

HEALTH CARE ACCESS, INC.
LAWRENCE, KANSAS

FINANCIAL STATEMENTS
For the year ended December 31, 2015

and

INDEPENDENT AUDITORS' REPORT



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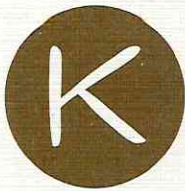
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HEALTH CARE ACCESS, INC.

Lawrence, Kansas

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accounting, p.a.

To the Board of Directors
Health Care Access Clinic, Inc.
Lawrence, Kansas 66044

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Report on the Financial Statements

We have audited the accompanying financial statements of Health Care Access Clinic, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Health Care Access Clinic, Inc. as of December 31, 2015, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2016, on our consideration of Health Care Access Clinic, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Health Care Access Clinic, Inc.'s internal control over financial reporting and compliance.

Kohart Accounting, PA

Kohart Accounting, PA
A Professional Association
Certified Public Accountant

May 24, 2016

HEALTH CARE ACCESS, INC.

Lawrence, Kansas

STATEMENT OF FINANCIAL POSITION

As of December 31, 2015

Assets

Current assets

Cash and cash equivalents (Note 3)	\$ 320,807
Prepaid expenses (Note 4)	3,827

Total current assets	<u>324,634</u>
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Fixed assets (Note 2)

Building	257,365
Land	81,360
Equipment	122,121
Building improvements	9,155
Accumulated depreciation	<u>(133,767)</u>

Total fixed assets	<u>336,234</u>
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Other assets

Beneficiary interest in assets held by others (Note 1)	<u>94,888</u>
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Total assets	<u><u>\$ 755,756</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 2,250
Accrued compensated absences (Note 7)	16,154
Accrued wages	6,829
Payroll taxes payable	10,347
Prepaid revenue	<u>2,075</u>

Total current liabilities	<u>37,655</u>
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Net Assets

Unrestricted	698,101
Temporarily restricted	<u>20,000</u>

Total net assets	<u>718,101</u>
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Total liabilities and net assets	<u><u>\$ 755,756</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

HEALTH CARE ACCESS, INC.

Lawrence, Kansas

STATEMENT OF ACTIVITIES

For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Grant Income	\$ 485,852	\$ -	\$ -	\$ 485,852
Program revenue	45,230			45,230
Contributions	127,161			127,161
Interest income	164			164
Change in beneficiary interest	(1,995)			(1,995)
Fundraising event income	158,105			158,105
Miscellaneous income	1,162			1,162
Assets released from restrictions	-			-
Total revenues	815,679	-	-	815,679
Expenditures				
Program services	516,919			516,919
Management and general	155,448			155,448
Fundraising	104,143			104,143
Total expenditures	776,510	-	-	776,510
Change in Net Assets	39,169	-	-	39,169
Net assets, beginning of year	658,932	20,000	-	678,932
Net assets, end of year	<u>\$ 698,101</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 718,101</u>

The accompanying notes to financial statements
are an integral part of this statement.

HEALTH CARE ACCESS, INC.

Lawrence, Kansas

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2015

	Program Services	Management and General	Fundraising	Total
Wages	\$ 390,617	\$ 98,661	\$ 40,588	\$ 529,866
Payroll taxes	33,782	8,533	3,510	45,825
Employee benefits	30,848	6,789	2,793	40,430
Pharmacy	1,861			1,861
Insurance	7,533	2,963		10,496
Equipment rent and maintenance	2,615			2,615
Dues and memberships		1,190		1,190
Occupancy		12,129		12,129
Telephone	3,665	1,973		5,638
Postage		338	627	965
Printing and publications	120		120	240
Advertising			239	239
Travel		621		621
Conferences and meetings		1,614		1,614
Supplies	25,287	3,037	1,910	30,234
Miscellaneous		368		368
Bank and credit card processing fees	1,195	1,378		2,573
Professional fees		9,940	10,680	20,620
Depreciation	16,708			16,708
Information technology	2,688	5,914	2,150	10,752
Fundraising events costs			41,526	41,526
Total Expenses	<u>\$ 516,919</u>	<u>\$ 155,448</u>	<u>\$ 104,143</u>	<u>\$ 776,510</u>

The accompanying notes to financial statements
are an integral part of this statement

HEALTH CARE ACCESS, INC.

