DOCTORS CARE

Financial Statements

December 31, 2017

(With Comparative Totals for December 31, 2016)

WIPFLi LLP
CPAs and Consultants

DOCTORS CARE
Table of Contents

WIPFLi LLP

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, 2017, 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; 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. 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 2017 financial statements referred to above present fairly, in all material respects, the financial position of Doctors Care, as of December 31, 2017, 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.

Report on Summarized Comparative Information

Doctors Care's 2016 financial statements were audited by Bauerle and Company, P.C, who merged with Wipfli LLP as of February 1, 2018, and whose report dated March 15, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

Wipfli LLP
Denver, Colorado

March 5, 2018

DOCTORS CARE

Statements of Financial Position
December 31, 2017
(With Comparative Totals for December 31, 2016)

ASSETS

	2017	2016
Assets		
Cash and cash equivalents	$ 570,474	$ 513,065
Cash restricted for the Premium Assistance Program	50,515	241,268
Grants and contributions receivable	62,500	255,283
Accounts and other receivables	140,543	47,887
Prepaid and other	11,822	12,056
Investments	1,606,305	1,157,350
Beneficial interest in assets held by others	327,475	299,936
Property and equipment, net	2,642,325	2,723,479
Total Assets	$ 5,411,959	$ 5,250,324

LIABILITIES AND NET ASSETS

	2017	2016
Liabilities		
Accounts payable	$ 17,356	$ 7,458
Accrued payroll liabilities	83,256	69,055
Tenant deposits	11,834	12,206
Property taxes payable	21,850	15,516
Total Liabilities	134,296	104,235
Net Assets		
Unrestricted		
Designated for capital and technology projects	200,000	200,000
Undesignated	1,898,408	1,355,258
Net investment in fixed assets	2,642,325	2,723,479
Total Unrestricted Net Assets	4,740,733	4,278,737
Temporarily restricted	243,180	573,602
Permanently restricted	293,750	293,750
Total Net Assets	5,277,663	5,146,089
Total Liabilities and Net Assets	$ 5,411,959	$ 5,250,324

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

DOCTORS CARE

Statements of Activities
Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	Year Ended December 31, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016
Support and Revenues					
Program service fees	$ 1,150,920	$ -	$ -	$ 1,150,920	$ 1,095,570
Grants and contributions	689,875	125,000	-	814,875	882,886
Premium Assistance Program	-	238,661	-	238,661	250,000
Primary Care Fund	36,791	-	-	36,791	73,153
Other	-	-	-	-	165
In-Kind contributions	572,049	-	-	572,049	591,572
Change in value of beneficial interest	-	42,504	-	42,504	19,475
Investment income	199,068	-	-	199,068	92,829
Net assets released from restrictions	736,587	(736,587)	-	-	-
	3,385,290	(330,422)	-	3,054,868	3,005,650
Rental income	148,737	-	-	148,737	132,204
Rental expense	(143,434)	-	-	(143,434)	(130,753)
Net rental activity	5,303	-	-	5,303	1,451
Total Support and Revenues	3,390,593	(330,422)	-	3,060,171	3,007,101
Expenses					
Program Services	2,731,013	-	-	2,731,013	2,315,786
Supporting Services					
Management and general	124,942	-	-	124,942	124,938
Fundraising	72,642	-	-	72,642	73,496
Total Supporting Services	197,584	-	-	197,584	198,434
Total Expenses	2,928,597	-	-	2,928,597	2,514,220
Change in Net Assets	461,996	(330,422)	-	131,574	492,881
NET ASSETS, Beginning of Year	4,278,737	573,602	293,750	5,146,089	4,653,208
NET ASSETS, End of Year	$ 4,740,733	$ 243,180	$ 293,750	$ 5,277,663	$ 5,146,089

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

DOCTORS CARE

Statements of Functional Expenses
Year Ended December 31, 2017
(With Summarized Totals for the Year Ended December 31, 2016)

