

WestJax Outreach, Inc.
(d/b/a Community Health Outreach)

FINANCIAL STATEMENTS

Years Ended December 31, 2013 and 2012

WESTJAX OUTREACH, INC.

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MEMBER OF
AMERICAN AND FLORIDA
INSTITUTES OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
WestJax Outreach, Inc.
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of WestJax Outreach, Inc. (a non-profit organization) (d/b/a Community Health Outreach), which comprise the statements of financial position as of December 31, 2013 and 2012 and the related statement of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 WestJax Outreach, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

James Knutzen + Associates

James Knutzen & Associates, C.P.A.'s, P.A.
Jacksonville, Florida
June 25, 2014

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)
STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 11,851	\$ 23,034
Cash, restricted	289,261	57,034
Pledges receivable, current (Note 8)	25,000	-
Prepaid insurance	942	1,008
Total current assets	<u>327,054</u>	<u>81,076</u>
Pledges receivable, noncurrent (Note 8)	24,275	-
Fixed assets, less accumulated depreciation (Note 1)	129,658	111,127
Construction in progress (Note 5)	27,168	3,900
Total noncurrent assets	<u>181,101</u>	<u>115,027</u>
TOTAL ASSETS	<u>\$ 508,155</u>	<u>\$ 196,103</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$ 2,289	\$ 3,715
Deferred revenue	640	-
Total current liabilities	<u>2,929</u>	<u>3,715</u>
Net Assets:		
Unrestricted net assets	166,690	135,354
Temporarily restricted net assets (Note 7)	338,536	57,034
Total net assets	<u>505,226</u>	<u>192,388</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 508,155</u>	<u>\$ 196,103</u>

See Accompanying Notes to Financial Statements.

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)
STATEMENTS OF ACTIVITIES

For The Years Ended December 31, 2013 and 2012

	<u>2013</u>			<u>2012</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:						
Public support:						
Grants and contributions	\$ 52,833	\$ 406,939	\$ 459,772	\$ 59,825	\$ 113,280	\$ 173,105
In-kind contributions (Note 3)	<u>440,645</u>	<u>19,187</u>	<u>459,832</u>	<u>299,309</u>	<u>-</u>	<u>299,309</u>
Total public support	<u>493,478</u>	<u>426,126</u>	<u>919,604</u>	<u>359,134</u>	<u>113,280</u>	<u>472,414</u>
Revenue:						
Fundraising income (net of expenses of \$239 and \$1,145 for 2013 and 2012, respectively)	1,087	-	1,087	6,823	-	6,823
Interest income	<u>18</u>	<u>-</u>	<u>18</u>	<u>28</u>	<u>-</u>	<u>28</u>
Total revenue	<u>1,105</u>	<u>-</u>	<u>1,105</u>	<u>6,851</u>	<u>-</u>	<u>6,851</u>
Total public support and revenue	<u>494,583</u>	<u>426,126</u>	<u>920,709</u>	<u>365,985</u>	<u>113,280</u>	<u>479,265</u>
Net assets released from restrictions:						
Restrictions satisfied by payments	<u>144,624</u>	<u>(144,624)</u>	<u>-</u>	<u>111,172</u>	<u>(111,172)</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>639,207</u>	<u>281,502</u>	<u>920,709</u>	<u>477,157</u>	<u>2,108</u>	<u>479,265</u>
EXPENSES:						
Program services	<u>553,681</u>	<u>-</u>	<u>553,681</u>	<u>385,811</u>	<u>-</u>	<u>385,811</u>
Supporting services:						
Management and general	29,399	-	29,399	38,047	-	38,047
Fund-raising	<u>24,791</u>	<u>-</u>	<u>24,791</u>	<u>12,834</u>	<u>-</u>	<u>12,834</u>
Total supporting services	<u>54,190</u>	<u>-</u>	<u>54,190</u>	<u>50,881</u>	<u>-</u>	<u>50,881</u>
Total expenses	<u>607,871</u>	<u>-</u>	<u>607,871</u>	<u>436,692</u>	<u>-</u>	<u>436,692</u>
INCREASE IN NET ASSETS	31,336	281,502	312,838	40,465	2,108	42,573
Net assets, beginning of year	<u>135,354</u>	<u>57,034</u>	<u>192,388</u>	<u>134,455</u>	<u>54,926</u>	<u>189,381</u>
Accounting change (Note 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,566)</u>	<u>-</u>	<u>(39,566)</u>
Net assets, end of year	<u>\$ 166,690</u>	<u>\$ 338,536</u>	<u>\$ 505,226</u>	<u>\$ 135,354</u>	<u>\$ 57,034</u>	<u>\$ 192,388</u>

