>\$ 33,325</u>	<u>\$ 327,804</u>

FIRST CARE FAMILY RESOURCES, INC.
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NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2022 and 2021:

	December 31, 2021	Contributions	Released	December 31, 2022
Boca Raton RV/clinic	\$ -	\$ 625	\$ (625)	\$ -
Building for the future	-	1,898,141	(1,003,385)	894,756
Natural childbirth educatic	420	-	(420)	-
J. Jurado Memorial Fund	21,464	-	(10,682)	10,782
Light & Hope Project	209	-	(209)	-
Benevolence	-	10,035	(10,035)	-
	<u>\$ 22,093</u>	<u>\$ 1,908,801</u>	<u>\$ (1,025,356)</u>	<u>\$ 905,538</u>
	December 31, 2020	Contributions	Released	December 31, 2021
Baby closets	\$ 98	\$ -	\$ (98)	\$ -
Boca Raton RV/clinic	309	1,900	(2,209)	-
Natural childbirth educatic	420	-	-	420
Johanna Jurado Memorial	29,165	2,050	(9,751)	21,464
Empowerment Fund	31,719	-	(31,719)	-
Light & Hope Project	209	-	-	209
Benevolence	-	2,425	(2,425)	-
Jamaica PRC	-	1,476	(1,476)	-
	<u>\$ 61,920</u>	<u>\$ 7,851</u>	<u>\$ (47,678)</u>	<u>\$ 22,093</u>

NOTE I – 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 A, 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.

**FIRST CARE FAMILY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE I – IN-KIND CONTRIBUTIONS (CONTINUED)

In-kind support for the years ended December 31, 2022 and 2021 consisted of:

	<u>2022</u>	<u>2021</u>
Baby and maternity supplies	\$ 4,251	\$ 2,129
Equipment and supplies	60,970	9,040
Volunteer professionals	1,546	1,546
Marketable securities	60,449	-
	<u>\$ 127,216</u>	<u>\$ 12,715</u>

Volunteer time that did not meet the criteria for recognition in the accompanying financial statements totaled 810 and 798 hours for the years ended December 31, 2022 and 2021 having an estimated fair value of \$25,356 and \$22,775, respectively.

NOTE J – 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 \$28,101 and \$24,641 for the years ended December 31, 2022 and 2021, respectively.

NOTE K – CONCENTRATIONS OF CREDIT RISK

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

As of December 31, 2022, 94% of promises to give are due from two donors, management believes the promises to give to be fully collectible.

FIRST CARE FAMILY RESOURCES, INC.
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NOTE L – LIQUIDITY

The following reflects First Care's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditures within one year of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 3,164,662	\$ 2,604,541
Marketable securities	60,449	-
Unconditional promises to give	<u>265,000</u>	<u>318,052</u>
Total Financial assets, at year-end	<u>3,490,111</u>	<u>2,922,593</u>
Less those unavailable for general expenditures within one year due to:		
Donor restricted	(905,538)	(22,093)
Board designated reserves for future liquidity needs	<u>(309,975)</u>	<u>(239,975)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,274,598</u>	<u>\$ 2,660,525</u>

NOTE M – SUBSEQUENT EVENTS

In the normal course of preparing First Care's financial statements, management reviews events that occur after the statement of financial position date, December 31, 2022, for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through July 28, 2023, which is the date the financial statements were available to be issued.