

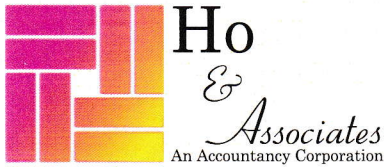
Obria Medical Clinics of Southern California Inc.
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
AND FINANCIAL STATEMENTS
Year Ended September 30, 2016

PREPARED BY
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- CONFIDENTIAL -

Obria Medical Clinics of Southern California Inc.
Independent Accountant's Review Report and Financial Statements
September 30, 2016

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Obria Medical Clinics of Southern California Inc.

We have reviewed the accompanying statement of financial position of **Obria Medical Clinics of Southern California Inc.** (a California, non-profit corporation) as of **September 30, 2016**, and the related statements of activities, statement of functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Ho & Associates, CPA, Inc.
April 19, 2017

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OBRIA MEDICAL CLINICS OF SOUTHERN CALIFORNIA, INC.
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2016

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 737,362	
Grants Receivable-Net (Note 2)	500,000	
Promises to Give-Net (Note 2)	16,214	
Prepaid Expenses	42,852	
Total Current Assets	\$ 1,296,427	

Property and Equipment (Note 3)

Property and Equipment	796,655	
Accumulated Depreciation	(546,815)	
Net Property and Equipment	249,840	

Other Assets

Intangible Asset	7,669	
Security Deposits	30,882	
Total Other Assets	38,551	

Total Assets	\$ 1,584,818
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 65,118	
Deferred Revenue (Note 5)	59,100	
Payroll and Payroll Tax Liabilities	32,015	
Equipment Lease Liability(Current Portion)	9,197	
Total Current Liabilities	165,430	

Long Term Liabilities

Equipment Lease Liability (Note 11)	5,709	
Total Long-Term Liabilities	5,709	

Total Liabilities	171,139
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Net Assets

Unrestricted		
Operating	(93,053)	
Property and Equipment	249,840	
Temporarily Restricted (Note 6)	256,893	
Permanently Restricted (Note 7)	1,000,000	
Total Net Assets	1,413,679	

Total Liabilities and Net Assets	\$ 1,584,818
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OBRIA MEDICAL CLINICS OF SOUTHERN CALIFORNIA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	\$ 859,962	\$ 53,459	\$ -	\$ 913,421
Donated Goods and Services	220,847			220,847
Fundraising Income (Net of Direct Benefits to Donors)	958,617			958,617
Grants	9,775			9,775
Investment Income	306			306
Miscellaneous Income	4,500			4,500
Restricted Family Foundation		784,066		784,066
Service Income	30,386			30,386
TSR	63,384			63,384
Warrior/Women for Life	11,951			11,951
Net Assets Released from Restrictions In Satisfaction of Program Restrictions	892,577	(892,577)		-
Total Support and Revenues	3,052,305	(55,052)	-	2,997,253
Expenses				
Program Services				
Medical & Counseling	2,171,623			2,171,623
Supporting Services				
Management & General	286,961			286,961
Development & Fundraising	534,531			534,531
Total Expenses	2,993,114			2,993,114
CHANGE IN NET ASSETS	59,191	(55,052)	-	4,139
NET ASSETS, BEGINNING	97,595	311,945	1,000,000	1,409,540
NET ASSETS, ENDING	\$ 156,786	\$ 256,893	\$ 1,000,000	\$ 1,413,679