See Accompanying Notes to Financial Statements.

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013

	Program Services	Supporting Services		Total
		Management and General	Fund-Raising	
Salaries	\$ 53,162	\$ 14,761	\$ 13,394	\$ 81,317
Payroll taxes	4,133	3,082	1,542	8,757
Professional services, in-kind (Note 3)	432,095	-	-	432,095
In-kind other	7,000	-	-	7,000
Supplies	6,061	342	-	6,403
Medical and dental expenses	5,926	-	-	5,926
Office expense	526	-	-	526
Postage	-	378	-	378
Printing	-	919	-	919
Telephone	4,939	1,791	-	6,730
Travel	1,418	1,335	-	2,753
Vehicle expenses	488	-	-	488
Utilities	5,880	598	-	6,478
Bank fees	-	1,644	-	1,644
Insurance	3,397	-	-	3,397
Professional fees	1,750	1,750	9,855	13,355
Repairs and maintenance	14,727	32	-	14,759
Miscellaneous expenses	7,460	2,767	-	10,227
	<u>548,962</u>	<u>29,399</u>	<u>24,791</u>	<u>603,152</u>
Total before depreciation				
Depreciation	<u>4,719</u>	<u>-</u>	<u>-</u>	<u>4,719</u>
Total expenses	<u>\$ 553,681</u>	<u>\$ 29,399</u>	<u>\$ 24,791</u>	<u>\$ 607,871</u>

See Accompanying Notes to Financial Statements.

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2012

	Program <u>Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fund-Raising</u>	
Salaries	\$ 36,159	\$ 22,459	\$ 6,584	\$ 65,202
Payroll taxes	3,427	3,121	-	6,548
Professional services, in-kind (Note 3)	298,293	-	-	298,293
Supplies	13,248	859	-	14,107
Medical and dental expenses	12,319	-	-	12,319
Office expense	922	-	-	922
Postage	-	572	-	572
Printing	-	1,063	-	1,063
Trash pick up	-	179	-	179
Telephone	3,894	2,108	-	6,002
Travel	102	931	-	1,033
Vehicle expenses	-	477	-	477
Utilities	7,364	870	-	8,234
Bank fees	-	1,367	-	1,367
Insurance	3,337	-	-	3,337
Background checks	-	144	-	144
Professional fees	1,700	1,700	6,250	9,650
Repairs and maintenance	2,178	-	-	2,178
Miscellaneous expenses	95	2,197	-	2,292
	<u>383,038</u>	<u>38,047</u>	<u>12,834</u>	<u>433,919</u>
Total before depreciation				
Depreciation	<u>2,773</u>	<u>-</u>	<u>-</u>	<u>2,773</u>
Total expenses	<u>\$ 385,811</u>	<u>\$ 38,047</u>	<u>\$ 12,834</u>	<u>\$ 436,692</u>

See Accompanying Notes to Financial Statements.

