

Health for All, Inc.

Financial Statements

For the Years Ended June 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Health For All, Inc.
Bryan, TX 77805

We have audited the accompanying financial statements of Health For All, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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 Health For All, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bryan, Texas
November 11, 2016

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HEALTH FOR ALL, INC.
Statements of Financial Position
June 30, 2016 and 2015

Assets

Current Assets

Cash	\$ 278,371	\$ 193,418
United Way allocation receivable	10,408	9,563
Grant receivable	-	25,000
Donation receivable	20,000	-
Prepaid expenses	5,447	7,317
Total Current Assets	<u>314,226</u>	<u>235,298</u>

Property & equipment

Office equipment	44,149	42,149
Clinic furniture and equipment	78,422	51,421
Electronic medical records system	9,518	12,863
Leasehold Improvements	<u>370,734</u>	<u>370,647</u>
	502,823	477,080
Less accumulated depreciation	<u>91,300</u>	<u>75,042</u>
Total Property and Equipment	411,523	402,038

Other-Equipment not in use

	<u>-</u>	<u>50,000</u>
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Total Noncurrent Assets

	<u>411,523</u>	<u>452,038</u>
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Total Assets

	<u>\$ 725,749</u>	<u>\$ 687,336</u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	<u>\$ 23,513</u>	<u>\$ 19,685</u>
Total Current Liabilities	<u>23,513</u>	<u>19,685</u>

Noncurrent Liabilities

Deferred rent	<u>2,663</u>	<u>1,210</u>
Total Noncurrent Liabilities	<u>2,663</u>	<u>1,210</u>

Total Liabilities

	<u>26,176</u>	<u>20,895</u>
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Net Assets

Unrestricted	674,736	633,021
Temporarily restricted	<u>24,837</u>	<u>33,420</u>

Total Net Assets

	<u>699,573</u>	<u>666,441</u>
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Total Liabilities and Net Assets

	<u>\$ 725,749</u>	<u>\$ 687,336</u>
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See independent auditors' report and notes to financial statements.

HEALTH FOR ALL, INC.
Statement of Activities
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
Contributions			
Donations	\$ 281,197	\$ 5,000	\$ 286,197
Fundraising	81,435	-	81,435
Contributed assets/services	611,627	-	611,627
Indirect public support			
United Way	95,622	500	96,122
Federal and private grants			
Brazos County	25,000	-	25,000
Pink Alliance	-	30,000	30,000
Mays Business School- Texas A&M University	-	11,691	11,691
Interest income and other	4,635	-	4,635
Loss on disposal of assets	(50,000)	-	(50,000)
Amount released from temporarily restricted to unrestricted net assets	<u>55,774</u>	<u>(55,774)</u>	<u>-</u>
Total revenue and other support	<u>1,105,290</u>	<u>(8,583)</u>	<u>1,096,707</u>
Expenses:			
Program services	949,603	-	949,603
Supporting services			
Management and general	71,605	-	71,605
Fundraising	<u>42,367</u>	<u>-</u>	<u>42,367</u>
Total expenses	<u>1,063,575</u>	<u>-</u>	<u>1,063,575</u>
Change in net assets	41,715	(8,583)	33,132
Net assets at beginning of year	<u>633,021</u>	<u>33,420</u>	<u>666,441</u>
Net assets at end of year	<u>\$ 674,736</u>	<u>\$ 24,837</u>	<u>\$ 699,573</u>

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HEALTH FOR ALL, INC.
Statement of Activities
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
Contributions			
Donations	\$ 336,919	\$ 26,000	\$ 362,919
Fundraising	56,080	27,327	83,407
Contributed assets/services	477,819	-	477,819
Indirect public support			
United Way	82,285	500	82,785
Federal and private grants			
Brazos County	25,000	-	25,000
Interest income and other	2,522	-	2,522
Loss on disposal of assets	(87,500)	-	(87,500)
Amount released from temporarily restricted to unrestricted net assets	<u>50,179</u>	<u>(50,179)</u>	<u>-</u>
Total revenue and other support	<u>943,304</u>	<u>3,648</u>	<u>946,952</u>
Expenses:			
Program services	810,406	-	810,406
Supporting services			
Management and general	76,691	-	76,691
Fundraising	<u>50,321</u>	<u>-</u>	<u>50,321</u>
Total expenses	<u>937,418</u>	<u>-</u>	<u>937,418</u>
Change in net assets	5,886	3,648	9,534
Net assets at beginning of year	<u>627,135</u>	<u>29,772</u>	<u>656,907</u>
Net assets at end of year	<u>\$ 633,021</u>	<u>\$ 33,420</u>	<u>\$ 666,441</u>

