Doctors Care

Financial Statements

December 31, 2019

Doctors Care

Accessible Care for the Underserved

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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, 2019, 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 financial statements referred to above present fairly, in all material respects, the financial position of Doctors Care as of December 31, 2019, 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

We have previously audited Doctor's Care 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

Wipfli LLP

April 14, 2020
Denver, Colorado

DOCTORS CARE

Statements of Financial Position
December 31, 2019
(With Summarized Totals for December 31, 2018)

ASSETS

	2019	2018
Assets		
Cash and cash equivalents	$ 1,018,658	$ 860,218
Cash restricted for the Premium Assistance Program	56,494	229,425
Grants and contributions receivable	117,121	172,469
Accounts and other receivables	99,908	97,211
Prepaid and other	22,243	21,012
Investments	1,803,560	1,536,136
Beneficial interest in assets held by others	324,143	293,276
Property and equipment, net	2,556,615	2,579,434
Total Assets	$ 5,998,742	$ 5,789,181

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities		
Accounts payable	$ 23,604	$ 6,007
Accrued payroll liabilities	91,393	84,128
Tenant deposits	11,878	11,878
Property taxes payable	27,121	23,588
Deferred revenue	-	32,904
Total Liabilities	153,996	158,505
Net Assets		
Net assets without donor restrictions:		
Designated for capital and technology projects	200,000	200,000
Net investment in fixed assets	2,556,615	2,579,434
Undesignated	2,473,873	1,990,896
Total Net Assets Without Donor Restrictions	5,230,488	4,770,330
Net assets with donor restrictions	614,258	860,346
Total Net Assets	5,844,746	5,630,676
Total Liabilities and Net Assets	$ 5,998,742	$ 5,789,181

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

DOCTORS CARE

Statements of Activities
Year Ended December 31, 2019
(With Summarized Totals for the Year Ended December 31, 2018)

	Year Ended December 31, 2019			
	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Support and Revenues				
Patient care services	$ 1,207,000	$ -	$ 1,207,000	$ 1,076,962
Grants and contributions	765,144	306,193	1,071,337	1,184,405
Special event, net	-	-	-	32,113
Premium Assistance Program	-	-	-	208,870
Primary Care Fund	10,787	-	10,787	52,906
Other	58	-	58	5,643
In-Kind contributions	677,649	-	677,649	589,540
Change in value of beneficial interest	-	46,212	46,212	(18,838)
Investment income (loss), net	269,450	-	269,450	(70,169)
Net assets released from restrictions	598,493	(598,493)	-	-
	3,528,581	(246,088)	3,282,493	3,061,432
Rental income	166,159	-	166,159	159,722
Rental expense	(174,799)	-	(174,799)	(147,503)
Net rental activity	(8,640)	-	(8,640)	12,219
Total Support and Revenues	3,519,941	(246,088)	3,273,853	3,073,651
Expenses				
Program Services	2,862,297	-	2,862,297	2,524,726
Supporting Services				
Management and general	117,716	-	117,716	121,445
Fundraising	79,770	-	79,770	74,467
Total Supporting Services	197,486	-	197,486	195,912
Total Expenses	3,059,783	-	3,059,783	2,720,638
Change in Net Assets	460,158	(246,088)	214,070	353,013
NET ASSETS, Beginning of Year	4,770,330	860,346	5,630,676	5,277,663
NET ASSETS, End of Year	$ 5,230,488	$ 614,258	$ 5,844,746	$ 5,630,676

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

DOCTORS CARE

Statements of Functional Expenses
Year Ended December 31, 2019
(With Summarized Totals for the Year Ended December 31, 2018)