	Year Ended December 31, 2017				
		Supporting Services			
	Program Services	Management and General	Fund-Raising	Total	Total 2016
Salaries	$ 1,246,529	$ 61,149	$ 49,974	$ 1,357,652	$ 1,224,900
Employee benefits	122,473	6,008	4,910	133,391	142,688
Payroll taxes	101,693	4,989	4,077	110,759	95,079
Total payroll related costs	1,470,695	72,146	58,961	1,601,802	1,462,667
Donated Goods and Services:					
Medical staff services	218,459	-	-	218,459	149,152
Vaccines	184,038	-	-	184,038	204,318
Physician services	151,125	-	-	151,125	218,919
IT support	18,427	-	-	18,427	19,183
Premium assistance claims	304,111	-	-	304,111	8,725
Contract services	79,550	8,073	600	88,223	51,008
Medical supplies	61,321	-	-	61,321	54,191
Office supplies	49,538	5,566	556	55,660	46,819
Professional services	-	18,060	-	18,060	15,895
Software	14,287	2,679	893	17,859	7,338
Utilities	15,829	870	696	17,395	16,867
Repairs and maintenance	15,616	886	680	17,182	13,495
Telephone	10,890	2,042	681	13,613	12,787
Other expenses	9,456	2,364	-	11,820	7,978
Insurance	6,710	3,457	368	10,535	11,076
Meetings and conferences	6,845	696	-	7,541	30,298
Marketing	3,075	-	3,075	6,150	9,730
Printing	2,757	919	919	4,595	5,761
Publications	3,530	883	-	4,413	3,170
Postage	2,588	863	863	4,314	6,854
Dental supplies	3,200	-	-	3,200	3,311
	2,632,047	119,504	68,292	2,819,843	2,359,542
Depreciation	98,966	5,438	4,350	108,754	121,156
Loss on disposal of equipment	-	-	-	-	33,522
Total Expenses	$ 2,731,013	$ 124,942	$ 72,642	$ 2,928,597	$ 2,514,220

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

DOCTORS CARE

Statements of Cash Flows
Year Ended December 31, 2017
(With Summarized Totals for the Year Ended December 31, 2016)

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	$ 131,574	$ 492,881
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	152,941	164,051
Income from beneficial interest in assets held by others	(42,504)	(19,475)
Income from investments	(199,068)	(92,829)
Loss on disposal of fixed assets	-	33,522
Changes in assets and liabilities:		
(Increase) decrease in:		
Cash restricted for the Premium Assistance Program	190,753	(241,268)
Grants and contributions receivable	192,783	(37,783)
Accounts and other receivables	(92,656)	32,424
Prepaid and other	234	2,072
Increase (decrease) in:		
Accounts payable	9,898	(11,303)
Accrued payroll liabilities	14,201	22,274
Tenant deposits	(372)	508
Property taxes payable	6,334	(39)
Net cash provided by operating activities	364,118	345,035
Cash Flows From Investing Activities		
Purchase of investments	(249,887)	-
Proceeds from beneficial interest in assets held by others	14,965	13,792
Purchases of property and equipment	(71,787)	(116,506)
Net cash used in investing activities	(306,709)	(102,714)
Net Change in Cash and Cash Equivalents	57,409	242,321
CASH AND CASH EQUIVALENTS, beginning of year	513,065	270,744
CASH AND CASH EQUIVALENTS, end of year	$ 570,474	$ 513,065

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 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 ("GAAP") and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The accompanying financial statements include statements of financial position that present 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 the statements of activities that reflect the changes in those categories of net assets.

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

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

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

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding amounts whose use is restricted or held as part of an investment portfolio.

Restricted Cash

Restricted cash consists of funds set aside to pay claims and operating expenses for the Premium Assistance Program, a program funded with grants from Centura Health in the amounts of $238,661 and $250,000, for the years ended December 31, 2017 and 2016, respectively. At December 31 2017 and 2016, restricted cash totals $50,515 and $241,268, respectively.

Investments

The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the Statements 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 Statements 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, 2017 and 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 are uncollateralized amounts due primarily from Medicaid and from tenants. Management continually evaluates the need for an allowance for uncollectible accounts. Management reviewed the receivable balances as of December 31, 2017 and 2016, and determined that an allowance is not necessary.

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 95 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 statements 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 $3,215 and $3,025, for the years ended December 31, 2017 and 2016, respectively, and have been included with the investment income figure appearing in the accompanying Statements of Activities.

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

Marketing

Costs associated with marketing are expensed in the period incurred. Marketing and promotion related costs expensed totaled $6,150 and $9,730, for the years ended December 31, 2017 and 2016, respectively.

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 statements 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, 2017 and 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, 2017 and 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. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

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 5, 2018, and this is the date through which subsequent events were evaluated.

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

New Accounting Pronouncements

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.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605 Revenue Recognition, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using either a full or modified retrospective method. ASU No. 2014-09 is effective for nonpublic companies for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of the provisions of ASC 606 on its financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize on the balance sheet a right-of-use asset and a lease liability for most lease arrangements with a term greater than one year. The new standard also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from the leases. ASU 2016-02 is effective for nonpublic companies for fiscal years beginning after December 15, 2019. Early adoption is permitted. The amendments in this update should be applied using a modified retrospective approach. Management is currently evaluating the effect that ASU 2016-02 will have on its financial statements.

2. Investments

Investments consist of the following:

As of December 31,	2017	2016
Growth and income mutual funds	$ 685,397	$ 1,157,350
Bond mutual funds	620,183	-
International mutual funds	300,725	-
Total	$ 1,606,305	$ 1,157,350

Investment income consists of the following:

Year Ended December 31,	2017	2016
Interest and dividends	$ 54,575	$ 49,988
Realized and unrealized gains on investments, net	144,493	42,841
Total Investment Income	$ 199,068	$ 92,829

3. Endowment

The Organization has 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 2017 and 2016, the Organization took distributions in the amounts of $14,965 and $13,792, respectively. At December 31, 2017 and 2016, the invested balance held by CFF, recorded at fair value, totals $327,475 and $299,936, respectively.

