DOCTORS CARE

Financial Statements

December 31, 2016

(Together with Independent Auditors' Report)

DOCTORS CARE
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Bauerle AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Doctors Care
Littleton, Colorado

We have audited the accompanying financial statements of Doctors Care (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, 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.

Auditors' 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.

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Board of Directors
Doctors Care
Littleton, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Doctors Care, as of December 31, 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.

Report on Summarized Comparative Information

Doctors Care's 2015 financial statements were audited by predecessor auditors, and they expressed an unmodified opinion on those audited financial statements in their report dated March 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bauerle and Company, P.C.

Bauerle and Company, P.C.
Denver, Colorado

March 15, 2017

DOCTORS CARE

Statement of Financial Position
December 31, 2016
(With Comparative Totals for December 31, 2015)

ASSETS

	2016	2015
Assets		
Cash and cash equivalents	$ 513,065	$ 270,744
Cash restricted for the Premium Assistance Program	241,268	-
Grants and contributions receivable	255,283	217,500
Accounts and other receivables	47,887	80,311
Prepaid and other	12,056	14,128
Investments	1,157,350	1,064,521
Beneficial interest in assets held by others	299,936	294,253
Property and equipment, net	2,723,479	2,804,546
Total Assets	$ 5,250,324	$ 4,746,003

LIABILITIES AND NET ASSETS

	2016	2015
Liabilities		
Accounts payable	$ 7,458	$ 18,761
Accrued payroll liabilities	69,055	46,781
Tenant deposits	12,206	11,698
Property taxes payable	15,516	15,555
Total Liabilities	104,235	92,795
Net Assets		
Unrestricted		
Designated for capital and technology projects	200,000	200,000
Undesignated	1,355,258	1,174,409
Net investment in fixed assets	2,723,479	2,804,546
Total Unrestricted Net Assets	4,278,737	4,178,955
Temporarily restricted	567,416	180,000
Permanently restricted	299,936	294,253
Total Net Assets	5,146,089	4,653,208
Total Liabilities and Net Assets	$ 5,250,324	$ 4,746,003

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

DOCTORS CARE

Statement of Activities
Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	Year Ended December 31, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
Support and Revenues					
Program service fees	$ 1,095,570	$ -	$ -	$ 1,095,570	$ 1,087,052
Grants and contributions	634,286	248,600	-	882,886	1,008,096
Premium Assistance Program	-	250,000	-	250,000	-
Primary Care Fund	73,153	-	-	73,153	130,530
Other	165	-	-	165	4,304
In-Kind contributions	591,572	-	-	591,572	352,557
Change in value of beneficial interest	-	-	19,475	19,475	(9,471)
Investment income	92,829	-	-	92,829	(20,383)
Net assets released from restrictions	124,976	(111,184)	(13,792)	-	-
	2,612,551	387,416	5,683	3,005,650	2,552,685
Rental income	132,204	-	-	132,204	133,804
Rental expense	(130,753)	-	-	(130,753)	(122,031)
Net rental activity	1,451	-	-	1,451	11,773
Total Support and Revenues	2,614,002	387,416	5,683	3,007,101	2,564,458
Expenses					
Program Services	2,315,786	-	-	2,315,786	1,985,080
Supporting Services					
Management and general	124,938	-	-	124,938	83,702
Fundraising	73,496	-	-	73,496	81,449
Total Supporting Services	198,434	-	-	198,434	165,151
Total Expenses	2,514,220	-	-	2,514,220	2,150,231
Change in Net Assets	99,782	387,416	5,683	492,881	414,227
NET ASSETS, Beginning of Year	4,178,955	180,000	294,253	4,653,208	4,238,981
NET ASSETS, End of Year	$ 4,278,737	$ 567,416	$ 299,936	$ 5,146,089	$ 4,653,208

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

DOCTORS CARE

Statement of Functional Expenses
Year Ended December 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