Lawrence, Kansas

STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

Cash flows from operating activitiesReconciliation of changes in net assets to net cash
provided (used) by operating activities:

Increase (decrease) in net assets \$ 39,169

Adjustments to reconcile change in net assets to net
cash provided (used) by operating activities:

Depreciation 16,708

Changes in current assets and liabilities

(Increase) decrease in prepaid expenses 4,345

(Increase) decrease in grants and other receivable 13,400

Increase (decrease) in accounts payable (8,655)

Increase (decrease) in accrued compensated absences and wages (111)

Increase (decrease) in payroll taxes payable 7,141

Increase (decrease) in prepaid revenue 2,075

Net cash provided (used) by operating activities 74,072**Cash flows from investing activities**

Change in beneficiary interest 1,965

Purchase of depreciable assets -

Net cash provided (used) by investing activities 1,965**Net increase (decrease) in cash for period** 76,037**Cash as of beginning of period** 244,770**Cash as of end of period** \$ 320,807**Supplemental Information**Interest paid \$ -Income taxes paid \$ -The accompanying notes to financial statements
are an integral part of this statement

HEALTH CARE ACCESS, INC.

Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Health Care Access, Inc. was incorporated as a nonprofit organization under the laws of the State of Kansas on November 21, 1988. The nature of Health Care Access, Inc.'s business is:

1. To facilitate access to health care services to the low-income, uninsured in Douglas County;
2. To provide, coordinate and manage an information and referral system for the medically indigent to needed health care services;
3. Develop resources to acquire needed prescription medication and supplies for the medically indigent; and
4. To inform and educate community members and leaders on issues related to medical indigence.

The financial statements of Health Care Access, Inc. have been prepared on the accrual basis of accounting which is in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies are described below:

Definition of the Entity – Health Care Access, Inc. is a nonprofit corporation governed by a fourteen member board. Health Care Access, Inc. as an entity has been defined to include on a combined basis (a) Health Care Access, Inc. (b) organizations for which Health Care Access, Inc. is financially accountable, and (c) other organizations for which the nature and significance of their relationship with Health Care Access, Inc. are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in Health Care Access, Inc.'s report.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting.

Classification of Net Assets – The Organization has adopted generally accepted accounting principles as outlined in the Financial Accounting Standards Boards Accounting Standard Codification (FASB ASC) 958-205. Under FASB ASC 958-205, The Organization is required to report information regarding its financial position and activities according to three classes of net assets – permanently restricted, temporarily restricted, and unrestricted.

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

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions what will affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

HEALTH CARE ACCESS, INC.
Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (continued)

Income Taxes – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Organization follows the accounting standards for uncertain tax positions. The Organization's policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this policy had no impact on the Organization's financial statements.

The Organization files as a tax-exempt organization. As of December 31, 2015, its 2012 through 2014 fiscal year tax returns are open for examination by the IRS.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash held in checking, money market accounts and certificates of deposit. The Organization considers all cash to be cash equivalents.

Long-Term Assets – Property and equipment with a life that benefits future periods has been capitalized at cost. Depreciation is provided over the estimated useful lives of the respective assets (five to thirty-nine years) using the straight-line method. The Kansas Department of Health and Environment retain restrictions over disposition of equipment purchased with grant funds. Depreciation expense for the year ended December 31, 2015 was \$16,708.

Contributions – Contributions are recognized when the donor makes a promise to give to Health Care Access, Inc. that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization are recorded as permanently restricted net assets. There were no permanently restricted net assets as of December 31, 2015.

HEALTH CARE ACCESS, INC.
Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (continued)

Transfer of Assets to a Not-for-Profit that holds Contributions for Others – The Organization has adopted the provisions of FASB ASC 958-605 with respect to the monies transferred into a fund at Douglas County Community Foundation. The Organization provided the Foundation the power to modify the distribution of funds. The distribution of funds is limited to the income of the fund, net of the fees and expenses for purposes described in Code Section 170(c)(1) or (2)(B) that are consistent with the exempt status and purposes of the Foundation. Under FASB ASC 958-605, the transferring of assets is presumed reciprocal in nature even if the transferring entity explicitly grants the recipient entity variance power when the transferring entity specifies itself as the beneficiary. As a result, the Organization recognized in the Statement of Financial Position \$94,888 as an asset. The asset is considered a beneficiary interest in assets held by others.

