

**Southwestern Colorado Area Health Education Center Inc
Durango, Colorado**

**Financial Statements
June 30, 2016**

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	i - ii
FINANCIAL STATEMENTS	
Statements of Financial Position	1
Statements of Activities	2
Statements of Cash Flows	3
Notes to Financial Statements	4-7
SUPPLEMENTAL INFORMATION	
Statement of Functional Expenses	8

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southwestern Colorado Area Health Education Center Inc.

We have audited the accompanying financial statements of Southwestern Colorado Area Health Education Center Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities 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 of 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 Southwestern Colorado Area Health Education Center Inc. as of June 30, 2016, 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.

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Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Southwestern Colorado Area Health Education Center Inc. financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gumm + Associates LLC".

October 10, 2016
Brighton, Colorado

Southwestern Colorado Area Health Education Center Inc.
Statements of Financial Position
June 30, 2016
With Comparative Totals at June 30, 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current Assets		
Cash and investments	\$ 413,329	\$ 419,691
Accounts receivable	6,450	9,393
Prepaid expenses	875	875
Total Current Assets	<u>420,654</u>	<u>429,959</u>
Noncurrent Assets		
Rental deposit	<u>1,675</u>	<u>1,675</u>
Total Noncurrent Assets	<u>1,675</u>	<u>1,675</u>
Total Assets	<u><u>\$ 422,329</u></u>	<u><u>\$ 431,634</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 8,515	\$ -
Other current liabilities	<u>13,796</u>	<u>10,258</u>
Total Current Liabilities	<u>22,311</u>	<u>10,258</u>
NET ASSETS		
Temporarily restricted	15,650	89,280
Unrestricted	<u>384,368</u>	<u>332,096</u>
Total Net Assets	<u>400,018</u>	<u>421,376</u>
Total Liabilities and Net Assets	<u><u>\$ 422,329</u></u>	<u><u>\$ 431,634</u></u>

The accompanying notes are an integral part of these financial statements.

Southwestern Colorado Area Health Education Center Inc.
Statements of Activities
For the Year Ended June 30, 2016
With Comparative Totals For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
REVENUES, GAINS AND OTHER SUPPORT				
Grants	\$ 195,938	\$ -	\$ 195,938	\$ 250,356
Contributions	6,656	-	6,656	21,940
Housing reimbursement	41,450	-	41,450	38,275
Community health programs	-	-	-	9,615
Health career camps	-	-	-	3,057
Community contracts	28,469	-	28,469	16,695
Ticket sales	1,879	-	1,879	3,813
Fiscal sponsorships	15,627	-	15,627	8,800
Investment income	22	-	22	-
Other income	62	-	62	30
Net assets released from restriction	73,630	(73,630)	-	-
Total Revenues	363,733	(73,630)	290,103	352,581
EXPENSES				
Program Expenses:				
Health provider training and support	58,064	-	58,064	33,342
Student health professional pipeline programs	82,056	-	82,056	83,853
Public Community health and education	68,086	-	68,086	108,953
Total Program Services	208,206	-	208,206	226,148
Supporting Services:				
Management and administrative	69,431	-	69,431	37,331
Fundraising	33,824	-	33,824	20,011
Total Support Services	103,255	-	103,255	57,342
Total Expenses	311,461	-	311,461	283,490
CHANGE IN NET ASSETS	52,272	(73,630)	(21,358)	69,091
Net Assets, beginning of year	332,096	89,280	421,376	352,285
Net Assets, end of year	\$ 384,368	\$ 15,650	\$ 400,018	\$ 421,376

The accompanying notes are an integral part of these financial statements.

Southwestern Colorado Area Health Education Center Inc.
Statement of Cash Flows
For the Year Ended June 30, 2016
With Comparative Totals For the Year Ended June 30, 2015

	2016	2015
Cash Flows From Operating Activities		
Change in net assets	\$ (21,358)	\$ 69,091
Adjustments to reconcile change in net assets to net cash provided by (used) by operating activities		
Decrease (increase) in accounts receivable	2,943	5,420
(Decrease) increase in accounts payable	8,515	(4,771)
(Decrease) increase in accrued liabilities	3,538	2,731
Total adjustments	14,996	3,380
Net cash provided (used) by operating activities	(6,362)	72,471
Net increase (decrease) in cash and cash equivalents	(6,362)	72,471
Cash and cash equivalents, beginning of year	419,691	347,220
Cash and cash equivalents, end of year	\$ 413,329	\$ 419,691

The accompanying notes are an integral part of these financial statements.

Southwestern Colorado Area Health Education Center Inc
Notes to Financial Statements
June 30, 2016

Note 1 Organization and Summary of Significant Accounting Policies

This summary of significant accounting policies of Southwestern Colorado Area Health Education Center Inc, (SWCAHEC) is presented to assist in understanding the Organization's financial statements. The accounting policies conform to accounting principles generally accepted in the United States of America and have been applied to the preparation of the financial statements.

Organization

The Organization was formed and organized as a nonprofit organization on April 29, 2010 in the State of Colorado. The organization's objectives are to implement strategies and approaches which will identify, recruit, and encourage medical students, residents and other health professional students to undergo training in primary health care in medically underserved areas and to continue their formal training, and provide community based health education training and prevention services. SWCAHEC is exempt from Federal income taxes under the provisions described in Section 501 (c) (3) of the Internal Revenue Code.

Basis of Accounting

The financial statements of SWCAHEC 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 pronouncements of the Financial Accounting Standard Board, which is the authoritative body, in its Financial Accounting Standards (FASB ASC 958-205-45), Financial Statements of Non-for-Profit Organizations. 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.

