

**Health for All, Inc.**

**Financial Statements**

**For the Years Ended June 30, 2015 and 2014**



## Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

### 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, 2015 and 2014, 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.

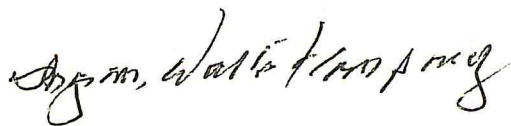
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2015 and 2014, 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.

A handwritten signature in cursive script, appearing to read "Bryan, Walter".

Bryan, Texas  
November 18, 2015

HEALTH FOR ALL, INC.  
Statements of Financial Position  
June 30, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current Assets		
Cash	\$ 193,418	\$ 446,864
United Way allocation receivable	9,563	14,807
Grant receivable	25,000	25,000
Donation receivable	-	20,000
Other receivable	-	500
Prepaid expenses	<u>7,317</u>	<u>6,795</u>
Total Current Assets	<u>235,298</u>	<u>513,966</u>
Property & equipment		
Office equipment	42,149	33,487
Clinic furniture and equipment	51,421	61,421
Electronic medical records system	12,863	12,863
Leasehold Improvements	<u>370,647</u>	<u>-</u>
	477,080	107,771
Less accumulated depreciation	<u>75,042</u>	<u>63,962</u>
Total Property and Equipment	402,038	43,809
Other-Equipment not in use	<u>50,000</u>	<u>125,000</u>
Total Noncurrent Assets	<u>452,038</u>	<u>168,809</u>
Total Assets	<u>\$ 687,336</u>	<u>\$ 682,775</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 20,895	\$ 21,883
Current obligations under capital leases	<u>-</u>	<u>3,985</u>
Total Current Liabilities	<u>20,895</u>	<u>25,868</u>
Net Assets		
Unrestricted	633,021	627,135
Temporarily restricted	<u>33,420</u>	<u>29,772</u>
Total Net Assets	<u>666,441</u>	<u>656,907</u>
Total Liabilities and Net Assets	<u>\$ 687,336</u>	<u>\$ 682,775</u>

See independent auditors' report and notes to financial statements.

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>

See independent auditors' report and notes to financial statements.



HEALTH FOR ALL, INC.  
Statement of Activities  
For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
Contributions			
Donations	\$ 234,782	\$ -	\$ 234,782
Fundraising	78,806	-	78,806
Contributed assets/services	727,173	-	727,173
Indirect public support			
United Way	87,978	-	87,978
Federal and private grants			
Brazos County	25,000	-	25,000
Texas A&M Health Science Center	-	35,000	35,000
Interest income and other	2,428	-	2,428
Amount released from temporarily restricted to unrestricted net assets	<u>5,939</u>	<u>( 5,939)</u>	<u>-</u>
Total revenue and other support	<u>1,162,106</u>	<u>29,061</u>	<u>1,191,167</u>
Expenses:			
Program services	891,983	-	891,983
Supporting services			
Management and general	70,836	-	70,836
Fundraising	<u>44,930</u>	<u>-</u>	<u>44,930</u>
Total expenses	<u>1,007,749</u>	<u>-</u>	<u>1,007,749</u>
Change in net assets	154,357	29,061	183,418
Net assets at beginning of year	<u>472,778</u>	<u>711</u>	<u>473,489</u>
Net assets at end of year	<u>\$ 627,135</u>	<u>\$ 29,772</u>	<u>\$ 656,907</u>

See independent auditors' report and notes to financial statements.

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

	<u>Program</u>	<u>Support</u>	<u>Fundraising</u>	<u>Total</u>
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>

See independent auditors' report and notes to financial statements.

HEALTH FOR ALL, INC.  
Statement of Functional Expenses  
For the Year Ended June 30, 2014

	<u>Program</u>	<u>Support</u>	<u>Fundraising</u>	<u>Total</u>
Medicines and vitamins	\$ 142,883	\$ -	\$ -	\$ 142,883
X-Ray	33,374	-	-	33,374
Lab fees	81,336	-	-	81,336
Medical supplies	4,482	-	-	4,482
Clinic insurance	4,939	-	-	4,939
Electronic medical records	3,851	-	-	3,851
Rent	63,950	8,720	-	72,670
Personnel	181,584	35,204	24,830	241,618
Contracted services	350,592	-	-	350,592
Insurance	362	3,325	-	3,687
Maintenance and repairs	5,200	1,300	-	6,500
Telephone/internet	5,659	1,617	-	7,276
Marketing	-	2,405	-	2,405
Advertising	-	-	2,385	2,385
Postage	99	341	1,316	1,756
Printing	1,047	302	5,350	6,699
Supplies	-	-	2,035	2,035
Video service	-	-	1,232	1,232
Catering	-	-	7,108	7,108
Miscellaneous	3,924	5,985	674	10,583
Depreciation	6,219	5,750	-	11,969
Office supplies	2,482	388	-	2,870
Professional fees	<u>-</u>	<u>5,499</u>	<u>-</u>	<u>5,499</u>
	<u>\$ 891,983</u>	<u>\$ 70,836</u>	<u>\$ 44,930</u>	<u>\$1,007,749</u>

See independent auditors' report and notes to financial statements.



