

**Health for All, Inc.**

Financial Statements

For the Years Ended June 30, 2014 and 2013



# 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, 2014 and 2013, 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, 2014 and 2013, 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 black ink, appearing to read "Bryan, Wallis / Casper". The signature is written in a cursive, flowing style.

Bryan, Texas  
November 18, 2014

HEALTH FOR ALL, INC.  
Statements of Financial Position  
June 30, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current Assets		
Cash	\$ 446,864	\$ 464,616
United Way allocation receivable	14,807	8,707
Grant receivable	25,000	-
Donation receivable	20,000	-
Other receivable	500	-
Prepaid expenses	6,795	6,179
Total Current Assets	<u>513,966</u>	<u>479,502</u>
Property & equipment		
Office equipment	33,487	31,468
Clinic furniture and equipment	61,421	24,421
Electronic medical records system	12,863	12,863
	<u>107,771</u>	<u>68,752</u>
Less accumulated depreciation	63,962	51,993
Total Property and Equipment	<u>43,809</u>	<u>16,759</u>
Deposits	-	650
Other-Equipment not in use	<u>125,000</u>	<u>-</u>
Total Noncurrent Assets	<u>168,809</u>	<u>17,409</u>
Total Assets	<u>\$ 682,775</u>	<u>\$ 496,911</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 21,883	\$ 15,370
Current obligations under capital leases	<u>3,985</u>	<u>3,717</u>
Total Current Liabilities	<u>25,868</u>	<u>19,087</u>
Noncurrent Liabilities		
Obligations under capital leases less current obligations	<u>-</u>	<u>4,335</u>
Total Noncurrent Liabilities	<u>-</u>	<u>4,335</u>
Net Assets		
Unrestricted	627,135	472,778
Temporarily restricted	<u>29,772</u>	<u>711</u>
Total Net Assets	<u>656,907</u>	<u>473,489</u>
Total Liabilities and Net Assets	<u>\$ 682,775</u>	<u>\$ 496,911</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 Activities  
For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
Contributions			
Donations	\$ 270,051	\$ -	\$ 270,051
Fundraising	61,859	-	61,859
Contributed services	264,522	-	264,522
Indirect public support			
United Way	67,784	-	67,784
Federal and private grants			
Brazos County	-	6,250	6,250
Peters Family Foundation	-	6,574	6,574
Interest income and other	3,569	-	3,569
Amount released from temporarily restricted to unrestricted net assets	<u>12,113</u>	<u>( 12,113)</u>	<u>-</u>
Total revenue and other support	<u>679,898</u>	<u>711</u>	<u>680,609</u>
Expenses:			
Program services	540,535	-	540,535
Supporting services			
Management and general	49,252	-	49,252
Fundraising	<u>45,003</u>	<u>-</u>	<u>45,003</u>
Total expenses	<u>634,790</u>	<u>-</u>	<u>634,790</u>
Change in net assets	45,108	711	45,819
Net assets at beginning of year	<u>427,670</u>	<u>-</u>	<u>427,670</u>
Net assets at end of year	<u>\$ 472,778</u>	<u>\$ 711</u>	<u>\$ 473,489</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.  
Statement of Functional Expenses  
For the Year Ended June 30, 2013

	<u>Program</u>	<u>Support</u>	<u>Fundraising</u>	<u>Total</u>
Medicines and vitamins	\$ 28,496	\$ -	\$ -	\$ 28,496
X-Ray	28,809	-	-	28,809
Lab fees	36,174	-	-	36,174
Medical supplies	1,278	-	-	1,278
Clinic insurance	3,474	-	-	3,474
Electronic medical records	4,014	-	-	4,014
Rent	63,950	8,720	2,688	75,358
Personnel	146,592	18,638	21,886	187,116
Contracted services	198,801	-	-	198,801
Insurance	3,242	155	393	3,790
Maintenance and repairs	5,400	1,350	-	6,750
Telephone/internet	5,831	1,667	-	7,498
Advertising	-	567	900	1,467
Postage	135	471	209	815
Printing	642	180	2,745	3,567
Supplies	-	-	2,379	2,379
Security	-	-	240	240
Video service	-	-	2,666	2,666
Catering	-	-	9,750	9,750
Miscellaneous	2,875	5,373	1,119	9,367
Depreciation	8,704	6,173	-	14,877
Travel	-	236	28	264
Office supplies	2,118	399	-	2,517
Professional fees	<u>-</u>	<u>5,323</u>	<u>-</u>	<u>5,323</u>
	<u>\$540,535</u>	<u>\$ 49,252</u>	<u>\$ 45,003</u>	<u>\$634,790</u>

See independent auditors' report and notes to financial statements.