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HEALTH FOR ALL, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2016

	Program	Support	Fundraising	Total
Medicines and vitamins	\$ 152,461	\$ -	\$ -	\$ 152,461
X-Ray	27,740	-	-	27,740
Lab fees	77,403	-	-	77,403
Medical supplies	6,940	-	-	6,940
Clinic insurance	5,822	-	-	5,822
Electronic medical records	3,984	-	-	3,984
Rent	49,843	6,797	-	56,640
Common area maintenance	19,937	2,719	-	22,656
Utilities	10,153	1,384	-	11,537
Personnel	160,931	37,439	27,224	225,594
Contracted services	393,416	-	-	393,416
Insurance	-	4,154	-	4,154
Maintenance and repairs	7,558	1,621	-	9,179
Telephone/internet	5,620	1,606	-	7,226
Postage	10	297	149	456
Printing	1,226	367	2,950	4,543
Supplies	1,348	-	1,169	2,517
Auction expense	-	-	2,726	2,726
Video service	-	-	1,265	1,265
Catering	-	-	5,001	5,001
Miscellaneous	8,124	5,363	1,883	15,370
Depreciation	16,186	3,417	-	19,603
Office supplies	901	670	-	1,571
Professional fees	-	5,771	-	5,771
	<u>\$ 949,603</u>	<u>\$ 71,605</u>	<u>\$ 42,367</u>	<u>\$1,063,575</u>

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HEALTH FOR ALL, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2015

	Program	Support	Fundraising	Total
Medicines and vitamins	\$ 52,464	\$ -	\$ -	\$ 52,464
X-Ray	19,957	-	-	19,957
Lab fees	81,840	-	-	81,840
Medical supplies	4,020	-	-	4,020
Clinic insurance	5,779	-	-	5,779
Electronic medical records	3,984	-	-	3,984
Rent	51,928	7,384	-	59,312
Common area maintenance	14,910	2,033	3,700	20,643
Utilities	6,773	1,655	-	8,428
Personnel	183,870	38,048	27,030	248,948
Contracted services	360,996	-	-	360,996
Insurance	393	3,665	-	4,058
Maintenance and repairs	5,200	1,300	-	6,500
Telephone/internet	4,673	1,336	-	6,009
Advertising	-	-	2,500	2,500
Postage	71	463	1,072	1,606
Printing	853	523	4,629	6,005
Supplies	1,591	-	1,940	3,531
Video service	-	-	1,252	1,252
Catering	-	-	7,539	7,539
Miscellaneous	4,872	6,605	659	12,136
Depreciation	5,757	5,323	-	11,080
Office supplies	475	510	-	985
Moving	-	2,249	-	2,249
Professional fees	-	5,597	-	5,597
	<u>\$ 810,406</u>	<u>\$ 76,691</u>	<u>\$ 50,321</u>	<u>\$ 937,418</u>

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HEALTH FOR ALL, INC.
 Statements of Cash Flows
 For the Year Ended June 30, 2016 and 2015

Cash Flows From Operating Activities	<u>2016</u>	<u>2015</u>
Change in net assets	\$ 33,132	\$9,534
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,603	11,080
Loss from disposal of assets	50,000	87,500
Donated equipment included in contributions	-	(5,000)
Change in operating assets and liabilities:		
Receivables	4,155	25,744
Prepaid expenses	1,870	(522)
Accounts payable	<u>5,281</u>	<u>(988)</u>
Net cash provided by operating activities	<u>114,041</u>	<u>127,348</u>
 Cash Flows From Investing Activities		
Purchase of equipment	(29,088)	(9,162)
Purchase of leasehold improvements	-	(367,647)
Refund of deposit	<u>-</u>	<u>-</u>
Net cash used in investing activities	<u>(29,088)</u>	<u>(376,809)</u>
 Cash Flows From Financing Activities		
Payments on capital lease obligations	<u>-</u>	<u>(3,985)</u>
Net cash used in financing activities	<u>-</u>	<u>(3,985)</u>
 Net Change in Cash and Cash Equivalents	84,953	(253,446)
 Cash and Cash Equivalents, Beginning	<u>193,418</u>	<u>446,864</u>
 Cash and Cash Equivalents, Ending	<u>\$ 278,371</u>	<u>\$ 193,418</u>

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Note 1 – Summary of Significant Accounting Policies

Health for All, Inc., (the “Clinic”) is a not-for-profit corporation chartered by the State of Texas and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Clinic was organized for the purpose of providing community-centered primary and preventive health care for medically indigent adults and children in Brazos County. The Clinic is funded through contributions, government grants, the United Way, and private foundations.

