

**FIRST CHOICE FOR WOMEN, INC.**  
MUNCIE, INDIANA

FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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WHITINGER & COMPANY<sup>LLC</sup>  
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, 2022, 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

February 10, 2022

**FINANCIAL STATEMENTS**

1.

**FIRST CHOICE FOR WOMEN, INC.**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 303,793
Donated inventory	<u>96,355</u>
Total Current Assets	<u>\$ 400,148</u>

**PROPERTY AND EQUIPMENT**

Land	\$ 54,350
Building and improvements	505,119
Furniture and equipment	94,871
Vehicles	<u>55,054</u>
	\$ 709,394
Less accumulated depreciation	<u>(151,579)</u>
Total Property and Equipment	<u>\$ 557,815</u>

**OTHER ASSETS**

Cash and cash equivalents, held for donor restrictions	\$ 12,508
	<u>\$ 12,508</u>
Total Assets	<u><u>\$ 970,471</u></u>

**LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

Accounts payable	\$ 3,001
Accrued wages and taxes	9,569
Current portion of long-term liabilities	<u>9,674</u>
Total Current Liabilities	<u>\$ 22,244</u>

**LONG-TERM LIABILITIES**

Mortgages payable	\$ 53,520
Less current portion of long-term liabilities	<u>(9,674)</u>
Total Long-Term Liabilities	<u>\$ 43,846</u>
Total Liabilities	<u>\$ 66,090</u>

**NET ASSETS**

Without donor restrictions	\$ 891,873
With donor restrictions	<u>12,508</u>
Total Net Assets	<u>\$ 904,381</u>
Total Liabilities and Net Assets	<u><u>\$ 970,471</u></u>

**FIRST CHOICE FOR WOMEN, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Direct Public Support			
Contributions	\$ 712,846		\$ 712,846
Special events	3,790		3,790
Contributed non-financial assets	44,203		44,203
Total Direct Public Support	\$ 760,839		\$ 760,839
Indirect Public Support			
Grant awards		\$ 70,428	\$ 70,428
Total Indirect Public Support		\$ 70,428	\$ 70,428
Total Public Support	\$ 760,839	\$ 70,428	\$ 831,267
Other Revenue			
Interest income	\$ 1,498		\$ 1,498
Total Public Support and Revenue	\$ 762,337	\$ 70,428	\$ 832,765
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of program restrictions	\$ 71,045	\$ (71,045)	
<b>EXPENSES</b>			
Program	\$ 197,927		\$ 197,927
Administrative and general	126,531		126,531
Fundraising	299,935		299,935
Total Expenses	\$ 624,393		\$ 624,393
<b>CHANGE IN NET ASSETS</b>	\$ 208,989	\$ (617)	\$ 208,372
<b>NET ASSETS, BEGINNING OF YEAR</b>	682,884	13,125	696,009
<b>NET ASSETS, END OF YEAR</b>	\$ 891,873	\$ 12,508	\$ 904,381

4.

**FIRST CHOICE FOR WOMEN, INC.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**CHANGE IN CASH AND CASH EQUIVALENTS**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from grants and contributions	\$ 825,068
Cash paid to suppliers and employees	(541,462)
Interest paid	(8,086)
Interest received	1,498

Net Cash Provided By Operating Activities \$ 277,018

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of furniture and equipment	\$ (62,831)
Purchase of land, building, and improvements	(15,721)

Net Cash Used For Investing Activities \$ (78,552)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal payments on mortgages payable	\$ (154,114)
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Net Cash Used For Financing Activities \$ (154,114)

**NET CHANGE IN CASH AND CASH EQUIVALENTS** \$ 44,352

**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** 271,949

**CASH AND CASH EQUIVALENTS AT END OF PERIOD** \$ 316,301

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

Cash and cash equivalents, current	\$ 303,793
Cash and cash equivalents, held for donor restrictions	12,508

\$ 316,301



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

<b>CHANGE IN NET ASSETS</b>	<b>\$ 208,372</b>
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Depreciation	\$ 32,673
Change in assets:	
Other receivables, federal employee retention credits	38,004
Donated inventory	(10,357)
Change in liabilities:	
Accounts payable	3,001
Accrued wages and taxes	5,325
Total Adjustments	<u>\$ 68,646</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u><u>\$ 277,018</u></u></b>

