

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

FINANCIAL STATEMENTS

Year Ended December 31, 2012

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.
Greg 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

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

Auditors' 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 WestJax Outreach, Inc. as of December 31, 2012, 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.

James Knutzen & Associates

James Knutzen & Associates, C.P.A.'s, P.A.

Jacksonville, Florida

July 3, 2013

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

December 31, 2012

ASSETS

Current assets:

Cash and cash equivalents (Note 1)	\$ 80,068
Prepaid insurance	<u>1,008</u>
Total current assets	81,076

Fixed assets, less accumulated
depreciation (Note 1)

Construction in progress (Note 5)	111,127
Total noncurrent assets	<u>3,900</u> <u>115,027</u>

TOTAL ASSETS \$ 196,103

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 3,715
Total current liabilities	<u>3,715</u>

Net Assets:

Unrestricted net assets	135,354
Temporarily restricted net assets (Note 7)	<u>57,034</u>
Total net assets	<u>192,388</u>

TOTAL LIABILITIES AND NET ASSETS \$ 196,103

See Accompanying Notes to Financial Statements.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Public support:			
Grants and contributions	\$ 59,825	\$ 113,280	\$ 173,105
In-kind contributions (Note 3)	<u>299,309</u>	<u>-</u>	<u>299,309</u>
Total public support	<u>359,134</u>	<u>113,280</u>	<u>472,414</u>
Revenue:			
Fundraising income (net of expenses of \$1,145)	6,823	-	6,823
Interest income	28	-	28
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>6,851</u>	<u>-</u>	<u>6,851</u>
Total public support and revenue	<u>365,985</u>	<u>113,280</u>	<u>479,265</u>
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>111,172</u>	<u>(111,172)</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>477,157</u>	<u>2,108</u>	<u>479,265</u>
EXPENSES:			
Program services	<u>385,811</u>	<u>-</u>	<u>385,811</u>
Supporting services:			
Management and general	38,047	-	38,047
Fund-raising	<u>12,834</u>	<u>-</u>	<u>12,834</u>
Total supporting services	<u>50,881</u>	<u>-</u>	<u>50,881</u>
Total expenses	<u>436,692</u>	<u>-</u>	<u>436,692</u>
INCREASE IN NET ASSETS	40,465	2,108	42,573
Net assets, beginning of year	<u>134,455</u>	<u>54,926</u>	<u>189,381</u>
Accounting change (Note 6)	<u>(39,566)</u>	<u>-</u>	<u>(39,566)</u>
Net assets, end of year	<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, 2012

	Program Services	Supporting Services		Total
		Management and General	Fund-Raising	
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)
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 42,573
Adjustments to reconcile change in net assets to net cash provided in operating activities:	
Depreciation	2,773
Noncash contribution of fixed assets	(1,016)
Increase in operating assets:	
Prepaid assets	(993)
Increase in operating liabilities:	
Accounts payable and accrued expenses	<u>1,690</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>45,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net purchase of equipment	(6,087)
NET CASH USED BY INVESTING ACTIVITIES	<u>(6,087)</u>
NET CASH PROVIDED BY ALL ACTIVITIES	38,940
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>41,128</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 80,068</u></u>
SUPPLEMENTARY INFORMATION:	
Cash paid for interest	<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
Year Ended December 31, 2012

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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 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 2012, 2011, 2010, and 2009 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.

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

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 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. 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:

Land	\$ 89,187
Buildings	83,713
Vehicle	18,000
Furniture and equipment	<u>30,540</u>
	221,440
Less accumulated depreciation	<u>(110,313)</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
Year Ended December 31, 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 \$33,383 of cash support to WestJax Outreach, Inc. during 2012. 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, 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 \$298,293 include time as well as the value of referrals to private offices. Additionally, volunteer support staff contributed hundreds of hours of time for which no accrual is made in the financial statements.

During 2012, WestJax Outreach, Inc. distributed 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 \$220,268. 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.

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

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012
-continued-

4. CONCENTRATION OF CREDIT RISK:

The organization maintains accounts at one FDIC insured bank. Deposits do not exceed the FDIC depository insurance limit as of December 31, 2012.

5. CONSTRUCTION IN PROGRESS:

During 2012, WestJax Outreach, Inc. incurred \$3,900 in costs for surveys, consulting, and applications related to planned construction of a new facility. As of July 3, 2013, the date of these financial statements, no contract had been signed for this project, and the fundraising for the project had not been completed.

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, 2012, temporarily restricted net assets consisted of amounts restricted by the donors for the following purposes:

Riverside Foundation	\$ 46,000
Medical	2,020
Dental	451
Baby Luv	963
Facility	76
Advent food	3,316
Lent diaper bag	718
Blue Foundation	108
FDA grant	2,475
Putnam County clinic	<u>907</u>
Total	<u>\$ 57,034</u>

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

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

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8. SUBSEQUENT EVENTS:

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through July 3, 2013, the date the financial statements were available to be issued.