

FIRST CHOICE FOR WOMEN, INC.
MUNCIE, INDIANA

FINANCIAL STATEMENTS
DECEMBER 31, 2021

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WHITINGER & COMPANY^{LLC}
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
First Choice for Women, Inc.
Muncie, Indiana

Management is responsible for the accompanying financial statements of First Choice for Women, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Whitinger & Company LLC

Certified Public Accountants
Muncie, Indiana

January 20, 2022

FINANCIAL STATEMENTS

1.

FIRST CHOICE FOR WOMEN, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 258,824
Other receivables, federal employee retention credits	76,758
Donated inventory	<u>85,999</u>
Total Current Assets	<u>\$ 421,581</u>

PROPERTY AND EQUIPMENT

Land	\$ 54,350
Building and improvements	489,398
Furniture and equipment	<u>87,094</u>
	\$ 630,842
Less accumulated depreciation	<u>(118,906)</u>
Total Property and Equipment	<u>\$ 511,936</u>

OTHER ASSETS

Cash and cash equivalents, held for donor restrictions	\$ 13,125
	<u>\$ 13,125</u>
Total Assets	<u><u>\$ 946,642</u></u>

LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Accrued wages and taxes	\$ 4,244
Current portion of long-term liabilities	<u>19,880</u>
Total Current Liabilities	<u>\$ 24,124</u>

LONG-TERM LIABILITIES

Mortgages payable	\$ 207,634
Less current portion of long-term liabilities	<u>(19,880)</u>
Total Long-Term Liabilities	<u>\$ 187,754</u>

Total Liabilities	<u>\$ 211,878</u>
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NET ASSETS

Without donor restrictions	\$ 721,639
With donor restrictions	<u>13,125</u>

Total Net Assets	<u>\$ 734,764</u>
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Total Liabilities and Net Assets	<u><u>\$ 946,642</u></u>
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FIRST CHOICE FOR WOMEN, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Direct Public Support			
Contributions	\$ 542,028		\$ 542,028
Special events	11,645		11,645
In-kind contributions	37,362		37,362
Total Direct Public Support	<u>\$ 591,035</u>		<u>\$ 591,035</u>
Indirect Public Support			
Grant awards		\$ 31,575	\$ 31,575
Total Indirect Public Support		<u>\$ 31,575</u>	<u>\$ 31,575</u>
Total Public Support	<u>\$ 591,035</u>	<u>\$ 31,575</u>	<u>\$ 622,610</u>
Revenue			
Forgiveness of debt, Paycheck Protection Loan	\$ 46,643		\$ 46,643
Other income, Employee Retention Credits	115,763		115,763
Interest income	170		170
Loss on disposal of property	(956)		(956)
Total Public Support and Revenue	<u>\$ 752,655</u>	<u>\$ 31,575</u>	<u>\$ 784,230</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions	<u>\$ 18,450</u>	<u>\$ (18,450)</u>	
EXPENSES			
Program	\$ 192,496		\$ 192,496
Administrative and general	110,573		110,573
Fundraising	191,745		191,745
Total Expenses	<u>\$ 494,814</u>		<u>\$ 494,814</u>
CHANGE IN NET ASSETS	<u>\$ 276,291</u>	<u>\$ 13,125</u>	<u>\$ 289,416</u>
NET ASSETS, BEGINNING OF YEAR	<u>445,348</u>	<u>-0-</u>	<u>445,348</u>
NET ASSETS, END OF YEAR	<u><u>\$ 721,639</u></u>	<u><u>\$ 13,125</u></u>	<u><u>\$ 734,764</u></u>

See Independent Accountant's Compilation Report
and accompanying Notes to Financial Statements.

4.

FIRST CHOICE FOR WOMEN, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CHANGE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from grants and contributions	\$ 624,003
Cash paid to suppliers and employees	(429,627)
Interest paid	(11,190)
Interest received	170

Net Cash Provided By Operating Activities \$ 183,356

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of furniture and equipment	\$ (5,175)
Purchase of land, building, and improvements	(204,548)

Net Cash Used For Investing Activities \$ (209,723)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from mortgages payable	\$ 171,920
Proceeds from SBA Paycheck Protection Program loan	46,643
Principal payments on mortgages payable	(59,069)

Net Cash Provided By Financing Activities \$ 159,494

NET CHANGE IN CASH AND CASH EQUIVALENTS \$ 133,127

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD 138,822

CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 271,949

**CASH AND CASH EQUIVALENTS AS PRESENTED IN THE
STATEMENT OF FINANCIAL POSITION**

Cash and cash equivalents, current	\$ 258,824
Cash and cash equivalents, held for donor restrictions	13,125