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers petty cash, deposits in bank accounts and certificates of deposit which mature within 90 days of purchase to be cash equivalents.

Restricted and Unrestricted Revenue Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Southwestern Colorado Area Health Education Center Inc
Notes to Financial Statements (Continued)
June 30, 2016

Note 1 Organization and Summary of Significant Accounting Policies (Continued)

Restricted and Unrestricted Revenue Support (Continued)

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 restricted (primarily research) or permanently (endowments) restricted net assets, depending on the nature of the restriction. When a restriction expires (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. The Organization has temporarily restricted net assets in the amount of \$15,650. When an expense is incurred for both restricted and unrestricted purposes it is the Organization's policy to apply it to restricted uses first.

Property, Equipment and Depreciation

The Organization follows the practice of capitalizing expenditures for furniture and equipment, at cost or fair market value if the asset is donated to the organization, that exceed the threshold value of \$3,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which range from three to five years. Depreciation charged to expense for the year ended June 30, 2016 was \$0.

In-kind Donations

Donated materials and equipment are reflected as in-kind donations in the accompanying statements at their estimated values on the date of receipt. No amounts have been reflected in the statements for donated services from volunteers as no objective basis is available to measure the value of such services. There were no material donations.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been presented in these financial statements. Due to the Organization's non-profit qualification, donors may be entitled to a charitable deduction for amounts contributed to the Organization. There are no unrelated business activities subject to income taxes. The tax return for June 30, 2013, June 30, 2014 and June 30, 2015 remain open for examination.

Use of 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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of providing various services and other activities are summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited as determined by management.

Southwestern Colorado Area Health Education Center Inc
Notes to Financial Statements (Continued)
June 30, 2016

Note 1 Organization and Summary of Significant Accounting Policies (Continued)

Components of Program and Supporting Services

The organization allocated its expenses on a functional basis among the following programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Health provider training, education, support - Includes the functions necessary to provide continuing education, training and retention of health professionals in rural and underserved areas.

Student health professional pipeline programs - Provides education and training of students from middle school through graduate school to encourage rural and underserved students to progress to a health professional career and be successful.

Public and community health and education - Providing public health programs, training and community education about health and health-related topics designed to improve health and health care.

Management and Administrative - Management and administration includes the functions necessary to maintain and operate the organization.

Fundraising - Fundraising includes the costs necessary to prepare grant applications and to solicit contributions for funding.

Note 2 Cash and Cash Equivalents and Credit Risk

As of June 30, 2016 cash and equivalents had a book balance of \$413,329 and a corresponding bank balance of \$418,423. Of this amount \$391,295 was insured by FDIC. The Organization had \$27,128 exposed to credit risk at June 30, 2016.

Note 3 Accounts Receivable

Accounts receivable at June 30, 2016 totaled \$6,450 and consisted of amounts due from other agencies. Management has reviewed the receivables and believes all amounts will be fully collectible. Accordingly no bad debt expense has been recognized.

Note 4 Release of Temporarily Restricted Net Assets

During the current year, the organization fulfilled the requirements of various grants that were received in the previous year and had been recorded as temporarily restricted net assets. Accordingly these funds were released from restriction in the amount of \$73,630.

Note 5 Economic Dependence

SWCAHEC receives substantially all of its operating support from funds provided through grants administered by the University of Colorado. The grant amounts are appropriated each year by the Federal government and the State of Colorado. Management is not aware of any actions that would adversely affect the aggregate amount of funds SWCAHEC will receive in the next fiscal year.

Southwestern Colorado Area Health Education Center Inc
Notes to Financial Statements (Continued)
June 30, 2016

Note 6 Contingencies

The organization receives grant monies designated for general purposes and are subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures. Management does not believe that such disallowances are likely to occur.

Note 7 Subsequent Events

Management has evaluated subsequent events through October 10, 2016, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

Supplemental Information

Southwestern Colorado Area Health Education Center Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2016
With summarized Totals For the Year Ended June 30, 2015

	Health Provider Training, Education and Support	Student Health Professional Pipeline Programs	Public and Community Health and Education	Management and General	Fundraising	Total 2016	Total 2015
Salaries	18,946	22,588	17,080	\$ 37,642	\$ 27,978	\$ 124,234	\$ 127,337
Employee Benefits and Taxes	3,789	4,517	3,472	7,528	5,596	24,902	25,598
Total Salaries and related expense	22,735	27,105	20,552	45,170	33,574	149,136	152,935
Community meetings			2,725	-	-	2,725	5,717
Professional fees and contracted services	14,215	14,215	14,214	7,870	-	50,514	52,995
Housing	-	27,795	-	-	-	27,795	21,530
Training and development	6,670	-	3,333	1,112	-	11,115	2,389
Dues and subscriptions	-	-	-	2,013	-	2,013	989
Insurance	-	-	-	2,885	-	2,885	3,103
Rent	4,759	4,759	4,758	1,587	-	15,863	15,319
Office expenses	945	944	944	944	250	4,027	2,181
Program expenses	2,256	2,255	2,255	-	-	6,766	3,605
Health career camps	4,984	4,983	-	-	-	9,967	8,603
Scholarships	1,500	-	-	-	-	1,500	1,100
Student services	-	-	-	-	-	-	562
Travel and meetings	-	-	-	7,850	-	7,850	8,959
Fiscal sponsorships	-	-	19,305	-	-	19,305	3,503
Total functional expenses	<u>\$ 58,064</u>	<u>\$ 82,056</u>	<u>\$ 68,086</u>	<u>\$ 69,431</u>	<u>\$ 33,824</u>	<u>\$ 311,461</u>	<u>\$ 283,490</u>

The accompanying notes are an integral part of these financial statements.