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 312,838	\$ 42,573
Adjustments to reconcile change in net assets to net cash provided in operating activities:		
Depreciation	4,719	2,773
Noncash contribution of fixed assets	(20,737)	(1,016)
(Increase) decrease in operating assets:		
Pledges receivable	(49,275)	
Prepaid assets	66	(993)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(786)	1,690
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>246,825</u>	<u>45,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of equipment	(25,781)	(6,087)
NET CASH USED BY INVESTING ACTIVITIES	<u>(25,781)</u>	<u>(6,087)</u>
NET CASH PROVIDED BY ALL ACTIVITIES	221,044	38,940
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>80,068</u>	<u>41,128</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 301,112</u>	<u>\$ 80,068</u>
SUPPLEMENTARY INFORMATION:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements.

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization:

WestJax Outreach, Inc., (the Organization) is a non-profit organization incorporated in the State of Florida on October 5, 1988. The purpose of the organization is to administer an outreach program designed to provide a variety of services and tangible items for consumption to people who are living in temporary or permanent poverty situations. The Organization operates a medical clinic, food pantry, and pregnancy center on the west side of Jacksonville, Florida, and during 2013 opened a second location in Putnam County Florida. The major source of revenue for WestJax Outreach, Inc. is generous donations from individuals, businesses, and foundations.

Income Taxes:

WestJax Outreach, Inc. is exempt from federal taxation under Internal Revenue Code Section 501(c)(3). WestJax Outreach, Inc. is not a private foundation. Management evaluated the Organization's tax positions and concluded that the Organization had maintained its exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2013, 2012, 2011, and 2010 are subject to examination by the IRS, generally for 3 years after they were filed.

Basis of Accounting:

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

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 958. Under this standard, 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.

Pledges Receivable:

The fair value of unconditional promises to give in future periods is determined using the present value of the estimated future cash flows discounted at a rate commensurate with the risks involved.

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

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Use of Estimates:

Preparation of the Organization's financial statements in conformity with generally accepted accounting principles requires the use of management's estimates, primarily related to the depreciable lives of fixed assets and collectability of receivables. The nature of those estimates however, is such that variances in actual results are generally immaterial.

Cash and Cash Equivalents:

Cash and cash equivalents includes checking accounts, savings accounts, and money market funds.

Fixed Assets and Depreciation:

Fixed assets are recorded at cost and are depreciated using the straight-line method over the estimated useful lives (ranging from 5 to 40 years) of the assets. Donated assets are recorded at fair market value at the date of the gift. Fixed asset additions of \$500 and greater are capitalized. Fixed assets consist of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 89,187	\$ 89,187
Buildings	83,713	83,713
Vehicle	3,000	18,000
Furniture and equipment	<u>50,789</u>	<u>30,540</u>
	226,689	221,440
Less accumulated depreciation	<u>(97,031)</u>	<u>(110,313)</u>
	<u>\$ 129,658</u>	<u>\$ 111,127</u>

Restricted and Unrestricted Revenue and Support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

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Expense Allocation:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. RELATED PARTY TRANSACTIONS:

St. Peter's Episcopal Church provided \$17,253 and \$33,383 of cash support to WestJax Outreach, Inc. during the years ending December 31, 2013 and 2012, respectively. WestJax Outreach, Inc. reimbursed the Church for expenses totaling \$2,639 during the year ended December 31, 2013. The Church also provided office space and general support to the Outreach, which began as a ministry of the Church. No amounts are due to or from St. Peter's Episcopal Church as of December 31, 2013 and 2012.

3. CONTRIBUTIONS IN KIND:

WestJax Outreach, Inc. operates a health clinic where medical and dental services are provided to clients by volunteer medical professionals. In accordance with FASB Codification 958-605-25-16, these medical services are recognized as revenue and expense in the financial statements. In a practice recommended by the Florida Department of Health, Volunteer Health Services Program, WestJax Outreach, Inc. uses the following rates to value volunteer medical services:

Physician	\$250/hour
Dentist	\$200/hour
Physician Assistant	\$75/hour
Advanced Registered Nurse Practitioner (ARNP)	\$75/hour
Registered Nurse	\$35/hour
Licensed Practical Nurse	\$25/hour

In-kind medical and dental services of \$432,095 and \$298,293 for the years ended December 31, 2013 and 2012, respectively, include time as well as the value of referrals to private offices. Other in-kind contributions of \$27,737 and \$1,016 were received for the years ended December 31, 2013 and 2012. Additionally, volunteer support staff contributed hundreds of hours of time for which no accrual is made in the financial statements.