Financial statement presentation

The financial statements of the Clinic are presented in accordance with *FASB Accounting Standards Codification (FASB ASC) 958-205, Presentation of Financial Statements*. Under ASC 958-205, the Clinic is required to report information regarding its financial position and activities accordingly to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Contributions

The Clinic accounts for contributions in accordance with *FASB ASC 958-605, Revenue Recognition*. In accordance with ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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.

Property and equipment and depreciation

The Clinic capitalizes, at cost, all expenditures for fixed assets in excess of \$500. Donated equipment is recorded as support at the estimated fair value at the date of the gift. Equipment is depreciated using the straight-line method over its estimated useful life. The cost of maintenance and repairs is charged to expense as paid; significant renewals and betterments are capitalized.

Cash and cash equivalents

For purposes of the statement of cash flows, the Clinic considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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Note 1 – Summary of Significant Accounting Policies - Continued

Use of estimates

Management of the Clinic has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Promises to give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated services

Donated services are recognized as contributions in accordance with *FASB ASC 958-605, Revenue Recognition* if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Clinic. Volunteers also provided clerical and fund-raising services throughout the year that are not recognized as contributions in the financial statements because the criteria for *FASB ASC 958-605* are not met.

Note 2 – Federal Income Taxes

The Clinic is a tax-exempt non-profit organization under Internal Revenue Code 501(c)(3). In addition, the Clinic has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Clinic has adopted the uncertain tax provisions of *FASB ASC 740*. The Clinic evaluates its uncertain tax positions using the provisions of *FASB ASC 450, Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax provision or for all uncertain tax positions in the aggregate could differ from the amount recognized.

Interest and penalties associated with uncertain tax positions are recognized as components of federal income tax expense. As noted above, the Clinic is a tax-exempt non-profit organization; therefore, no provision or liability for federal income taxes has been included in the financial statements.

HEALTH FOR ALL, INC.
Notes to the Financial Statements – Continued
June 30, 2016 and 2015

Note 2 – Federal Income Taxes - Continued

The Clinic believes that its tax position regarding its status as a tax-exempt organization will remain significantly unchanged within the next twelve months.

While the Clinic is not aware of any tax examinations being conducted, tax years 2013-2015 remain subject to examination by the United States Internal Revenue Service.

Note 3 – Lease Commitments

The Clinic leased office and clinic space under a one year operating lease agreement requiring monthly payments of \$6,056 commencing on November 1, 2012. The Clinic then signed an amendment to its lease agreement effective December 15, 2013 that extended the lease term to May 31, 2014. The base rent remained \$6,056 per month. The Clinic signed a second amendment to its lease agreement in May 2014 that extended the lease term to August 31, 2014. The base rent remained at \$6,056 per month. Total rent expense for this operating lease amounted to \$12,112 for the year ended June 30, 2015.

On June 30, 2014, the Clinic signed a lease agreement with GGE, Ltd for new office and clinic space for the period August 1, 2014 to July 31, 2024. The monthly base rent is \$4,599 for the period August 1, 2014 to July 31, 2019 and \$4,841 per month for the period August 1, 2019 to July 31, 2024. Total rent expense for this operating lease amounted to \$56,640 and \$47,200 for the years ended June 30, 2016 and 2015, respectively.

As the operating lease agreement with GGE, Ltd has an escalation clause, the Clinic has adopted the escalated rent provisions of *FASB ASC 840-20-25, Recognition*. Accordingly, the Clinic amortized total rent expense on a straight-line basis over the term of the lease.

Total rent expense amounted to \$56,640 and \$59,312 for the years ended June 30, 2016 and 2015, respectively.