	Year Ended December 31, 2019				
		Supporting Services			
	Program Services	Management and General	Fund-Raising	Total	Total 2018
Salaries	$ 1,328,975	$ 55,308	$ 44,998	$ 1,429,281	$ 1,400,972
Employee benefits	140,125	5,831	4,745	150,701	158,799
Payroll taxes	106,044	4,413	3,591	114,048	120,369
Total payroll related costs	1,575,144	65,552	53,334	1,694,030	1,680,140
Donated Goods and Services:					
Physician services	267,262	-	-	267,262	223,606
Medical staff services	195,827	-	-	195,827	177,334
Vaccines	179,937	-	-	179,937	173,622
IT support	28,623	-	-	28,623	14,978
Building repairs	3,646	-	-	3,646	-
Rental expense	174,799	-	-	174,799	147,503
Premium assistance claims	140,533	-	-	140,533	21,731
Contract services	110,915	5,078	3,880	119,873	58,468
Medical supplies	81,486	-	-	81,486	65,278
Office supplies	69,146	7,794	997	77,937	67,742
Marketing	11,282	-	11,282	22,564	8,282
Professional services	-	19,823	-	19,823	18,325
Repairs and maintenance	16,804	936	736	18,476	16,145
Utilities	14,080	774	619	15,473	16,796
Telephone	9,477	1,777	592	11,846	11,408
Insurance	7,488	3,612	409	11,509	10,556
Meetings and conferences	8,526	1,092	-	9,618	14,722
Postage	5,469	1,823	1,823	9,115	3,199
Publications	5,260	1,315	-	6,575	3,516
Other expenses	4,840	468	85	5,393	4,950
Software	2,878	540	180	3,598	6,951
Dental supplies	3,530	-	-	3,530	3,805
Printing	1,909	636	636	3,181	7,491
Cost of direct benefit to donors	-	-	-	-	16,685
	2,918,861	111,220	74,573	3,104,654	2,773,233
Depreciation	118,235	6,496	5,197	129,928	109,547
Loss on disposal of equipment	-	-	-	-	2,046
Total expenses by function	3,037,096	117,716	79,770	3,234,582	2,884,826
Less: expenses included with revenues on the statements of activities					
Rental expense	(174,799)	-	-	(174,799)	(147,503)
Cost of direct benefit to donors	-	-	-	-	(16,685)
Total expenses included in the expense section on the Statements of Activities	$ 2,862,297	$ 117,716	$ 79,770	$ 3,059,783	$ 2,720,638

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

DOCTORS CARE

Statements of Cash Flows
Year Ended December 31, 2019
(With Summarized Totals for the Year Ended December 31, 2018)

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	$ 214,070	$ 353,013
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	180,246	153,734
(Income) loss from beneficial interest in assets held by others	(46,212)	18,838
Realized and unrealized (gain) loss from investments	(149,902)	146,470
Donation of furniture and equipment	(2,354)	-
Loss on disposal of equipment	-	2,046
Changes in operating assets and liabilities:		
Grants and contributions receivable	55,348	(109,969)
Accounts and other receivables	(2,697)	43,332
Prepaid and other	(1,231)	(9,190)
Accounts payable	17,597	(11,349)
Accrued payroll liabilities	7,265	872
Tenant deposits	-	44
Deferred revenue	(32,904)	32,904
Property taxes payable	3,533	1,738
Net cash flows from operating activities	242,759	622,483
Cash Flows From Investing Activities		
Proceeds from sale of investments	252,000	410,626
Purchase of investments	(369,522)	(486,927)
Proceeds from beneficial interest in assets held by others	15,345	15,361
Purchases of property and equipment	(155,073)	(92,889)
Net cash flows from investing activities	(257,250)	(153,829)
Net Change in Cash, Cash Equivalents, and restricted cash	(14,491)	468,654
Cash, Cash Equivalents and Restricted Cash, beginning of year	1,089,643	620,989
Cash, Cash Equivalents, and Restricted Cash, end of year	$ 1,075,152	$ 1,089,643
Cash, Cash Equivalents, and Restricted Cash consist of the following:		
Cash and cash equivalents	$ 1,018,658	$ 860,218
Cash restricted for the Premium Assistance Program	56,494	229,425
Total	$ 1,075,152	$ 1,089,643

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 age 50 and under; **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.

Classification of Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, funds to be held for capital and technology projects.

Net assets with donor restrictions: net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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)

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 Functional Expenses. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringes are allocated based upon estimations of time and effort. Indirect costs such as occupancy and office related expenses are allocated based upon time spent, utilization, and square footage.

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 amount of $208,870, for the year ended December 31, 2018. No amounts were received in 2019. At December 31, 2019 and 2018, restricted cash totals $56,494 and $229,425, 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.

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

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, 2019 and 2018, management deemed all grants and contributions receivable to be fully collectible; accordingly, no allowance for uncollectible grants and contributions 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, 2019 and 2018 and determined that an allowance is not necessary.

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.