	Year Ended December 31, 2016				
		Supporting Services			
	Program Services	Management and General	Fund-Raising	Total	Total 2015
Salaries	$ 1,116,552	$ 61,092	$ 47,256	$ 1,224,900	$ 1,122,793
Employee benefits	130,066	7,116	5,506	142,688	143,920
Payroll taxes	86,669	4,743	3,667	95,079	88,509
Total payroll related costs	1,333,287	72,951	56,429	1,462,667	1,355,222
Donated Goods and Services:					
Physician services	218,919	-	-	218,919	210,838
Vaccines	204,318	-	-	204,318	101,428
Medical staff services	149,152	-	-	149,152	16,264
IT support	19,183	-	-	19,183	24,027
Legal services	-	-	-	-	5,120
Medical supplies	54,191	-	-	54,191	67,788
Contract services	46,054	4,366	588	51,008	37,067
Office supplies	41,799	4,682	338	46,819	65,910
Meetings and conferences	24,411	5,887	-	30,298	10,840
Utilities	15,349	843	675	16,867	19,764
Professional services	-	15,895	-	15,895	14,665
Repairs and maintenance	12,228	747	520	13,495	10,501
Telephone	10,230	1,918	639	12,787	13,311
Insurance	6,650	4,061	365	11,076	10,012
Marketing	4,865	-	4,865	9,730	9,305
Premium assistance claims	8,725	-	-	8,725	-
Other expenses	6,382	1,596	-	7,978	389
Software	5,870	1,101	367	7,338	22,775
Postage	4,112	1,371	1,371	6,854	5,077
Printing	3,457	1,152	1,152	5,761	7,506
Dental supplies	3,311	-	-	3,311	8,232
Publications	2,536	634	-	3,170	3,645
	2,175,029	117,204	67,309	2,359,542	2,019,686
Depreciation	110,252	6,058	4,846	121,156	130,545
Loss on disposal of equipment	30,505	1,676	1,341	33,522	-
Total Expenses	$ 2,315,786	$ 124,938	$ 73,496	$ 2,514,220	$ 2,150,231

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

DOCTORS CARE

Statement of Cash Flows
Year Ended December 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

	2016	2015
Cash Flows From Operating Activities		
Change in net assets	$ 492,881	$ 414,227
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	164,051	169,185
(Income) loss from beneficial interest in assets held by others	(19,475)	9,471
(Income) loss from investments	(92,829)	20,620
Loss on disposal of fixed assets	33,522	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Cash restricted for the Premium Assistance Program	(241,268)	-
Grants and contributions receivable	(37,783)	111,205
Accounts and other receivables	32,424	(32,443)
Prepaid and other	2,072	-
Increase (decrease) in:		
Accounts payable	(11,303)	10,713
Accrued payroll liabilities	22,274	(609)
Tenant deposits	508	1,893
Property taxes payable	(39)	(3,445)
Net cash provided by (used in) operating activities	345,035	700,817
Cash Flows From Investing Activities		
Purchase of investments	-	(750,000)
Proceeds from beneficial interest in assets held by others	13,792	-
Purchases of property and equipment	(116,506)	(130,400)
Net cash provided by (used in) investing activities	(102,714)	(880,400)
Net Change in Cash and Cash Equivalents	242,321	(179,583)
CASH AND CASH EQUIVALENTS, beginning of year	270,744	450,327
CASH AND CASH EQUIVALENTS, end of year	$ 513,065	$ 270,744

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

1. Organization and Summary of Significant Accounting Policies

Organization

Doctors Care (the Organization) is a nonprofit organization incorporated in the State of Colorado in December 1990. Doctors Care is dedicated to improving access to healthcare for low-income individuals in the South Metro area. Doctors Care accomplishes this aim through its Four Core Services: an integrated primary care **Clinic** for individuals under 35; **Doctors Care Advantage,** a community-based health access program that aims to improve access to care and resources for uninsured and Medicaid participants; **Connection to Coverage**, helping individuals shop and apply for subsidized insurance plans through the Connect for Health Colorado and Medicaid; and **Health Navigation**, a program designed to address socioeconomic barriers to health and well-being. The Doctors Care model is built on a commitment to providing long-term solutions to access, which begins with coverage, extends to care, and ultimately leads to our clients' overall health and well-being. Doctors Care is supported primarily by program and service fees, grant income and contributed medical services.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The accompanying financial statements include a statement of financial position that presents the amounts for each of the three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. These net assets are classified based on the existence or absence of donor-imposed restrictions and a statement of activities that reflects the changes in those categories of net assets.