The following is a schedule of future minimum rental payments required under the above operating lease as of June 30, 2016:

Fiscal year 2017	\$ 56,640
Fiscal year 2018	56,640
Fiscal year 2019	56,640
Fiscal year 2020	56,640
Fiscal year 2021	56,640
Thereafter	<u>179,359</u>
	<u>\$ 462,559</u>

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HEALTH FOR ALL, INC.
Notes to the Financial Statements – Continued
June 30, 2016 and 2015

Note 4 – Property and Equipment

Property and equipment in major categories with related accumulated depreciation at June 30, 2015 and 2014 are shown below:

	<u>2016</u>	<u>2015</u>
Office equipment	\$ 44,149	\$ 42,149
Less: accumulated depreciation	<u>(35,286)</u>	<u>(31,408)</u>
	8,863	10,741
 Clinic furniture and equipment	 78,422	 \$ 51,421
Less: accumulated depreciation	<u>(30,778)</u>	<u>(24,660)</u>
	47,644	26,761
 Electronic medical records system	 9,518	 12,863
Less: accumulated depreciation	<u>(9,518)</u>	<u>(12,863)</u>
	-	-
 Leasehold improvements	 370,734	 370,647
Less: accumulated depreciation	<u>(15,718)</u>	<u>(6,111)</u>
	<u>355,016</u>	<u>364,536</u>
 Net property and equipment	 <u>\$ 411,523</u>	 <u>\$ 402,038</u>

Depreciation expense was \$19,603 and \$11,080 for the years ended June 30, 2016 and 2015, respectively.

Note 5 – Donated Services and Materials

The Clinic received donated services from doctors, nurses, pharmacists, and volunteers, and donated pharmaceutical supplies from various hospitals, doctors, and others. It also received donated services from various businesses for fundraising events held by the Clinic.

The value of donated services and supplies included as contributions in the financial statements and the corresponding expenses for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Contracted services	\$ 393,416	\$ 360,996
Medicines	146,219	34,312
X-Ray	16,214	12,878
Lab fees	54,182	57,288
Fundraising	300	4,256
Other	<u>1,296</u>	<u>3,089</u>
	<u>\$ 611,627</u>	<u>\$ 472,819</u>

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HEALTH FOR ALL, INC.
Notes to the Financial Statements – Continued
June 30, 2016 and 2015

Note 5 – Donated Services and Materials – Continued

The Clinic also received donated construction work with a fair market value of \$3,000 on the build out of its leased building and an exam table with a fair market value of \$2,000 in the year ended June 30, 2015. These amounts are included in Leasehold Improvements and Clinic Furniture and Equipment, respectively, on the Statement of Financial Position.

Health for All also received donated medicines from various pharmaceutical companies. Patients at the Clinic who meet the eligibility guidelines are enrolled in the Medication Assistance Program, and receive free prescription medications which are delivered to and dispensed by Clinic personnel under the direction of a volunteer licensed pharmacist. The value of these medicines is not reflected in the accompanying financial statements since they do not meet the criteria for recognition described in *FASB ASC 958-605, Revenue Recognition*. The unaudited value of these medications for the years ended June 30, 2016 and 2015 was \$459,256 and \$401,302, respectively.

Note 6 – Related Party Transactions

Related parties consist of all affiliates of an organization, including management, board members, employees, and their families. The Clinic received donated services from board members of approximately \$32,555 and \$24,452 during the years ended June 30, 2016 and 2015, respectively. The Clinic also received contributions from board members and employees of \$11,310 and \$14,277 during the years ended June 30, 2016 and 2015, respectively.

Note 7 – Retirement Plan

The Clinic provides retirement benefits to its employees through a Savings Incentive Match Plan for Employees (SIMPLE IRA). This is a defined contribution plan covering any employee who has been paid \$5,000 in the current year and will be paid at least \$5,000 in the next year. The Clinic contributes 2% of each eligible employee's pay to the plan each year. The Clinic's contributions to the plan were \$3,077 and \$3,879 during the years ended June 30, 2016 and 2015.

Note 8 – Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

	<u>2016</u>	<u>2015</u>
Interest	\$ -	\$ 141

During the year ended June 30, 2015, the Clinic had non-cash equipment contributions of \$5,000.

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HEALTH FOR ALL, INC.
Notes to the Financial Statements – Continued
June 30, 2016 and 2015

Note 9 – Reclassification

Certain reclassifications have been made to prior year amounts to confirm to the current year presentation.

Note 10 – Subsequent Events

The Clinic has evaluated subsequent events through November 11, 2016, the date which the financial statements were issued.

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