

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

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2014 and 2013**

WESTJAX OUTREACH, INC.

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**JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.**

5150 Belfort Road, Bldg. 300  
JACKSONVILLE, FLORIDA 32256  
(904) 725-5832 FAX (904) 727-6835  
Email: office@knutzencpa.com

James V. Knutzen, C.P.A., M.B.A., Emeritus  
M. Todd Middlemas, C.P.A., M.B.A.  
Margaret R. Dodson, C.P.A.  
Barbara L. Towle, C.P.A.  
Christina E. Gibson, C.P.A.  
Michael J. Connelly, C.P.A.  
Gregory A. Korn, C.P.A.

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, 2014 and 2013 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.

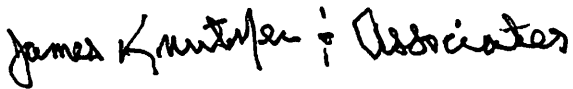
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2014 and 2013, 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.

A handwritten signature in black ink that reads "James Knutzen & Associates". The signature is written in a cursive, flowing style.

James Knutzen & Associates, C.P.A.'s, P.A.  
Jacksonville, Florida  
August 3, 2015

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

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 70,944	\$ 11,851
Cash, restricted	327,079	289,261
Pledges receivable, current (Note 7)	25,000	25,000
Prepaid insurance	712	942
Total current assets	<u>423,735</u>	<u>327,054</u>
Pledges receivable, noncurrent (Note 7)	-	24,275
Fixed assets, less accumulated depreciation (Note 1)	125,094	129,658
Construction in progress (Note 5)	425,505	27,168
Total noncurrent assets	<u>550,599</u>	<u>181,101</u>
 TOTAL ASSETS	 <u>\$ 974,334</u>	 <u>\$ 508,155</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 15,660	\$ 2,289
Construction accounts payable	78,480	-
Unearned revenue	60,974	640
Total current liabilities	<u>155,114</u>	<u>2,929</u>
Net Assets:		
Unrestricted net assets	467,141	166,690
Temporarily restricted net assets (Note 6)	352,079	338,536
Total net assets	<u>819,220</u>	<u>505,226</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 974,334</u>	 <u>\$ 508,155</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, 2014 and 2013

	<u>2014</u>			<u>2013</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>						
Public support:						
Grants and contributions	\$ 92,810	\$ 319,196	\$ 412,006	\$ 52,833	\$ 406,939	\$ 459,772
In-kind contributions (Note 3 )	<u>593,306</u>	<u>-</u>	<u>593,306</u>	<u>440,645</u>	<u>19,187</u>	<u>459,832</u>
Total public support	<u>686,116</u>	<u>319,196</u>	<u>1,005,312</u>	<u>493,478</u>	<u>426,126</u>	<u>919,604</u>
Revenue:						
Fundraising income (net of expenses of \$600 and \$239 for 2014 and 2013, respectively)	1,759	-	1,759	1,087	-	1,087
Interest income	<u>112</u>	<u>-</u>	<u>112</u>	<u>18</u>	<u>-</u>	<u>18</u>
Total revenue	<u>1,871</u>	<u>-</u>	<u>1,871</u>	<u>1,105</u>	<u>-</u>	<u>1,105</u>
Total public support and revenue	<u>687,987</u>	<u>319,196</u>	<u>1,007,183</u>	<u>494,583</u>	<u>426,126</u>	<u>920,709</u>
Net assets released from restrictions:						
Restrictions satisfied by payments	<u>305,653</u>	<u>(305,653)</u>	<u>-</u>	<u>144,624</u>	<u>(144,624)</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>993,640</u>	<u>13,543</u>	<u>1,007,183</u>	<u>639,207</u>	<u>281,502</u>	<u>920,709</u>
<b>EXPENSES:</b>						
Program services	<u>660,747</u>	<u>-</u>	<u>660,747</u>	<u>553,681</u>	<u>-</u>	<u>553,681</u>
Supporting services:						
Management and general	26,576	-	26,576	29,399	-	29,399
Fund-raising	<u>5,866</u>	<u>-</u>	<u>5,866</u>	<u>24,791</u>	<u>-</u>	<u>24,791</u>
Total supporting services	<u>32,442</u>	<u>-</u>	<u>32,442</u>	<u>54,190</u>	<u>-</u>	<u>54,190</u>
Total expenses	<u>693,189</u>	<u>-</u>	<u>693,189</u>	<u>607,871</u>	<u>-</u>	<u>607,871</u>
INCREASE IN NET ASSETS	300,451	13,543	313,994	31,336	281,502	312,838
Net assets, beginning 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>
Net assets, end of year	<u>\$ 467,141</u>	<u>\$ 352,079</u>	<u>\$ 819,220</u>	<u>\$ 166,690</u>	<u>\$ 338,536</u>	<u>\$ 505,226</u>

See Accompanying Notes to Financial Statements.