\$ 271,949

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

CHANGE IN NET ASSETS	<u>\$ 289,416</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation	\$ 24,042
Forgiveness of SBA Paycheck Protection Program loan	(46,643)
Loss on disposal of property	956
Change in assets:	
Other receivables, federal employee retention credits	(76,758)
Donated inventory	(8,287)
Change in liabilities:	
Accrued wages and taxes	<u>630</u>
Total Adjustments	<u>\$ (106,060)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 183,356</u></u>

FIRST CHOICE FOR WOMEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program	Administrative and General	Fundraising	Total
Salaries and wages	\$ 57,724	\$ 46,179	\$ 126,993	\$ 230,896
Payroll taxes	4,481	3,584	9,857	17,922
Advertising	10,807	1,544	3,088	15,439
Client services	40,283			40,283
Depreciation expense	15,627	8,415		24,042
Development	42	436	1,494	1,972
Educational materials	4,148			4,148
Fundraising expense	620	4,377	33,601	38,598
Insurance	5,307	12,382		17,689
Interest expense	8,007	3,432		11,439
Memberships and subscriptions	2,006	2,006		4,012
Miscellaneous	287	73		360
Office expense	779	1,793		2,572
Other fees		372	3,498	3,870
Postage	445	445	3,558	4,448
Printing	689	230	4,562	5,481
Professional fees	913	2,130		3,043
Rent expense	2,555	2,026	233	4,814
Repair and maintenance	993	3,972		4,965
Small equipment	4,296	1,841		6,137
Software and support	2,788	2,502	2,232	7,522
Supplies	2,551	1,972	2,629	7,152
Telephone	6,064	2,599		8,663
Training	11,786	4,467		16,253
Travel	440			440
Utilities	8,858	3,796		12,654
Total Expenses	<u>\$ 192,496</u>	<u>\$ 110,573</u>	<u>\$ 191,745</u>	<u>\$ 494,814</u>

See Independent Accountant's Compilation Report
and accompanying Notes to Financial Statements.

FIRST CHOICE FOR WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

First Choice for Women, Inc. (the Organization) has offices located in Muncie and Anderson, Indiana. First Choice for Women, Inc. is a compassionate, faith-based organization that offers free physical, mental, and spiritual support to empower individuals facing difficult relationship, pregnancy, and parenting decisions in the East Central Indiana Region.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of First Choice for Women, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under *FASB ASC 958 Not-for-Profit Entities*, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Donated Inventory

Donated inventory is comprised of donated items such as diapers, formula, baby food, and clothing. Items are received and used by the Organization for material assistance provided free of charge to anyone in need. Inventory is valued at fair market based on recommendations by various thrift shops. The Organization evaluates the goods for obsolescence on a continuous basis, and management believes all inventory will be utilized.

FIRST CHOICE FOR WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are stated at cost. It is the Organization's policy to capitalize expenditures for those items in excess of \$500. Provisions for depreciation are made using the straight-line method over the estimated useful lives of the assets. The major components are:

Office building	40 years
Equipment	5-10 years

Depreciation expense for the year ended December 31, 2021 was \$24,042.

Compensated Absences

Compensated absences for vacation, sick pay, and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities, an unconditional promise to give, or notification of a beneficial interest is received. The Organization distinguishes contributions based on whether the contribution has been received with or without restrictions.

Support and Revenue

In accordance with FASB ASC 958, *Not-for-Profit Entities*, contributions received are recorded as donor-restricted and without donor-restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are generally available for unrestricted use in the various activities undertaken by the Organization unless specifically restricted by the donor.

Contributions received as restricted by the donor for a specific purpose are reported as restricted until such time as the donor's restriction expires. Restrictions are normally removed when the contributions are expended for the purpose restricted by the donor or the project for which the contributions were specifically donated is completed.

Contributed Services

During the year ended December 31, 2021, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

FIRST CHOICE FOR WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedules of program expenses and administrative expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses relating to more than one function are charged to programs and supporting services on the basis of periodic time, utilized space, and other expense studies. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from income taxes under *Section 501(c)(3)* of the *Internal Revenue Code*. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of *Section 509(a)* of the *Internal Revenue Code*.

The Organization's federal and state income tax returns are subject to examination by taxing authorities, generally for three years after they were filed.

Use of Estimates

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 amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through the date on which the financial statements were made available to be issued. The date is the same as the independent accountant's compilation report date.

Recent Accounting Pronouncements

In February 2016, the FASB issued *ASU No. 2016-02, Leases (Topic 842)*. The standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the statements of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard will be effective for fiscal years beginning January 1, 2022. Management is evaluating the potential impact of this new guidance on the financial statements.

