



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Fredericksburg Pregnancy Center

I have audited the accompanying financial statements of Fredericksburg Pregnancy Center (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2013, and the related Statements 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.

### 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 Fredericksburg Pregnancy Center 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.

Morrow, PC  
Manassas, VA  
May 22, 2014

**Fredericksburg Pregnancy Center  
Statement of Financial Position  
At December 31, 2013**

	<b>2013</b>
<b>Assets</b>	
Current Assets	
Cash and Cash Equivalents	\$ 95,961
Total Current Assets	<u>95,961</u>
Property and Equipment	
Computers and Equipment	29,741
Accumulated Depreciation	<u>(1,223)</u>
Net Property and Equipment	<u>28,518</u>
<b>Liabilities and Net Assets</b>	
Current Liabilities	
Payroll taxes Payable	\$ 2,226
Total Current Liabilities	<u>2,226</u>
Total Liabilities	2,226
Net Assets	
Unrestricted Net Assets	<u>122,253</u>
Total Net Assets	<u>122,253</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 124,479</u></u></b>

**See Accountant's Report and Notes to Financial Statements**

**Fredericksburg Pregnancy Center  
Statement of Activities  
For the Year Ended December 31, 2013**

	<u>Unrestricted</u>	<u>Total</u>
Revenues, Gains and Other Support		
Contributions	\$ 190,823	\$ 190,823
Donated Services	68,352	68,352
Interest Income	2	2
Total Revenues, Gains and Other Support	<u>259,177</u>	<u>259,177</u>
Expenses		
Program	179,386	179,386
Supporting Services		
General and Administrative	8,911	8,911
Fundraising	10,499	10,499
Total Expenses	<u>198,796</u>	<u>198,796</u>
Changes in Net Assets from Operations	60,381	60,381
Net Assets, Beginning of Year	<u>61,872</u>	<u>61,872</u>
<b>Net Assets, End of Year</b>	<b><u><u>\$ 122,253</u></u></b>	<b><u><u>\$ 122,253</u></u></b>

**See Accountant's Report and Notes to Financial Statements**

**Fredericksburg Pregnancy Center  
Statement of Functional Expenses  
For the Year Ended December 31, 2013**

	<u>Program</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total</u>
Functional Expenses				
Advertising and Public Relations	\$ 1,650	\$ -	\$ -	\$ 1,650
Affiliations	704	-	-	704
Appreciations	567	-	-	567
Computer and IT Services	1,945	188	-	2,133
Conferences and Seminars	2,589	-	-	2,589
Depreciation	1,183	20	20	1,223
Donated Services	68,352	-	-	68,352
Events and Programs	15,068	-	-	15,068
Insurances	3,079	330	-	3,409
Medical Services	1,246	-	-	1,246
Miscellaneous	78	12	12	102
Office Expense	5,431	457	1,271	7,159
Payroll Taxes	2,715	401	409	3,525
Professional Fees	-	-	1,485	1,485
Rent	29,774	1,564	-	31,338
Salaries and Wages	35,491	5,239	5,346	46,076
Taxes and Licenses	24	359	1,956	2,339
Training and Educations	3,065	-	-	3,065
Utilities	6,425	341	-	6,766
<b>Total Functional Expenses</b>	<b>\$ 179,386</b>	<b>\$ 8,911</b>	<b>\$ 10,499</b>	<b>\$ 198,796</b>

**See Accountant's Report and Notes to Financial Statements**

**Fredericksburg Pregnancy Center  
Statement of Cash Flows  
For the Year December 31, 2013**

	<b>2013</b>
Cash flows from operating activities	
Changes in Net Assets	\$ 60,381
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and Amortization	1,223
Increase (Decrease) in other current liabilities	2,134
Total Adjustments	<u>3,357</u>
Net Cash Provided (Used) by Operating Activities	63,738
Cash Flows from Investing Activities	
Cash Payments for Purchase of Property	<u>(29,741)</u>
Net Cash Provided (Used) by Investing Activities	(29,741)
Net Increase (Decrease) in Cash and Equivalents	33,997
Cash and Equivalents, Beginning of Year	<u>61,964</u>
<b>Cash and Equivalents, End of Year</b>	<b><u><u>\$ 95,961</u></u></b>
Interest Paid, Included in Change in Net Assets	\$ -

**See Accountant's Report and Notes to Financial Statements**

**Fredericksburg Pregnancy Center**  
**Notes to the Financial Statements**  
**December 31, 2013**

**A. ORGANIZATION**

The Fredericksburg Pregnancy Center (the “Organization”) was incorporated in the Commonwealth of Virginia in 2012. The Organization’s goal is to proclaim the love of Jesus Christ and the salvation and forgiveness He offers to all who walk through our doors. It is from this mindset we hope to uphold the importance of all LIFE and come along side women and men who may be experiencing an unplanned pregnancy, sexual integrity concerns or struggling emotionally and physically from a previous abortion.