Deferred Revenue

Fees collected prior to the year to which they apply are deferred and recognized in the year to which the fee relates.

Tenant Deposits

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

Patient Care Services

Patient care service revenues are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlements of audits, reviews, and investigations. The Organization receives approximately 95 percent of its patient care service revenues from Medicaid. Patient care revenues are recognized as performance obligations are satisfied.

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

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

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

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 $3,166 and $3,261, for the years ended December 31, 2019 and 2018, respectively, and have been included with the investment income figure appearing in the accompanying Statements of Activities.

Marketing

Costs associated with marketing are expensed in the period incurred. Marketing and promotion related costs expensed totaled $22,564 and $8,282, for the years ended December 31, 2019 and 2018, respectively.

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, 2019 and 2018.

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, 2018, from which the summarized information was derived.

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

Change in Accounting Policy
In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09 - Revenue From Contracts with Customers (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of January 1, 2019 and applied Topic 606 on a modified-retrospective basis. The Organization adopted this guidance as of January 1, 2019, with no effect on its recognition of revenue from contracts with customers.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU No. 2018-08 assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and in determining whether a contribution transaction is conditional. The Organization adopted this guidance as of January 1, 2019, with no effect on its recognition of contributions and grants received.

In November 2016, the FASB issued ASU 2016-18, Restricted Cash, which requires that the Statement of Cash Flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash. The Organization adopted this guidance for the year ended December 31, 2019.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the Statement of Financial Position date, comprise the following:

As of December 31,	2019	2018
Cash and cash equivalents	$ 1,018,658	$ 860,218
Grants and contributions receivable	117,121	172,469
Accounts and other receivables	99,908	97,211
Investments	1,803,560	1,536,136
Total financial assets	3,039,247	2,666,034
Less:		
Board designations-amount set aside for capital and technology projects	(200,000)	(200,000)
Restricted program contributions included in cash and cash equivalents	(116,500)	(165,176)
Contributions receivable restricted for a specific purpose	-	(69,824)
Fees received in advance	-	(32,904)
	(316,500)	(467,904)
Total financial assets available for general expenditure	$ 2,722,747	$ 2,198,130

2. Liquidity and Availability (continued)

The Organization had board-designated funds totaling $200,000 for capital and technology projects as of December 31, 2019 and 2018. Although the Organization does not intend to spend from the board-designated funds other than for the designated purpose, these amounts could be made available if necessary.

The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents for approximately four to six months.

3. Investments

Investments consist of the following:

As of December 31,	2019	2018
Growth and income mutual funds	$ 823,330	$ 651,687
Bond mutual funds	494,755	470,942
International mutual funds	331,180	262,167
Certificates of deposits	154,027	99,964
Money market funds	268	51,376
Total	$ 1,803,560	$ 1,536,136

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

Investment income consists of the following:

Year Ended December 31,	2019	2018
Interest and dividends	$ 119,548	$ 76,301
Realized and unrealized gains (losses) on investments, net	149,902	(146,470)
Total investment income (loss), net	$ 269,450	$ (70,169)

4. 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 2019 and 2018, the Organization took distributions in the amounts of $15,345 and $15,361, respectively. At December 31, 2019 and 2018, the invested balance held by CFF, recorded at fair value, totals $324,143 and $293,276, 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.

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:

Balance, January 1, 2018	$ 327,475
Investment income (loss), net	(18,838)
Appropriation of endowment assets for expenditures	(15,361)
Balance, December 31, 2018	293,276
Investment income, net	46,212
Appropriation of endowment assets for expenditures	(15,345)
Balance, December 31, 2019	$ 324,143

4. Endowment (continued)

From time to time, the endowment fund may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2018, funds with original gift values of $293,750, fair values of $293,276, and a deficiency of $474 were reported in net assets with donor restrictions. This deficiency amount was recovered early in 2019 due to favorable market fluctuations.

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.

