FIRST CHOICE FOR WOMEN, INC.
MUNCIE, INDIANA

FINANCIAL STATEMENTS
DECEMBER 31, 2013
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INDEPENDENT AUDITOR’S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of First Choice for Women, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 Choice for Women, Inc. as of December 31, 2013, 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.

Whitinger & Company, LLC

Certified Public Accountants
Muncie, Indiana

March 31, 2014
FINANCIAL STATEMENTS
FIRST CHOICE FOR WOMEN, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

CURRENT ASSETS
Cash $ 24,164
Inventory 17,919
Total Current Assets $ 42,083

PROPERTY AND EQUIPMENT
Land $ 50,000
Buildings 217,329
Furniture and equipment 10,838
Less accumulated depreciation (15,051)
Total Property and Equipment (pledged) $ 263,116

Total Assets $ 305,199

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES
Accrued wages and taxes $ 3,637
Line of credit 39,999
Current portion of long-term liabilities 4,862
Total Current Liabilities $ 48,498

LONG-TERM LIABILITIES
Mortgage loan payable $ 150,507
Less current portion of long-term liabilities (4,862)
Total Long-Term Liabilities $ 145,645

Total Liabilities $ 194,143

NET ASSETS
Unrestricted $ 111,056

Total Net Assets $ 111,056

Total Liabilities and Net Assets $ 305,199

See accompanying Notes to Financial Statements.
### FIRST CHOICE FOR WOMEN, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PUBLIC SUPPORT AND REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Public Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 81,518</td>
<td></td>
<td>$ 81,518</td>
<td></td>
</tr>
<tr>
<td>Special events</td>
<td>59,984</td>
<td></td>
<td>59,984</td>
<td></td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>17,919</td>
<td></td>
<td>17,919</td>
<td></td>
</tr>
<tr>
<td>Total Direct Public Support</td>
<td>$ 159,421</td>
<td></td>
<td>$ 159,421</td>
<td></td>
</tr>
<tr>
<td>Indirect Public Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant awards</td>
<td>$ 17,000</td>
<td></td>
<td>$ 17,000</td>
<td></td>
</tr>
<tr>
<td>Total Indirect Public Support</td>
<td>$ 17,000</td>
<td></td>
<td>$ 17,000</td>
<td></td>
</tr>
<tr>
<td>Total Public Support</td>
<td>$ 176,421</td>
<td></td>
<td>$ 176,421</td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>$ 114,827</td>
<td>$ 114,827</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>35,912</td>
<td>35,912</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$ 150,739</td>
<td>$ 150,739</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 25,682</td>
<td></td>
<td>$ 25,682</td>
<td></td>
</tr>
<tr>
<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td>$ 85,374</td>
<td></td>
<td></td>
<td>85,374</td>
</tr>
<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$ 111,056</td>
<td>$ - 0 -</td>
<td>$ - 0 -</td>
<td>$ 111,056</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
FIRST CHOICE FOR WOMEN, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CHANGE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES
Cash received from grants and contributions $ 158,502
Cash paid to suppliers and employees (132,693)
Interest paid (10,828)
Net Cash Provided By Operating Activities $ 14,981

CASH FLOWS FROM INVESTING ACTIVITIES
Purchase of property and equipment $ (3,000)
Net Cash Used For Investing Activities $ (3,000)

CASH FLOWS FROM FINANCING ACTIVITIES
Payments on notes payable $ (3,914)
Net Cash Used For Financing Activities $ (3,914)

NET CHANGE IN CASH AND CASH EQUIVALENTS $ 8,067

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD $ 16,097

CASH AND CASH EQUIVALENTS AT END OF PERIOD $ 24,164

NON-CASH OPERATING ACTIVITY
Receipt of in-kind contributions $ 17,919

See accompanying Notes to Financial Statements.
RECONCILATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

CHANGE IN NET ASSETS

$ 25,682

ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

Depreciation

$ 10,070

Cash flows provided by (used for) asset changes:
Inventory

(17,919)

Cash flows provided by (used for) liability changes:
Accounts payable

(4,721)
Accrued wages and taxes

1,869

Total Adjustments

$ (10,701)