OBRIA MEDICAL CLINICS OF SOUTHERN CALIFORNIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Program Services	Supporting Services		Total
	<u>Medical & Counseling</u>	<u>Management & General</u>	<u>Development & Fundraising</u>	
Salaries	\$ 905,763	\$ 111,920	\$ 232,744	\$ 1,250,427
Payroll Taxes and Employee Benefits	78,827	9,573	20,870	109,270
Total Personnel Expenses	<u>984,590</u>	<u>121,493</u>	<u>253,614</u>	<u>1,359,697</u>
Accreditation Expense	24,490			24,490
Advertising & Promotion	75		4,922	4,997
COGS	134,865			134,865
Communication	14,972	8,475	2,342	25,789
Conference/Seminar			3,800	3,800
Depreciation Expense	71,031	17,758		88,789
Donation Expense	1,450			1,450
Donor Relations	900		2,240	3,140
Dues and Subscriptions	5,488	437	2,079	8,004
Emp & Vol Training & Relations	4,933	1,184	25	6,142
Equipment Lease	6,809	11,469		18,278
Event Expenses	20,352		141,507	161,859
Fees	2,200	16,285	7,586	26,071
Grant Expense	120,000			120,000
Insurance - General	73,256	9,139	18,536	100,931
Insurance - Health	39,402	9,850	16,417	65,669
Interest expense	2,769	2,769		5,538
IT Services	30,417	3,380		33,797
Marketing	40,051		16,099	56,150
Public Relations	20,194		5,048	25,242
SEO/SEM	72,387			72,387
Web Development	64,450		5,900	70,350
Meals and Entertainment	1,373	458	458	2,289
Mileage, Parking, Tolls	4,060	3,123	3,227	10,410
Moving Expense	733	8,609		9,342
New Clinic Affiliate Support	696			696
Office Expense	2,948	2,064	884	5,896
Postage	835	6,304	9,229	16,368
Printing	1,282	3,890	19,941	25,113
Professional Services	98,922	17,147	15,828	131,897
Rent	145,793	39,159		184,952
Repair & Maintenance	9,692	510		10,202
Travel	11,315		4,849	16,164
Utilities	6,729	3,458		10,187
Volunteer Labor	96,811			96,811
In Kind Expense	10,636			10,636
Uncollectible Pledges	44,716			44,716
	<u>\$ 2,171,623</u>	<u>\$ 286,961</u>	<u>\$ 534,531</u>	<u>\$ 2,993,114</u>

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See accompanying notes

OBRIA MEDICAL CLINICS OF SOUTHERN CALIFORNIA, INC.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED SEPTEMBER 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$	4,139
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Adjustments to Reconcile Increase in Net Assets
to Net Cash Used in Operating Activities:

Depreciation	\$	96,469
(Increase) Decrease in Operating Assets		
Grant Receivable	(242,932)	
Promises to Give-Net	89,500	
Prepaid Expenses	(2,624)	
Security Deposit	(6,821)	
Increase (Decrease) in Operating Liabilities		
Accounts Payable	19,882	
Other Current Liabilities	464	
Deferred Revenues	(10,600)	
Total Adjustments to Increase in Net Assets		<u>(56,661)</u>
Net Cash Used in Operating Activities		(52,522)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property & Equipment	<u>(17,990)</u>	
Net Cash Used in Investing Activities		(17,990)

CASH FLOWS FROM FINANCING ACTIVITIES

Equipment Lease	<u>(6,968)</u>	
Net Cash Used in Financing Activities		<u>(6,968)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(77,480)
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CASH & CASH EQUIVALENTS, Beginning of Year	<u>814,842</u>
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CASH & CASH EQUIVALENTS, End of Year	<u><u>\$ 737,362</u></u>
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Supplemental Disclosure

The Organization received \$220,847 in donated goods and services for operating purposes.

Obria Medical Clinics of Southern California INC.
Notes To Financial Statements
September 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Obria Medical Clinics of Southern California INC. (formerly Birth Choice Health Clinics), incorporated in 1985 as a California non-profit corporation, which offers free pregnancy and STD testing, ultrasounds, well-woman exams, cancer screening and classes on parenting and adoption and provides vital care and support to more than 65,000 people and transformed many lives.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this basis, revenues are recognized when earned and expenditures are recognized when incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents.

Property and Equipments

Property and equipments are stated at cost. Depreciation is provided on the straight-line basis or double declining balance over the estimated useful lives of the assets as follows:

Medical Equipment	7 years
Leasehold Improvements	2~39 years
Signage	7 years
Computer Equipment	3~5 years
Office Equipment	5 years
Motor Vehicles	5 years

Expenditures for maintenance and repairs are charged to expenses; betterment and major renewals over \$1,000 are capitalized.

Obria Medical Clinics of Southern California INC.
Notes To Financial Statements
September 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Contributions and Support

Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated amount. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, temporarily restricted contributions whose restrictions are met in the same year are reported as unrestricted support.