FIRST CHOICE FOR WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Recent Accounting Pronouncements (continued)

In September 2020, the FASB issued *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, which is effective for fiscal years beginning January 1, 2022, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements.

3. **LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021, are comprised as follows:

Operating Financial Assets:	
Cash and cash equivalents	\$ 258,824
Other receivables, Employee Retention Credits	<u>76,758</u>
	<u><u>\$ 335,582</u></u>

Reconciliation of Net Assets Without Donor Restrictions
to Financial Assets Available to Meet Cash Needs:

Total net assets	\$ 734,764
Less:	
Net assets with donor restrictions	(13,125)
Inventory	(85,999)
Property and equipment	(511,936)
Add:	
Accrued wages and taxes	4,244
Mortgages payable	<u>207,634</u>
Financial Assets Available to Meet Cash Needs Within One Year	<u><u>\$ 335,582</u></u>

The Organization's annual operating cash needs are determined during the budget process. General expenditures include administrative and general, and program expenses expected to be paid in a subsequent year. Cash is monitored daily and evaluated by management.

FIRST CHOICE FOR WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS

4. **FAIR VALUE MEASUREMENTS**

The following table presents the fair value hierarchy for the financial assets measured at fair value at December 31, 2021:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Recurring fair value measurements				
Assets:				
Donated inventory	\$ 85,999	_____	\$ 85,999	_____
Total Assets	<u>\$ 85,999</u>	<u>\$ -0-</u>	<u>\$ 85,999</u>	<u>\$ -0-</u>

FASB ASC 820, Fair Value, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly, and Level 3 assets have the lowest priority. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs were also used. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Level 1 Fair Value Measurements – Inputs that utilize unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Fair Value Measurements – Inputs that are other than unadjusted quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date. Donated inventory is valued at fair market based on recommendations by various thrift shops.

Level 3 Fair Value Measurements – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

FIRST CHOICE FOR WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS

5. LINE OF CREDIT

The Organization maintains a line of credit as a demand note with Northwest Bank, Muncie, Indiana. The line has a credit limit of \$50,000 with a variable interest rate based on one percent over Prime Rate. The interest rate at December 31, 2021 was 4.25%. The line of credit had a zero balance at December 31, 2021.

6. LONG-TERM DEBT

The Organization has three mortgage loans due in monthly installments. A schedule of these obligations at December 31, 2021, is presented below.

Lender	Original Date	Original Amount	Monthly Payment	Interest Rate	Maturity Date	Balance
Northwest Bank	12/20/11	\$ 159,600	\$ 1,009	5.270 %	12/20/31	\$ 83,570
Northwest Bank	01/14/21	71,920	392	4.250	01/13/46	29,461
Northwest Bank	04/12/21	100,000	1,029	4.285	04/12/31	94,603
						\$ 207,634
					Less Current Portion	(19,880)
					Total Long-Term Debt	\$ 187,754

Long-term liabilities are secured by real estate located in Muncie and Anderson, Indiana.

The minimum annual principal payments under debt obligations are as follows:

Year Ending December 31	Amounts
2022	\$ 19,880
2023	20,824
2024	21,818
2025	22,861
2026	23,953
2027 and after	98,298
	<u>\$ 207,634</u>

During 2021, the Organization obtained a promissory note with Northwest Bank under the CARES act for Paycheck Protection Program loan funds on March 23, 2021. The Organization filed an application for loan forgiveness under the criteria established by the CARES act and on October 5, 2021, was granted forgiveness of all principal and interest totaling \$46,643 and \$249, respectively.

FIRST CHOICE FOR WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS

7. PROPERTY AND EQUIPMENT LEASES

The Organization maintained operating leases for office space and various office equipment. Upon purchase of the facility located in Anderson, Indiana, the Organization terminated the lease on office space. The equipment leases require minimum combined quarterly payments of \$41. Rent expense for the year ended December 31, 2021, totaled \$163 for equipment and \$3,650 for office space.

8. NET ASSETS

Net assets with donor restrictions as of December 31, 2021, consist of the following:

Men's program	\$	10,000
Baby cribs		2,345
Equipment		780
		780
	\$	13,125

9. RISKS AND UNCERTAINTIES

The global pandemic, whose effects first became known in January 2020, is continuing to have a broad and negative impact on operations and commerce around the world. The United States and global markets initially experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of the pandemic on the Organization's operational and financial performance will depend on developments, including the duration and spread of the outbreak. Its impact on services, programs, donors, employees, and vendors, cannot be determined. Accordingly, the extent to which the pandemic may impact the Organization's assets, liabilities, net assets, and cash flows is uncertain and the accompanying financial statements include no adjustments relating to its effects.