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

-continued-

3. CONTRIBUTIONS IN KIND: (continued)

During the years ended December 31, 2013 and 2012, respectively, WestJax Outreach, Inc. distributed 6,343 and 5,416 bags of donated food. Because there is no practical method to value these items, no accrual is made on the financial statements. Management estimates the value of distributed food and baby diapers to be \$258,234 and \$220,268 for 2013 and 2012. Additionally, WestJax Outreach, Inc. received a vast quantity of donated used clothing and baby items for distribution to clients. These items are also not recorded on the financial statements.

In-kind donations are measured at their fair value. The Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 820 provides a single definition of fair value and established a three-tier hierarchy which is described below:

Level 1 – In-kind donations for which there are readily available prices in active markets for identical items and services.

Level 2 – In-kind donations for which there is publicly available information about similar items in inactive markets, such as auction websites.

Level 3 – In-kind donations for which little publicly available information is available, and unobservable inputs may be used to measure fair value.

The in-kind contributions above are considered Level 3.

4. CONCENTRATIONS:

The organization maintains accounts at one FDIC insured bank. Deposits exceed the FDIC depository insurance limit by \$54,184 as of December 31, 2013 and do not exceed the limit as of December 31, 2012. Additionally, during 2013, 24% of cash contributions received came from one donor.

5. CONSTRUCTION IN PROGRESS:

As of December 31, 2013, WestJax Outreach, Inc. had incurred \$27,168 in costs for surveys, consulting, and applications related to planned construction of a new facility.

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

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6. ACCOUNTING CHANGE:

Prior to 2012, WestJax Outreach, Inc. used a modified cash basis of accounting whereby revenues were recorded when received, expenses were recorded when paid, and estimates were used in calculating depreciation expense and accumulated depreciation. For the 2012 financial statements, the full accrual basis of accounting was used. This change necessitated a (\$37,556) adjustment to the opening balances for property and equipment, and (\$2,010) for prepaid expenses and accounts payable.

7. TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2013 and 2012, temporarily restricted net assets consisted of amounts restricted by the donors for the following purposes:

	<u>2013</u>	<u>2012</u>
Riverside Foundation	\$ 19,081	\$ 46,000
Apple Project/FCN and Weaver	213,851	0
Building Fund	23,874	0
Baptist Medical Grant	71,893	0
WeCare	3,000	0
Medical	0	2,020
Dental	0	451
Baby Luv	150	963
Facility	326	76
Advent food	984	3,316
Lent diaper bag	8	718
Blue Foundation	0	108
FDA grant	4,589	2,475
Putnam County clinic	<u>780</u>	<u>907</u>
Total	<u>\$ 338,536</u>	<u>\$ 57,034</u>

WESTJAX OUTREACH, INC.
(d/b/a COMMUNITY HEALTH OUTREACH)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

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8. PLEDGES RECEIVABLE:

Pledges receivable as of December 31, 2013 are summarized as follows:

Gross pledges	\$ 50,000
Discount to net present value	<u>(725)</u>
	<u>\$ 49,275</u>
Pledges due in less than one year	\$ 25,000
Pledges due in one to three years	<u>24,275</u>
	<u>\$ 49,275</u>

A discount rate of 3% is used. In management's opinion, no allowance for doubtful accounts is required.

9. SUBSEQUENT EVENTS:

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through June 25, 2014, the date the financial statements were available to be issued.