Functional Allocation of Expenses

The cost of the Organization's program services (Medical & Counseling), and supporting activities (Management & Administration and Development & Fundraising) have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Goods & Services

Only those goods and services for which objective basis exists for measurement and valuation have not been reflected in the accompanying financial statements.

Advertising Costs

The Organization follows the practice of expensing advertising costs as they are incurred.

NOTE 2. Grants Receivable and Promises to Give

No allowance for uncollectibility was recorded against grants receivables management believes the total amount is collectible.

Unconditional promises to give as of September 30, 2016 are as follows:

Unconditional Promises to Give	\$37,330
Less: Allowance for Uncollectible Promises	<u>(21,116)</u>
Net Unconditional Promises to Give	<u>\$16,214</u>

Obria Medical Clinics of Southern California INC.
Notes To Financial Statements
September 30, 2016

NOTE 3. Property and Equipment

Property and equipment consist of the following:

Computer Equipment	\$59,589
Furniture and Equipment	51,141
Leasehold Improvements	318,666
Medical Equipment	272,438
Mobile Unit	75,450
Signage	<u>19,371</u>
 Total	 \$796,655
 Less: Accumulated Depreciation	 (<u>546,815</u>)
 Property and Equipment Net of Accumulated Depreciation	 <u>\$249,840</u>

Depreciation expense charged to income was \$ 88,789.

NOTE 4. Intangible Asset

Intangible Asset consists of a “Domain Name” with a value of \$7,669 as of September 30, 2016.

NOTE 5. Deferred Revenue

The Organization has recorded amounts collected for “GALA 2016” as “Deferred-Revenue”. “Deferred-Revenue” is not to be recognized as income until November 2016.

Deferred Revenue-GALA 2016	\$59,100
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NOTE 6. Temporarily Restricted Net Asset

The Organization has recorded the amount of \$256,893 as Temporarily Restricted Net Asset as of September 30, 2016. This is based on the balance of restricted grants received net of amounts released from restrictions during the current fiscal year.

**Obria Medical Clinics of Southern California INC.
Notes To Financial Statements
September 30, 2016**

NOTE 6. Temporarily Restricted Net Asset (Continued)

<u>Grantor</u>	<u>Temporarily Restricted Amount As of September 30, 2016</u>
Beginnings	\$4,182
Clare Venegas	5,000
Stone Grant	86,018
Tobby's House Maternity	7,863
Dad's Project	200
Servant's Heart Foundation	13,873
USCCB Grant	<u>139,757</u>
Total	<u><u>\$ 256,893</u></u>

NOTE 7. Permanently Restricted Net Assets

The Organization has recorded the amount of \$1,000,000 as Permanently Restricted Net Assets as of September 30, 2016, based on the Memorandum of Agreement made between Obria Medical Clinics of Southern California Inc. and Grantors Dennis and Linda Jilot on March 22, 2012.

NOTE 8. INCOME TAXES

The Organization is a not-for-profit entity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization is exempt from state income taxes.

NOTE 9. INTEREST AND TAXES

For purpose of the Statement of Cash flows, the Organization paid \$ 0 in income taxes and \$5,538 in interest expense.

NOTE 10. Lease Commitments

The Organization is under the obligation of the following operating leases:

Obria Medical Clinics of Southern California INC.
Notes To Financial Statements
September 30, 2016

NOTE 10. Lease Commitments (continued)

Facility	Term	Monthly Base Rent
Long Beach, California	Five years Lease ending August 2021	\$ 4,632
Mission Viejo, California	From August 1, 2012 to July 31, 2017	\$ 4,383
Irvine, California	Five years Lease ending February 2021	\$ 2,916
Orange, California	Shared space-monthly lease	\$ 1,200
Buena Park, California	Two years Lease ending December 31, 2017	\$ 2,500

Leases may be subjected to annual increases on the anniversary date of the lease.

NOTE 11. Capital Lease

The Organization leased office equipment under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Organization's assets and liabilities.

2017	\$9,197
2018	<u>\$5,708</u>
	<u>\$14,905</u>

NOTE 12. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through **April 19, 2017** the date which the financial statements were available to be issued.