**FIRST CHOICE FOR WOMEN, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program	Administrative and General	Fundraising	Total
Salaries and wages	\$ 47,013	\$ 37,610	\$ 204,857	\$ 289,480
Payroll taxes	3,603	2,882	15,981	22,466
Employee benefits	3,806	3,806	225	7,837
	<u>\$ 54,422</u>	<u>\$ 44,298</u>	<u>\$ 221,063</u>	<u>\$ 319,783</u>
Advertising	10,551	1,507	3,079	15,137
Client services	47,841		107	47,948
Depreciation expense	21,238	11,435		32,673
Development		796	3,183	3,979
Educational materials	5,035		780	5,815
Fundraising expense	674	5,081	52,632	58,387
Insurance	5,734	13,378		19,112
Interest expense	4,943	3,143		8,086
Memberships and subscriptions	2,599	2,599		5,198
Miscellaneous	1,483	371		1,854
Office expense	779	1,138		1,917
Other fees		706	4,784	5,490
Postage	396	396	3,171	3,963
Printing	975	325	5,201	6,501
Professional fees	4,644	9,170	25	13,839
Program expense	672			672
Rent expense		131	33	164
Repair and maintenance	1,956	7,822		9,778
Small equipment	1,666	714	524	2,904
Software and support	2,284	2,089	1,364	5,737
Supplies	3,156	2,376	3,370	8,902
Telephone	6,336	2,716		9,052
Training	8,543	11,517	619	20,679
Travel	746			746
Utilities	11,254	4,823		16,077
	<u>\$ 197,927</u>	<u>\$ 126,531</u>	<u>\$ 299,935</u>	<u>\$ 624,393</u>
Total Expenses	<u>\$ 197,927</u>	<u>\$ 126,531</u>	<u>\$ 299,935</u>	<u>\$ 624,393</u>

# 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, 2022 was \$32,673.

##### *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, 2022, 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.

*Adopted Accounting Pronouncements*

In September 2020, the FASB issued *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, which was effective for fiscal years beginning January 1, 2022, with early adoption permitted, and was intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU required 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.

**FIRST CHOICE FOR WOMEN, INC.**

NOTES TO FINANCIAL STATEMENTS

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, 2022, are comprised as follows:

Operating Financial Assets:	
Cash and cash equivalents	<u>\$ 303,793</u>
	<u>\$ 303,793</u>
Reconciliation of Net Assets Without Donor Restrictions to Financial Assets Available to Meet Cash Needs:	
Total net assets	\$ 904,381
Less:	
Net assets with donor restrictions	(12,508)
Inventory	(96,355)
Property and equipment	(557,815)
Add:	
Accounts payable	3,001
Accrued wages and taxes	9,569
Mortgages payable	<u>53,520</u>
Financial Assets Available to Meet Cash Needs Within One Year	<u>\$ 303,793</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, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Recurring fair value measurements</b>				
Assets:				
Donated inventory	\$ 96,355		\$ 96,355	
Total Assets	\$ 96,355	\$ -0-	\$ 96,355	\$ -0-

*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, 2022, was 8.27%. The line of credit had a zero balance at December 31, 2022.

**6. LONG-TERM DEBT**

The Organization is owing on a mortgage loan which is due in monthly installments. A schedule of these obligations at December 31, 2022, is presented below.

<u>Lender</u>	<u>Original Date</u>	<u>Original Amount</u>	<u>Monthly Payment</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance</u>
Northwest Bank	12/20/11	\$ 159,600	\$ 1,009	5.270 %	12/20/31	\$ 53,520
						\$ 53,520
					Less Current Portion	(9,674)
					Total Long-Term Debt	\$ 43,846

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:

<u>Year Ending December 31</u>	<u>Amounts</u>
2023	\$ 9,674
2024	10,039
2025	10,581
2026	11,152
2027	12,074
	<u>\$ 53,520</u>

In January 2023, the Organization received a charitable donation which paid off the remaining balance of the mortgage loan with Northwest Bank.



## FIRST CHOICE FOR WOMEN, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 7. NET ASSETS

Net assets with donor restrictions as of December 31, 2022, consist of the following:

Equipment	\$	4,848
Education		1,910
Toddler initiatives		5,000
Books		<u>750</u>
	<u>\$</u>	<u>12,508</u>

#### 8. PRIOR PERIOD CORRECTION OF AN ERROR

Net assets without donor restrictions at the beginning of 2022 have been adjusted for a federal employee retention credit received but not reversed from accounts receivable in the prior year. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning net assets without donor restrictions for 2022 by \$38,755. Had the error not occurred, the change in net assets for 2021 would have been decreased by \$38,755. Accordingly, the Organization restated its results for the year ended December 31, 2021.

#### 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.