WESTJAX OUTREACH, INC.  
(d/b/a COMMUNITY HEALTH OUTREACH)  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2014

	Program <u>Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fund-Raising</u>	
Salaries	\$ 79,311	\$ 14,047	\$ 4,180	\$ 97,538
Payroll taxes	5,893	1,875	1,146	8,914
Professional services, in-kind (Note 3)	496,431	-	-	496,431
In-kind other	7,250	-	-	7,250
Supplies	27,616	134	-	27,750
Medical and dental expenses	4,414	-	-	4,414
Office expense	421	-	-	421
Postage	-	381	-	381
Printing	-	1,022	-	1,022
Telephone	5,923	1,271	-	7,194
Travel	1,542	863	-	2,405
Utilities	8,523	842	-	9,365
Bank fees	-	1,112	-	1,112
Insurance	2,629	-	-	2,629
Background checks	-	204	-	204
Professional fees	1,950	1,950	540	4,440
Repairs and maintenance	7,113	216	-	7,329
Miscellaneous expenses	5,579	2,659	-	8,238
	<u>654,595</u>	<u>26,576</u>	<u>5,866</u>	<u>687,037</u>
Total before depreciation				
Depreciation	<u>6,152</u>	<u>-</u>	<u>-</u>	<u>6,152</u>
Total expenses	<u>\$ 660,747</u>	<u>\$ 26,576</u>	<u>\$ 5,866</u>	<u>\$ 693,189</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)  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 313,994	\$ 312,838
Adjustments to reconcile change in net assets to net cash provided in operating activities:		
Depreciation	6,152	4,719
Noncash contribution of fixed assets	(89,624)	(20,737)
(Increase) decrease in operating assets:		
Pledges receivable	24,275	(49,275)
Prepaid assets	230	66
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	91,851	(786)
Deferred revenue	60,334	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>407,212</u>	<u>246,825</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of fixed assets	<u>(310,301)</u>	<u>(25,781)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(310,301)</u>	<u>(25,781)</u>
NET CASH PROVIDED BY ALL ACTIVITIES	96,911	221,044
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>301,112</u>	<u>80,068</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 398,023</u>	<u>\$ 301,112</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, 2014 and 2013

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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 2014, 2013, 2012, and 2011 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, 2014 and 2013

-continued-

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>2014</u>	<u>2013</u>
Land	\$ 89,187	\$ 89,187
Buildings	20,928	83,713
Vehicle	3,000	3,000
Furniture and equipment	<u>52,378</u>	<u>50,789</u>
	165,493	226,689
Less accumulated depreciation	<u>(40,399)</u>	<u>(97,031)</u>
	<u>\$ 125,094</u>	<u>\$ 129,658</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, 2014 and 2013

-continued-

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 \$17,835 and \$17,253 of cash support to WestJax Outreach, Inc. during the years ending December 31, 2014 and 2013, respectively. WestJax Outreach, Inc. reimbursed the Church for expenses totaling \$2,079 and \$2,639 during the years ended December 31, 2014 and 2013, respectively. 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, 2014 and 2013.

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 \$496,431 and \$432,095 for the years ended December 31, 2014 and 2013, respectively, include time as well as the value of referrals to private offices. Other in-kind contributions of \$8,839 and \$10,000 were received for the years ended December 31, 2014 and 2013. 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, 2014 and 2013  
-continued-

3. CONTRIBUTIONS IN KIND: (continued)

During the years ended December 31, 2014 and 2013, respectively, WestJax Outreach, Inc. received in-kind contributions valued at \$88,035 and \$17,737 for design and construction of a new clinic facility.

During the years ended December 31, 2014 and 2013, respectively, WestJax Outreach, Inc. distributed 9,430 and 6,343 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 \$378,785 and \$258,234 for 2014 and 2013. 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 \$172,796 and \$54,184 during the years ended December 31, 2014 and 2013, respectively. Additionally, 31% and 24% of cash contributions were received from one donor for the years ended December 31, 2014 and 2013, respectively.

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

NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

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5. CONSTRUCTION IN PROGRESS:

WestJax Outreach, Inc. incurred a cumulative total of \$425,505 and \$27,168 in costs related to construction of a new facility as of December 31, 2014 and 2013, respectively. This facility is also known as the "Apple Project."

6. TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2014 and 2013, temporarily restricted net assets consisted of amounts restricted by the donors for the following purposes:

	<u>2014</u>	<u>2013</u>
Riverside Foundation	\$ 0	\$ 19,081
Apple Project/FCN and Weaver	148,953	213,851
Building Fund	87,756	23,874
Baptist Medical Grant	59,053	71,893
WeCare	56	3,000
Dental	10,000	0
Baby Luv	144	150
Facility	0	326
Advent food	6	984
Lent diaper bag	0	8
J. Moran Foundation	30,901	0
FDA grant	4,431	4,589
FAFCC	<u>10,779</u>	<u>0</u>
Total	<u>\$ 352,079</u>	<u>\$ 338,536</u>

7. PLEDGES RECEIVABLE:

Pledges receivable as of December 31, 2014 are summarized as follows:

Pledges due in less than one year     \$ 25,000

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

NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

-continued-

8. SUBSEQUENT EVENTS:

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through August 3, 2015, the date the financial statements were available to be issued. In February 2015, the Episcopal Church in the Diocese of Florida, Inc. deeded three parcels of land to WestJax Outreach, Inc. The parcels have an assessed value of \$140,291. The clinic facility in Note 5 was completed and opened in May 2015.