HEALTH FOR ALL, INC.  
Statements of Cash Flows  
For the Year Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 9,534	\$183,418
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	11,080	11,969
Loss from disposal of assets	87,500	-
Donated equipment included in contributions	( 5,000)	(162,500)
Change in operating assets and liabilities:		
Receivables	25,744	( 51,600)
Prepaid expenses	( 522)	( 616)
Accounts payable	<u>( 988)</u>	<u>6,513</u>
Net cash provided/(used) by operating activities	<u>127,348</u>	<u>( 12,816)</u>
Cash Flows From Investing Activities		
Purchase of equipment	( 9,162)	( 1,519)
Purchase of leasehold improvements	(367,647)	-
Refund of deposit	<u>-</u>	<u>650</u>
Net cash used in investing activities	<u>(376,809)</u>	<u>( 869)</u>
Cash Flows From Financing Activities		
Payments on capital lease obligations	<u>( 3,985)</u>	<u>( 4,067)</u>
Net cash used in financing activities	<u>( 3,985)</u>	<u>( 4,067)</u>
Net Change in Cash and Cash Equivalents	(253,446)	( 17,752)
Cash and Cash Equivalents, Beginning	<u>446,864</u>	<u>464,616</u>
Cash and Cash Equivalents, Ending	<u>\$ 193,418</u>	<u>\$ 446,864</u>

See independent auditors' report and notes to financial statements.

HEALTH FOR ALL, INC.  
Notes to the Financial Statements  
June 30, 2015 and 2014

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.



HEALTH FOR ALL, INC.  
Notes to the Financial Statements – Continued  
June 30, 2015 and 2014

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, 2015 and 2014

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 2012-2014 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 and \$72,670 for the years ended June 30, 2015 and 2014, respectively.

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 \$47,200 and \$0 for the years ended June 30, 2015 and 2014, 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 \$59,312 and \$72,670 for the years ended June 30, 2015 and 2014, respectively.

The following is a schedule of future minimum rental payments required under the above operating lease as of June 30, 2015:

Fiscal year 2016	\$ 56,640
Fiscal year 2017	56,640
Fiscal year 2018	56,640
Fiscal year 2019	56,640
Fiscal year 2020	56,640
Thereafter	<u>235,998</u>
	<u>\$ 519,198</u>



HEALTH FOR ALL, INC.  
Notes to the Financial Statements – Continued  
June 30, 2015 and 2014

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>2015</u>	<u>2014</u>
Office equipment	42,149	33,487
Less: accumulated depreciation	<u>( 31,408)</u>	<u>( 29,725)</u>
	10,741	3,762
 Clinic furniture and equipment	 \$ 51,421	 \$ 61,421
Less: accumulated depreciation	<u>( 24,660)</u>	<u>( 21,374)</u>
	26,761	40,047
 Electronic medical records system	 12,863	 12,863
Less: accumulated depreciation	<u>( 12,863)</u>	<u>( 12,863)</u>
	-	-
 Leasehold improvements	 370,647	 -
Less: accumulated depreciation	<u>( 6,111)</u>	<u>-</u>
	<u>364,536</u>	<u>-</u>
 Net property and equipment	 <u>\$402,038</u>	 <u>\$ 43,809</u>

Depreciation expense was \$11,080 and \$11,969 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Contracted services	\$ 360,995	\$ 350,592
Medicines	34,313	129,897
X-Ray	12,878	19,906
Lab fees	57,288	56,935
Fundraising	4,256	5,592
Other	<u>3,089</u>	<u>1,751</u>
	<u>\$ 472,819</u>	<u>\$ 564,673</u>



HEALTH FOR ALL, INC.  
Notes to the Financial Statements – Continued  
June 30, 2015 and 2014

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.

For the year ended June 30, 2014, the Clinic recorded donated clinic equipment with a fair market value of \$12,000, office equipment with a fair market value of \$500, and six retina cameras with a fair market value of \$25,000 each. These assets are included on the Statement of Financial Position for the year ended June 30, 2014.

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, 2015 and 2014 was \$401,302 and \$625,393, 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 \$24,452 and \$13,366 during the years ended June 30, 2015 and 2014, respectively. The Clinic also received contributions from board members and employees of \$14,277 during the year ended June 30, 2015.

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 \$3,879 and \$3,637 during the years ended June 30, 2015 and 2014.

HEALTH FOR ALL, INC.  
Notes to the Financial Statements – Continued  
June 30, 2015 and 2014

Note 8 – Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

	<u>2015</u>	<u>2014</u>
Interest	\$ 141	\$ 435

During the years ended June 30, 2015 and 2014, the Clinic had noncash equipment contributions of \$5,000 and \$162,500, respectively.

Note 9 – Subsequent Events

The Clinic has evaluated subsequent events through November 18, 2015, the date which the financial statements were issued.