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

Changes in the endowment net assets were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2016	$ 503	$ 293,750	$ 294,253
Investment income, net	19,475	-	19,475
Appropriation of endowment assets for expenditures	(13,792)	-	(13,792)
Balance, December 31, 2016	6,186	293,750	299,936
Investment income, net	42,504	-	42,504
Appropriation of endowment assets for expenditures	(14,965)	-	(14,965)
Balance, December 31, 2017	$ 33,725	$ 293,750	$ 327,475

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:

As of December 31,	2017	2016
Building	$ 2,285,059	$ 2,285,059
Building improvements	784,682	784,682
Furniture and equipment	85,542	75,181
Computer equipment	131,097	79,922
	3,286,380	3,224,844
Less accumulated depreciation	(644,055)	(501,365)
Net property and equipment	$ 2,642,325	$ 2,723,479

5. Premium Assistance Program

The Organization has received grants totaling $488,661 from Centura Health to administer and implement the Premium Assistance Program (the “Program”). The Program is a 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 years ended December 31, 2017 and 2016, the Organization paid out $304,111 and $8,725, respectively, in premium assistance claims.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

As of December 31,	2017	2016
Grants and contribution receivable	$ 62,500	$ 255,283
Premium Assistance Program	50,515	212,893
Team based care	50,000	50,000
Integrated behavioral health	40,000	40,000
Accumulated earnings on the endowment	33,725	6,186
Other	6,440	9,240
Total Temporarily Restricted Net Assets	$ 243,180	$ 573,602

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:

Year Ended December 31,	2017	2016
Physicians	$ 151,125	$ 218,919
Vaccines	184,038	204,318
Technology	18,427	19,183
Other professional medical services	218,459	149,152
Total In-Kind Contributions	$ 572,049	$ 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. During the years ended December 31, 2017 and 2016, the Organization received 2,007 and 2,064 volunteer hours estimated to be valued at $52,115 and $51,800, respectively.

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 Statements 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 statements of financial position.

Information regarding the assets measured at fair value on a recurring basis is as follows:

As of December 31, 2017,	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by Community First Foundation	$ -	$ -	$ 327,475	$ 327,425
Growth and income mutual funds	685,397	-	-	685,397
Bond mutual funds	620,183	-	-	620,183
International mutual funds	300,725	-	-	300,725
	$ 1,606,305	$ -	$ 327,475	$1,933,780

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	1,157,350	-	-	1,157,350
	$ 1,157,350	$ -	$ 299,936	$1,457,286

8. Fair Value Measurements (continued)

Changes in fair value of the Organization's Level 3 assets are as follows:

	Community First Foundation
Balance as of January 1, 2016	$ 294,253
Ordinary investment income	6,745
Realized gains, net	763
Unrealized gains, net	14,992
Investment management fees	(3,025)
Disbursements	(13,792)
Balance as of December 31, 2016	299,936
Ordinary investment income	6,539
Realized gains, net	7,057
Unrealized gains, net	32,123
Investment management fees	(3,215)
Disbursements	(14,965)
Balance as of December 31, 2017	$ 327,475

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 years ended December 31, 2017 and 2016 totaled $148,737 and $132,204, respectively.

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

Year Ended December 31,	
2018	$ 124,300
2019	97,100
2020	80,000
2021	50,800
Total	$ 352,200

10. Rental Expense

Rental expense directly associated with the production of the rental income consists of the following:

Year Ended December 31,	2017	2016
Property management	$ 12,000	$ 12,000
Utilities	20,419	19,800
Operating and maintenance	42,577	38,218
Taxes and insurance	24,251	17,840
Depreciation	44,187	42,895
Total	$ 143,434	$ 130,753

11. Committments

Lease Commitments
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:	
2018	$ 5,050
2019	5,050
2020	5,050
2021	5,050
Total	$ 20,200

Rent expense under all operating leases totaled approximately $5,035 and $5,000, for the years ended December 31, 2017 and 2016, respectively.

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 $26,689 and $23,426, to the plan for the years ended December 31, 2017 and 2016, respectively.

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 years ended December 31, 2017 and 2016, the Organization received $36,791 and $73,153, respectively, 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.

14 Prior Period Adjustment

The Organization's temporarily and permanently restricted net assets as of December 31, 2016, have been restated to properly reflect for the accumulated earnings on the endowment. Temporarily restricted net assets have been increased and permanently restricted net assets have been decreased by $6,189 in accumulated endowment earnings. This correction had no effect on total net assets at December 31, 2016, or on the change in net assets for the year then ended.