All Services are Free and Confidential: Fredericksburg Pregnancy Center provides services to anyone facing an unplanned pregnancy. FPC does this through Ultrasound Confirmation, Pregnancy Testing, Medical Consultation. Education Concerning Abortion and Abortion Alternatives, Education about Lifestyles, Marriage, and Relationships all during the office visit. FPC is connected with many area agencies therefore able to offer Resource Referrals and Adoption Referrals. Routinely FPC holds Post Abortion Support Healing groups assisting with abortion recovery as well as education in Parenting and Prenatal Classes through our Earn While You Learn Parenting Program. On the off hours FPC is still available through our 24 hour hotline.

Fredericksburg Pregnancy Center began offering Ultrasound services October 1st of 2012, three days a week.

In 2013 Fredericksburg Pregnancy Center served a total of 451 women and men. These clients were supported through use of ultrasound and pregnancy testing. Many received post-abortion advocacy support. The Fredericksburg Pregnancy Center services clients from five surrounding counties. Stafford, Fredericksburg, King George, Spotsylvania, and Caroline County.

Fredericksburg Pregnancy Center is sustained solely by the generous support of individuals, churches and private organizations. FPC accepts monetary donations as well as material resource gifts in kind.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** – The financial statements of the Organization have been prepared on the accrual basis of accounting. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

**Use of Estimates and Assumptions** – Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Financial Statement Presentation** – The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

**Contributions** – Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any restrictions. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as Net Assets Released from Restrictions.

**Advertising Costs** – The Organization records its advertising costs as they are incurred. During 2013 the Center incurred \$1,650 in advertising costs.

**Cash and Cash Equivalents** – For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents and are available for current use.

**Fredericksburg Pregnancy Center  
Notes to the Financial Statements  
December 31, 2013**

**Property and Equipment** – The Organization capitalizes expenditures with a useful life of greater than one year that exceed \$1,000 and all computers. Property and equipment is stated at cost and is depreciated using the straight-line method over an estimated useful life of five (5) years for computers and equipment. Depreciation expense for the year ended December 31, 2013 was \$1,223.

**Functional Allocation of Expenses** – The Organization’s expenses have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the areas benefited.

**Income Taxes** – The Internal Revenue Service has recognized the Organization as a Section 501(c)(3) organization exempt from income tax under Section 501(a) of the Internal Revenue Code and applicable income tax regulations of the Commonwealth of Virginia.

**C. DONATED ITEMS AND VOLUNTEER SERVICES**

For the year ended December 31, 2013, professional and volunteer staff undertook significant Organization projects at no cost to the Organization. The value of these services is estimated by management to be \$68,352.

**D. CONCENTRATION OF RISK**

For the year ended December 31, 2013, one contributor made up 10% of total contributions. The top six contributors made up 21.1% of total contributions.

**E. LEASES**

On September 28, 2012, the Organization entered into a lease agreement for office space at 1616 Stafford Avenue, Fredericksburg, VA 22401. The term of the lease started October 1, 2012 and was for a period of three years. Base rent was \$2,592 per month.

The future minimum lease payments are as follows:

<b>Year</b>	<b>Amount</b>
2014	\$ 32,040
2015	\$ 24,030
<b>Total</b>	<b>\$ 56,070</b>

**F. SUBSEQUENT EVENTS**

The subsequent events were evaluated through May 22, 2014, which is the date the financial statements were available to be issued.

On May 2, 2014 the lease mentioned above was extended for an additional 24 months. The future minimum lease payments for the additional 24 month period are as follows:

<b>Year</b>	<b>Amount</b>
2015	\$ 8,010
2016	\$ 33,249
2017	\$ 25,497
<b>Total</b>	<b>\$ 66,756</b>