<u>Unrestricted Net Assets</u> – Amounts currently available at the discretion of the Board for use in the Organization's operations and those resources invested in property and equipment.

<u>Temporarily Restricted Net Assets</u> – Amounts restricted by donors for specific operating purposes, or specific time periods.

<u>Permanently Restricted Net Assets</u> – Amounts which are stipulated by donors to create an Endowment Fund.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Organization and Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk
Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, receivables, accounts payable and accrued liabilities. The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities are considered to be representative of their fair market value, due to the short maturity of these instruments.

The Organization places its cash and cash equivalents with high credit quality financial institutions. At various times during the fiscal year, the Organization's cash balances exceeded the federally insured limits. The Organization has never experienced any losses related to these balances.

Credit risk with respect to receivables is limited due to the number and creditworthiness of the entities from which the amounts are due.

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

Restricted Cash
Restricted cash consists of funds set aside to pay claims and operating expenses for the Premium Assistance Program. A program funded with a $250,000 grant from Centura Health.

Investments
The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities. The Organization's beneficial interest in assets held by others is valued as reported by the entity holding the funds. Unrealized gains and losses are included in the Statement of Activities.

Grants and Contributions Receivable
The Organization records as grants and contributions receivable unconditional promises to give. These unconditional promises represent written or oral agreements to contribute cash or other assets to the Organization. At December 31, 2016, management deemed all grants and contributions receivable to be fully collectible; accordingly, no allowance for uncollectible contributions and grants receivable was required.

Accounts and Other Receivables
Accounts and other receivables consist primarily of amounts due from Medicaid and from tenants.

Substantially all of the accounts receivable are considered collectible. Accordingly, no allowance for bad debts is required. If accounts become uncollectible, they are charged to operations when that determination is made.

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are carried at cost. The Organization capitalizes property and equipment over $1,000 with an estimated useful life in excess of one year. Donated equipment is carried at the fair market value at date of gift. Assets are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 30 years. Maintenance, repairs, and renewals which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income.

Program Service Fees

The Organization receives approximately 90 percent of its program service fees from Medicaid. Revenues are recognized when the services are performed.

Recognition of Revenues and Support

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Unrestricted gift and grant support is reflected as revenue in the year of receipt.

Revenues and support that are restricted by the donor, grantor, or other outside party for particular operating purposes are reported as temporarily restricted support. When a donor 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. Contributions for support of future operations and fundraising activities are recorded as temporarily restricted support in the year the contribution is made.

Donated Materials and Services

The Organization records the value of donated materials or services when there is an objective basis available to measure their value. The Organization recognized the estimated fair value of contributed services that meet the following criteria:

- The services rendered either create or enhance nonfinancial assets.
- The services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

A substantial number of volunteers have donated significant amounts of time to the Organization, some of which do not meet the criteria above.

Investment Expenses

Investment expenses relating to funds held by Community First Foundation amounted to $3,025 for the year ended December 31, 2016, and have been included with the investment income figure appearing in the accompanying Statement of Activities.

Marketing

Costs associated with marketing are expensed in the period incurred. Marketing and promotion related costs expensed for the year ended December 31, 2016, totaled $9,730.

1. Organization and Summary of Significant Accounting Policies (continued)

Tenant Deposits

Tenant deposits consist of security deposits and prepaid rent payments. Rent payments collected prior to the fiscal year for which the rents are due are recognized in the period to which the rents relate.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a nonprofit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, contributions to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A), and Doctors Care has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2016. If incurred, interest and penalties associated with tax positions would be recorded in the period assessed as miscellaneous administrative expense. No interest or penalties have been assessed as of December 31, 2016.

Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Reclassification

Certain amounts in the 2015 financial statements have been reclassified, where appropriate, to conform to the presentation used in the 2016 financial statements. These reclassifications had no effect on the change in net assets previously reported.

Subsequent Events

In accordance with the *Subsequent Events* Topic of FASB ASC, management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's financial statements were available to be issued on March 15, 2017, and this is the date through which subsequent events were evaluated.

1. Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

In August 2016, the FASB issue ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. This ASU is meant to eliminate diversity in practice and increase comparability among not-for-profit entities. The FASB believes that certain requirements of the ASU will increase transparency around a not-for-profit's available financial resources and flexibility. This ASU is effective for fiscal years beginning after December 15, 2017; however, early adoption of this ASU is permitted. Management is currently evaluating the potential impact of this ASU on the Organization's financial statements.

2. Investments

At December 31, 2016, investments, recorded at fair value, consist of the following:

Growth and income mutual funds	$ 1,157,329
Money market	21
Total	$ 1,157,350

Investment and interest income consists of the following for the year ended December 31, 2016:

Interest and dividends	$ 49,988
Realized and unrealized gains on investments, net	42,841
Total Investment Income	$ 92,829

3. Endowment

In 2006, the Organization established an endowment fund (Fund) with Community First Foundation (CFF). The Fund was established for the general operating needs of the Organization. The Fund is held and managed by CFF. The Organization may take distributions from the Fund to carry out the Organization's programs. Distributions are currently limited to five percent of the average of the net fair market value of the three preceding calendar years. In 2016, the Organization took a distribution of $13,792. At December 31, 2016, the invested balance held by CFF, recorded at fair value, totals $299,936.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted Colorado's Uniform Prudent Management of Institutional Funds Act (UPMIFA) to allow, subject to the specific intent of a donor expressed in the gift instrument, for the appropriation or accumulation of so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Such appropriation may take place even though an endowment is "under water" (i.e., the market value of the fund is less than the historical dollar value (HDV) of the fund), and the Organization is not required to utilize other Organization resources to bring the value of the endowment fund up to HDV.

3. Endowment (continued)

The Board acknowledges that donors to an endowment fund intend that the principal of the endowment fund shall be preserved in perpetuity. In making a determination to appropriate or accumulate, the Organization shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

(1) The duration and preservation of the fund
(2) The purpose of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other Organization resources
(7) The investment policies of the Organization

The following are the changes in the endowment net assets for the year ended December 31, 2016:

	Permanently Restricted
Balance, January 1, 2016	$ 294,253
Investment income	6,745
Realized and unrealized gains, net	15,755
Management fees and expenses	(3,025)
Appropriation of endowment assets for expenditures	(13,792)
Balance, December 31, 2016	$ 299,936

Investment Return Objectives
The Organization follows the investment and spending policies adopted by Community First Foundation for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate of return objectives, the Organization relies on the Community First Foundation investment policy and strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

4. Property and Equipment

Property and equipment consist of the following at December 31, 2016:

Description	Amount
Building	$ 2,285,059
Building improvements	784,682
Furniture and equipment	75,181
Computer equipment	79,922
	3,224,844
Less accumulated depreciation	(501,365)
Net property and equipment	$ 2,723,479

5. Premium Assistance Program

In November 2016, the Organization received a $250,000 grant from Centura Health to administer and implement the Premium Assistance Program (the "Program"). The Program is a one-year pilot program intended to pay the insurance premiums for select low income people who are eligible to purchase health insurance on Connect for Health Colorado, and who qualify for an Advanced Premium Tax Credit. The goal of the program is to improve the health and well-being of program participants through the reduction of their health care expenses and health navigation support. During the year ended December 31, 2016, the Organization paid $8,725 in premium assistance claims.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2016:

Description	Amount
Grants and contribution receivable	$ 255,283
Premium Assistance Program	212,893
Team based care	50,000
Integrated behavioral health	40,000
Other	9,240
Total Temporarily Restricted Net Assets	$ 567,416

7. In-Kind Contributions

Donated materials and services are important to the Organization's operations and, accordingly, are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Donated materials and services consist of the following for the year ended December 31, 2016:

	Amount
Physicians	$ 218,919
Vaccines	204,318
Technology	19,183
Other professional medical services	149,152
Total In-Kind Contributions	$ 591,572

No amounts have been reflected in the statements for donated volunteer services because the criteria for recognition under generally accepted accounting principles have not been satisfied. However, a substantial number of volunteers have donated significant amounts of their time to develop the Organizations programs. The Organization received 2,064 volunteer hours estimated to be valued at $51,800.

8. Fair Value Measurements

The Organization has adopted the *Fair Value Measurements and Disclosures* Topic of FASB ASC, which among other things, requires enhanced disclosures about investments that are reported at fair value. The standard establishes a hierarchal framework that prioritizes the inputs used in measuring assets and liabilities at fair value.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs that are unobservable and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant management judgment or estimation.

8. Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: Fair value based on quoted price in an active market.

Beneficial interest in assets held by Community First Foundation: Valued as reported by the organization holding the funds.

The carrying amount reported in the Statement of Financial Position for cash and cash equivalents, receivables, accounts payable, and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The following table presents the valuation of the Organization's investments by the above fair value hierarchy levels as of December 31, 2016:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by Community First Foundation	$ -	$ -	$ 299,936	$ 299,936
Growth and income mutual funds	1,157,329	-	-	1,157,329
Money market	21	-	-	21
	$ 1,157,350	$ -	$ 299,936	$1,457,286

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 investment assets for the year ended December 31, 2016:

	Community First Foundation
Balance as of December 31, 2015	$ 294,253
Ordinary investment income	6,745
Realized gains (losses)	763
Unrealized gains (losses)	14,992
Investment management fees	(3,025)
Disbursements	(13,792)
Balance as of December 31, 2016	$ 299,936

9. Rental Income

The Organization is the lessor of office space within their building. The leases range from one to five years. Rental income for the year ended December 31, 2016 totaled $132,204.

The following is a schedule of expected future minimum rental income on the leases:

Year Ending December 31:	
2017	$ 114,500
2018	99,200
2019	71,200
2020	65,800
2021	50,800
Total	$ 401,500

10. Rental Expense

Rental expense directly associated with the production of the rental income consists of the following for the year ended December 31, 2016:

Description	
Property management	$ 12,000
Utilities	19,800
Operating and maintenance	38,218
Taxes and insurance	17,840
Depreciation	42,895
Total	$ 130,753

11. Operating Lease

The Organization leases office equipment under an operating lease expiring in December 2021. Future minimum lease payments under this operating lease are as follows:

Year Ending December 31:	
2017	$ 5,050
2018	5,050
2019	5,050
2020	5,050
2021	5,050
Total	$ 25,250

Rent expense under all operating leases totaled approximately $5,000 for the year ended December 31, 2016.

12. Employee Benefit Plan

The Organization has established a defined contribution pension plan. Employee contributions are matched up to 3% of gross salary. The Organization contributed $23,426 to the plan for the year ended December 31, 2016.

13 Contingencies

Primary Care Fund

The Department of Health Care Policy and Financing (HCPF) awards funds from the Primary Care Fund to qualifying health care clinics. The Primary Care Fund was established with proceeds from the Amendment 35 Tobacco Tax. Award payments are based on the percentage of medically indigent patients served by an individual provider in proportion to the total number of medically indigent patients served by all health care providers who qualify for moneys from this fund.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In that event, the Organization may be required to refund amounts to the grantor. During the year ended December 31, 2016, the Organization received $73,153 from the Primary Care Fund. Management of the Organization considers the risk of repayment of the funds as remote.

Health Care Industry

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for services previously provided.