5. Property and Equipment

Property and equipment consist of the following:

As of December 31,	2019	2018
Building	$ 2,285,059	$ 2,285,059
Building improvements	963,330	823,171
Furniture and equipment	102,469	92,842
Computer equipment	172,095	164,454
	3,522,953	3,365,526
Less: accumulated depreciation	(966,338)	(786,092)
Property and equipment, net	$ 2,556,615	$ 2,579,434

6. Premium Assistance Program

The Organization has received grants totaling $697,531 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, 2019 and 2018, the Organization paid out $140,533 and $21,731, respectively, in premium assistance claims.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

As of December 31,	2019	2018
Subject to expenditure for specified purpose:		
Premium Assistance Program	$ 56,494	$ 229,425
Clinic expansion and increased development capacity	116,500	165,176
Subject to the passage of time:		
Grants and contribution receivable	117,121	172,469
Endowment:		
Community First Foundation Fund	293,750	293,750
Accumulated earnings on the endowment	30,393	-
Underwater endowments	-	(474)
Total net assets with donor restrictions	$ 614,258	$ 860,346

Net assets totaling $598,493 and $116,616, were released from net assets with donor restrictions for the years ending December 31, 2019 and 2018, respectively, as a result of the Organization incurring expenditures satisfying the related restricted purposes.

8. 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,	2019	2018
Physicians	$ 267,262	$ 223,606
Vaccines	179,937	173,622
Technology	28,623	14,978
Other professional medical services	195,827	177,334
Construction and repairs	6,000	-
Total in-kind contributions	$ 677,649	$ 589,540

8. In-Kind Contributions (continued)

No amounts have been reflected in the statements for donated non-professional 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, 2019 and 2018, the Organization received 2,196 and 1,848 volunteer hours estimated to be valued at $57,038 and $47,985, respectively.

9. Fair Value Measurements

The Organization utilizes three levels of inputs to measure fair value (the fair value hierarchy) in accordance with financial accounting standards. The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability. The Organization determines fair value as follows:

Level 1 – Quoted prices are available in active markets.

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.

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.

Certificates of deposit: Valued based upon the initial cash investment plus any accrued interest thereon.

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

As of December 31, 2019,	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by Community First Foundation	$ -	$ -	$324,143	$ 324,143
Money market funds	-	268	-	268
Growth and income mutual funds	823,330	-	-	823,330
Bond mutual funds	494,755	-	-	494,755
International mutual funds	331,180	-	-	331,180
Certificates of deposit	-	154,027	-	154,027
	$1,649,265	$154,295	$324,143	$2,127,703

9. Fair Value Measurements (continued)

As of December 31, 2018,	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by Community First Foundation	$ -	$ -	$293,276	$ 293,276
Money market funds	-	51,376	-	51,376
Growth and income mutual funds	651,687	-	-	651,687
Bond mutual funds	470,942	-	-	470,942
International mutual funds	262,167	-	-	262,167
Certificates of deposit	-	99,964	-	99,964
	$1,384,796	$151,340	$293,276	$1,829,412

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

	Community First Foundation
Balance as of January 1, 2018	$ 327,475
Ordinary investment income	7,085
Realized gains, net	42,695
Unrealized gains (losses), net	(65,357)
Investment management fees	(3,261)
Disbursements	(15,361)
Balance as of December 31, 2018	293,276
Ordinary investment income	7,879
Realized gains (losses), net	(692)
Unrealized gains, net	42,191
Investment management fees	(3,166)
Disbursements	(15,345)
Balance as of December 31, 2019	$ 324,143

10. 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, 2019 and 2018, totaled $166,159 and $159,722, respectively.

10. Rental Income (continued)

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

Year Ending December 31,	
2020	$ 140,300
2021	104,100
2022	23,700
2023	600
Total	$ 268,700

11. Rental Expense

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

Year Ended December 31,	2019	2018
Property management	$ 16,800	$ 15,600
Utilities	18,164	19,716
Operating and maintenance	59,631	41,920
Taxes and insurance	29,886	26,080
Depreciation	50,318	44,187
Total	$ 174,799	$ 147,503

12. Commitments

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:	
2020	$ 5,035
2021	5,035
Total	$ 10,070

Rent expense under all operating leases totaled approximately $5,035 and $5,035, for the years ended December 31, 2019 and 2018, respectively.

13. 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 $27,654 and $27,343, to the plan for the years ended December 31, 2019 and 2018, respectively.

14. 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, 2019 and 2018, the Organization received $10,787 and $52,906, 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.

15. Subsequent Events

Subsequent events have been evaluated through April 14, 2020, which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic”. First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, the Organization’s operations have not been significantly impacted, however, the Organization continues to monitor the situation. No impairments were recorded as of the statement of financial position date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Organization’s results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.