Note 2 – Fixed Assets

Property and equipment are summarized by major classifications at December 31, 2015 as follows:

	Balance @ 12/31/2014	Additions	Retirements	Balance @ 12/31/2015
Equipment	\$ 122,121			\$ 122,121
Buildings	257,365			257,365
Land	81,360			81,360
Building improvements	9,155			9,155
	<u>\$ 470,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,001</u>

Note 3 – Cash and Credit Risk

At year end, the bank carrying amounts of the Organization's deposits were \$323,426, which consisted of \$204,444 in checking accounts, \$118,982 in money markets.

On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions. The unlimited insurance coverage is available to all depositors, including consumers, businesses, and government entities. This unlimited insurance coverage is separate from, and in addition to, the insurance coverage provided to a depositor's other deposit accounts held at an FDIC-insured institution. The deposits were fully secured, as of December 31, 2015.

HEALTH CARE ACCESS, INC.
Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

Note 4 – Prepaid Expenses

Prepaid expenses consist of the following:

Prepaid Insurance	\$ 3,327
Prepaid 2016 KHM Fees	<u>500</u>
	<u>\$ 3,827</u>

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions received with donor or grantor imposed restrictions as to the use of the funds or due to donor imposed time restrictions. Temporarily restricted net assets consist of the following as of December 31, 2015:

Use restricted funds	<u>\$ 20,000</u>
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Note 6 – Compensated Absences

Paid Time Off (PTO) – Paid time off accumulates beginning after one month of employment at the rate of 10 hours per month for the first five years of employment with a maximum accumulation of 200 hours. For employees with more than five years of employment accumulate PTO at the rate of 12 hours per month with a maximum accumulation of 240 hours.

Staff members are not eligible to take accumulated paid time off until successful completion of the 30 days of employment. Voluntary termination after one year or more of service qualifies employees for payment of accumulated paid time off.

The provision for accrued paid time off as of December 31, 2015 totaled \$16,154.

Sick Leave – After thirty calendar days of employment, full time employee shall accrue sick leave at six hours per month to total no more than 360 hours. Upon termination or retirement of any employee, there is no cash payment for any accrued sick leave.

No provision is made for accumulated sick leave in these financial statements.

HEALTH CARE ACCESS, INC.
Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

Note 7 – Donated Services and Materials

The Organization relies on local physicians, nurses and hospitals to achieve its objective of serving the health care needs of Douglas County, Kansas. Local hospitals donated \$1,566,776 of services and \$3,631 of lab value in 2015.

Additionally, the Organization receives prescription medicines in the form of samples from various drug companies and local physicians. The value of these totaled \$312,753 for the 2015 year.

The building space the Organization operates its administrative activities in, was leased to the Organization rent free for the year ended December 31, 2015. The estimated fair market rental of the building space was \$24,192.

Note 8 – Commitments and Contingencies

The Organization receives a substantial amount of its support from federal, state and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

Note 9 – Risk Management

The Organization is exposed to various risks of loss related to limited torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters. The Organization carries commercial insurance and has not incurred any losses in the past three years.

Note 10 – Subsequent Events

Management has evaluated subsequent events through May 24, 2016, the date in which the financial statements were available to be issued.



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Board of Directors
Health Care Access Clinic, Inc.
Lawrence, Kansas 66044

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Health Care Access Clinic, Inc. (a nonprofit organization) as of and for the year ended December 31, 2015 and have issued our report thereon dated May 24, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Health Care Access Clinic, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Health Care Access Clinic, Inc.'s internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Health Care Access Clinic, Inc.'s financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Health Care Access Clinic, Inc. in a separate letter dated May 24, 2016.

This report is intended solely for the information and use of management, the audit committee, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kohart Accounting, PA

Kohart Accounting, PA
A Professional Association
Certified Public Accountant

May 24, 2016