NET CASH PROVIDED BY OPERATING ACTIVITIES

$ 14,981
FIRST CHOICE FOR WOMEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Program</th>
<th>Management and General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>$ 18,522</td>
<td></td>
<td>$ 18,522</td>
</tr>
<tr>
<td>Center</td>
<td>51,456</td>
<td></td>
<td>51,456</td>
</tr>
<tr>
<td>Client services</td>
<td>25,643</td>
<td></td>
<td>25,643</td>
</tr>
<tr>
<td>Fundraising</td>
<td></td>
<td>$ 12,188</td>
<td>12,188</td>
</tr>
<tr>
<td>Office expense</td>
<td>544</td>
<td>544</td>
<td>1,088</td>
</tr>
<tr>
<td>Utilities</td>
<td>4,279</td>
<td>4,279</td>
<td>8,558</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,934</td>
<td>3,934</td>
<td>7,868</td>
</tr>
<tr>
<td>Training</td>
<td>645</td>
<td></td>
<td>645</td>
</tr>
<tr>
<td>Fees</td>
<td></td>
<td>1,271</td>
<td>1,271</td>
</tr>
<tr>
<td>Interest</td>
<td>5,414</td>
<td>5,414</td>
<td>10,828</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5,035</td>
<td>5,035</td>
<td>10,070</td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td>2,602</td>
<td>2,602</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$ 114,827</td>
<td>$ 35,912</td>
<td>$ 150,739</td>
</tr>
</tbody>
</table>

See 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) is located in Muncie, Indiana. Its mission is to share the grace and truth of Jesus Christ and uphold the sanctity of human life while serving those facing unplanned pregnancies, promoting premarital sexual abstinence, and caring for those hurt by abortion.

2. **Summary of Significant Accounting Policies**

   *Basis of Accounting*

   The accounting records of First Choice for Women, Inc. are maintained 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

   *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 for 2011, 2012, and 2013 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.

   *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.

   *Inventory*

   Inventory consists of donated goods reflected at the fair market value. 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

Land, buildings and equipment are recorded at cost. Building costs and equipment are depreciated using the straight-line method over an estimated useful life of 27.5 years and 5 years, respectively.

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.

Net Assets

In accordance with FASB Accounting Standards Codification, the net assets of the Organization are reported in each of the following three classes:

1. Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

2. Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

3. Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions stipulating that the assets be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted. Amounts required to be maintained in perpetuity by the donor are reported as permanently restricted net assets.

Functional Allocation of Expenses

Costs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the principal activity and the supporting services benefited.

Advertising

The Organization expenses advertising costs as incurred. For the year ended December 31, 2013, advertising costs amounted to $2,602.

Subsequent Events

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 auditor’s report date.
3. **Notes Payable**

*Mortgage*

The Organization executed a mortgage with MutualBank in the original amount of $159,600. The mortgage is collateralized by a first mortgage on the property. The mortgage bears interest at 5.8% per annum and calls for monthly principal and interest payments of $1,133. The mortgage converts to a variable rate estimated to be 5.5% beginning in 2017 with monthly principal and interest payments being reduced to $1,111. The mortgage matures on December 20, 2031. The balance at December 31, 2013 was $150,507.

Scheduled maturities of principal on the mortgage payable are as follows:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31,</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>$ 4,862</td>
</tr>
<tr>
<td>2015</td>
<td>5,155</td>
</tr>
<tr>
<td>2016</td>
<td>5,443</td>
</tr>
<tr>
<td>2017</td>
<td>5,938</td>
</tr>
<tr>
<td>2018</td>
<td>6,278</td>
</tr>
<tr>
<td>Thereafter</td>
<td>122,831</td>
</tr>
<tr>
<td></td>
<td>$ 150,507</td>
</tr>
</tbody>
</table>

*Line of Credit*

The Organization has a line of credit with MutualBank with maximum availability in the amount of $40,000. Interest is payable monthly at the rate equal to one percentage point over Prime Rate as published in the Wall Street Journal. The interest rate at December 31, 2013, was 4.25%. This line of credit matures in January 2014. The balance of the line of credit was $39,999 at December 31, 2013. The line is collateralized by a mortgage on the property.

4. **Net Assets**

There were no temporarily restricted net assets as of December 31, 2013. Temporary restrictions are considered to expire when payments are made or when time limits have expired.

There were no permanently restricted net assets as of December 31, 2013.