HEALTH FOR ALL, INC.  
Statements of Cash Flows  
For the Year Ended June 30, 2014 and 2013

Cash Flows From Operating Activities	<u>2014</u>	<u>2013</u>
Change in net assets	\$183,418	\$ 45,819
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	11,969	14,877
Donated equipment included in contributions	(162,500)	-
Change in operating assets and liabilities:		
Receivables	( 51,600)	2,264
Prepaid expenses	(   616)	(   797)
Accounts payable	6,513	6,037
Deferred revenue	<u>          -</u>	<u>( 6,250)</u>
Net cash provided/(used) by operating activities	<u>( 12,816)</u>	<u>61,950</u>
 Cash Flows From Investing Activities		
Purchase of equipment	( 1,519)	( 5,433)
Refund of deposit	<u>      650</u>	<u>      100</u>
Net cash used in investing activities	<u>(    869)</u>	<u>( 5,333)</u>
 Cash Flows From Financing Activities		
Payments on capital lease obligations	<u>( 4,067)</u>	<u>( 3,792)</u>
Net cash used in financing activities	<u>( 4,067)</u>	<u>( 3,792)</u>
 Net Change in Cash and Cash Equivalents	( 17,752)	52,825
 Cash and Cash Equivalents, Beginning	<u>464,616</u>	<u>411,791</u>
 Cash and Cash Equivalents, Ending	<u>\$ 446,864</u>	<u>\$ 464,616</u>

See independent auditors' report and notes to financial statements.

HEALTH FOR ALL, INC.  
Notes to the Financial Statements  
June 30, 2014 and 2013

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, 2014 and 2013

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, 2014 and 2013

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 2011-2013 remain subject to examination by the United States Internal Revenue Service.

Note 3 – Lease Commitments

During the year ended June 30, 2010, the Clinic entered into a capital lease obligation. The following is an analysis of the Company's asset under this capital lease:

Property and Equipment	\$18,944
Less: accumulated depreciation	<u>(18,944)</u>
	<u>\$ -</u>

Future minimum lease payments for the asset under capital lease at June 30, 2014 are as follows:

Fiscal year 2015	\$ 4,126
Net minimum obligations	4,126
Less interest	<u>(141)</u>
Present value of net minimum obligations	3,985
Less current portion	<u>3,985</u>
Long-term obligations at June 30, 2014	<u>\$ -</u>

The Clinic also 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 \$72,670 and \$72,672 for the years ended June 30, 2014 and 2013, 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.

HEALTH FOR ALL, INC.  
Notes to the Financial Statements – Continued  
June 30, 2014 and 2013

Note 3 – Lease Commitments - Continued

The following is a schedule of future minimum rental payments required under the above operating lease as of June 30, 2014:

Fiscal year 2015	\$ 62,700
Fiscal year 2016	55,187
Fiscal year 2017	55,187
Fiscal year 2018	55,187
Fiscal year 2019	55,187
Thereafter	295,059

Note 4 – Property and Equipment

Property and equipment in major categories with related accumulated depreciation at June 30, 2014 and 2013 are shown below:

	<u>2014</u>	<u>2013</u>
Clinic furniture and equipment	\$ 61,421	\$ 24,421
Less: accumulated depreciation	( 21,374)	( 17,299)
	40,047	7,122
Office equipment	33,487	31,468
Less: accumulated depreciation	( 29,725)	( 23,975)
	3,762	7,493
Electronic medical records system	12,863	12,863
Less: accumulated depreciation	( 12,863)	( 10,719)
	<u>-</u>	<u>2,144</u>
Net property and equipment	<u>\$ 43,809</u>	<u>\$ 16,759</u>

Depreciation expense was \$11,969 and \$14,877 for the years ended June 30, 2014 and 2013, respectively.



HEALTH FOR ALL, INC.  
Notes to the Financial Statements – Continued  
June 30, 2014 and 2013

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, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Contracted services	\$ 350,592	\$ 198,801
Medicines	129,897	19,677
X-Ray	19,906	16,026
Lab fees	56,935	25,322
Fundraising	5,592	4,276
Other	<u>1,751</u>	<u>420</u>
	<u>\$ 564,673</u>	<u>\$ 264,522</u>

The Clinic also received donated clinic equipment with a cost of \$12,000 and office equipment with a cost of \$500 in the year ended June 30, 2014. These amounts are included in Clinic Furniture and Equipment and Office Equipment, respectively, on the Statement of Financial Position. Additionally, the Clinic received six donated retina cameras with a cost of \$25,000 each in the year ended June 30, 2014. Five of these cameras are not going to be used by the Clinic and will be donated to another entity. The cost of one of the cameras of \$25,000 is included in Clinic Furniture and Equipment on the Statement of Financial Position and the cost of five of the cameras of \$125,000 is included as Other Assets 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, 2014 and 2013 was \$625,393 and \$868,691, respectively.

HEALTH FOR ALL, INC.  
Notes to the Financial Statements – Continued  
June 30, 2014 and 2013

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 \$13,366 and \$42,362 during the years ended June 30, 2014 and 2013, respectively.

Note 7 – Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

	<u>2014</u>	<u>2013</u>
Interest	\$ 435	\$ 709

During the year ended June 30, 2014, the Clinic had noncash equipment contributions of \$162,500.

Note 8 – Subsequent Events

The Clinic has evaluated subsequent events through November 18, 2014, the date which the financial statements were issued.