

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

**Financial Statements  
June 30, 2015**

## TABLE OF CONTENTS

<b>INDEPENDENT AUDITOR'S REPORT</b>	i - ii
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	1
Statements of Activities	2
Statements of Cash Flows	3
Notes to Financial Statements	4-7
<b>SUPPLEMENTAL INFORMATION</b>	
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, 2015, 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, 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.

119 East Bridge Street, Suite 210  
Brighton, CO 80601

Green & Associates • LLC

PHONE (720) 839-6458  
www.GreenCPAfirm.com

Certified Public Accountants & Business Consultants

**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 September 25, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, 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 "Gurn + Associates LLC". The signature is written in black ink and is positioned above the date and location information.

November 4, 2015  
Brighton, Colorado

**Southwestern Colorado Area Health Education Center Inc.**  
**Statements of Financial Position**  
**June 30, 2015**  
**With Comparative Totals at June 30, 2014**

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
<b>Current Assets</b>		
Cash and investments	\$ 419,691	\$ 347,220
Accounts receivable	9,393	14,813
Prepaid expenses	875	875
Total Current Assets	<u>429,959</u>	<u>362,908</u>
<b>Noncurrent Assets</b>		
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>\$ 431,634</u></u>	<u><u>\$ 364,583</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ -	\$ 4,771
Other current liabilities	<u>10,258</u>	<u>7,527</u>
Total Current Liabilities	<u>10,258</u>	<u>12,298</u>
<b>NET ASSETS</b>		
Temporarily restricted	89,280	-
Unrestricted	<u>332,096</u>	<u>352,285</u>
Total Net Assets	<u>421,376</u>	<u>352,285</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 431,634</u></u>	<u><u>\$ 364,583</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, 2015**  
**With Comparative Totals For the Year Ended June 30, 2014**

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Grants	\$ 161,076	\$ 89,280	\$ 250,356	\$ 285,078
Contributions	21,940	-	21,940	25,100
Housing reimbursement	38,275	-	38,275	31,357
Community health programs	9,615	-	9,615	13,623
Health career camps	3,057	-	3,057	2,776
Community contracts	16,695	-	16,695	4,425
Ticket sales	3,813	-	3,813	-
Fiscal sponsorships	8,800	-	8,800	-
Investment income	-	-	-	160
Other income	30	-	30	-
Net assets released from restriction	-	-	-	-
	<u>263,301</u>	<u>89,280</u>	<u>352,581</u>	<u>362,519</u>
<b>EXPENSES</b>				
Program Expenses:				
Health provider training and support	33,342	-	33,342	40,447
Student health professional pipeline programs	83,853	-	83,853	86,445
Public Community health and education	108,953	-	108,953	53,032
Total Program Services	<u>226,148</u>	<u>-</u>	<u>226,148</u>	<u>179,924</u>
Supporting Services:				
Management and administrative	37,331	-	37,331	53,689
Fundraising	20,011	-	20,011	-
Total Support Services	<u>57,342</u>	<u>-</u>	<u>57,342</u>	<u>53,689</u>
Total Expenses	<u>283,490</u>	<u>-</u>	<u>283,490</u>	<u>233,613</u>
<b>CHANGE IN NET ASSETS</b>	(20,189)	89,280	69,091	128,906
<b>Net Assets, beginning of year</b>	<u>352,285</u>	<u>-</u>	<u>352,285</u>	<u>223,379</u>
<b>Net Assets, end of year</b>	<u>\$ 332,096</u>	<u>\$ 89,280</u>	<u>\$ 421,376</u>	<u>\$ 352,285</u>

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, 2015**  
**With Comparative Totals For the Year Ended June 30, 2014**

	<b>2015</b>	<b>2014</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 69,091	\$ 128,906
Adjustments to reconcile change in net assets to net cash provided by (used) by operating activities		
Decrease (increase) in accounts receivable	5,420	(10,852)
Decrease (increase) in prepaid expenses	-	(25)
(Decrease) increase in accounts payable	(4,771)	(583)
(Decrease) increase in accrued liabilities	2,731	4,921
Total adjustments	3,380	(6,539)
<b>Net cash provided (used) by operating activities</b>	72,471	122,367
<b>Net increase (decrease) in cash and cash equivalents</b>	72,471	122,367
Cash and cash equivalents, beginning of year	347,220	224,853
Cash and cash equivalents, end of year	\$ 419,691	\$ 347,220

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

**Southwestern Colorado Area Health Education Center Inc**  
**Notes to Financial Statements**  
**June 30, 2015**

**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, 2014, 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, 2015**

**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 \$89,280. 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, 2015 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, 2012, June 30, 2013 and June 30, 2014 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, 2015**

**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, 2015 cash and equivalents had a book balance of \$419,691 and a corresponding bank balance of \$431,506. Of this amount \$288,692 was insured by FDIC. The Organization had \$142,814 exposed to credit risk at June 30, 2015.

**Note 3 Accounts Receivable**

Accounts receivable at June 30, 2015 totaled \$9,393 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 \$0.

**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, 2015**

**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 November 4, 2015, 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, 2015**  
**With summarized Totals For the Year Ended June 30, 2014**

	<b>Health Provider Training, Education and Support</b>	<b>Student Health Professional Pipeline Programs</b>	<b>Public and Community Health and Education</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2015</b>	<b>Total 2014</b>
Salaries	18,380	35,078	40,491	\$ 19,845	\$ 13,543	\$ 127,337	\$ 121,980
Employee Benefits and Taxes	3,695	7,052	8,140	3,989	2,722	25,598	20,858
Total Salaries and related expense	22,075	42,130	48,631	23,834	16,265	152,935	142,838
Community meetings	-	286	5,145	-	286	5,717	6,532
Professional fees and contracted services	2,650	2,650	39,746	4,949	3,000	52,995	29,307
Housing	-	21,530	-	-	-	21,530	20,340
Training and development	370	705	1,314	-	-	2,389	1,549
Dues and subscriptions	-	-	-	989	-	989	1,685
Expendable furniture and equipment	-	-	-	-	-	-	1,795
Office expenses	381	300	1,500	-	-	2,181	2,011
Insurance	-	-	-	3,103	-	3,103	1,663
Rent	2,697	5,148	5,942	1,072	460	15,319	10,425
Program expenses	1,203	1,201	1,201	-	-	3,605	4,710
Health career camps	-	8,603	-	-	-	8,603	6,748
Scholarships	-	1,100	-	-	-	1,100	315
Student services	562	-	-	-	-	562	340
Travel	3,404	200	1,971	3,384	-	8,959	3,355
Fiscal sponsorships	-	-	3,503	-	-	3,503	-
Total functional expenses	<u>\$ 33,342</u>	<u>\$ 83,853</u>	<u>\$ 108,953</u>	<u>\$ 37,331</u>	<u>\$ 20,011</u>	<u>\$ 283,490</u>	<u>\$ 233,613</u>

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