

Doctors Care

Financial Statements

For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)



Certified Public Accountants

Doctors Care

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Doctors Care

Opinion

We have audited the accompanying financial statements of Doctors Care (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Doctors Care and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Doctors Care's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



Certified Public Accountants

Independent Auditor's Report

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Doctors Care's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Doctors Care's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Doctors Care's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Olson, Reyes & Sauerwein, LLC
Centennial, Colorado
March 27, 2024

Doctors Care

Statements of Financial Position

December 31, 2023

(With Comparative Totals as of December 31, 2022)

	2023	2022
ASSETS		
Cash	\$ 555,422	\$ 895,662
Grants and contributions receivable	370,049	236,474
Accounts and other receivables	58,505	18,528
Prepaid and other assets	37,768	19,369
Investments	3,425,607	2,635,527
Beneficial interest in assets held by others	298,049	282,445
Property and equipment, net	2,291,764	2,432,420
TOTAL ASSETS	\$ 7,037,164	\$ 6,520,425
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 35,622	\$ 38,250
Accrued payroll liabilities	135,902	133,276
Reserve for building repairs	-	50,000
Property taxes payable	27,062	29,755
Deferred tenant revenue and deposits	11,179	17,165
Total Liabilities	209,765	268,446
Net Assets		
Net assets without donor restrictions:		
Designated for capital and technology projects	200,000	200,000
Net investment in fixed assets	2,291,764	2,432,420
Undesignated	3,137,537	3,080,589
Total Net Assets Without Donor Restrictions	5,629,301	5,713,009
Net Assets With Donor Restrictions	1,198,098	538,970
Total Net Assets	6,827,399	6,251,979
TOTAL LIABILITIES AND NET ASSETS	\$ 7,037,164	\$ 6,520,425

See Notes to Financial Statements

Doctors Care

Statements of Activities

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Revenue and Support				
Patient care services	\$ 1,383,358	\$ -	\$ 1,383,358	\$ 1,387,635
Grants and contributions	546,357	950,048	1,496,405	733,514
Primary care fund	82,633	-	82,633	43,667
In-kind contributions	530,561	-	530,561	613,860
Change in value of beneficial interest	-	32,110	32,110	(61,697)
Investment income (loss), net	340,080	-	340,080	(435,484)
Insurance proceeds	199,473	-	199,473	-
Net assets released from restrictions	323,030	(323,030)	-	-
	3,405,492	659,128	4,064,620	2,281,495
Rental income	167,665	-	167,665	171,335
Rental expense	(266,635)	-	(266,635)	(227,159)
Net rental activity	(98,970)	-	(98,970)	(55,824)
Total Revenue and Support	3,306,522	659,128	3,965,650	2,225,671
Expenses				
Program services	3,023,927	-	3,023,927	2,795,916
Support Services:				
Management and general	267,244	-	267,244	270,061
Fundraising	99,059	-	99,059	80,646
Total Support Services	366,303	-	366,303	350,707
Total Expenses	3,390,230	-	3,390,230	3,146,623
Change in Net Assets	(83,708)	659,128	575,420	(920,952)
Net Assets - Beginning of Year	5,713,009	538,970	6,251,979	7,172,931
NET ASSETS - END OF YEAR	\$ 5,629,301	\$ 1,198,098	\$ 6,827,399	\$ 6,251,979

See Notes to Financial Statements

Doctors Care

Statements of Functional Expenses

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	Program Services	Management and General	Fundraising	Total 2023	Total 2022
Salaries	\$ 1,629,835	\$ 124,815	\$ 54,268	\$ 1,808,918	\$ 1,645,815
Employee benefits	92,841	7,110	3,091	103,042	102,060
Payroll taxes	134,904	10,331	4,492	149,727	130,967
Total Personnel Expenses	1,857,580	142,256	61,851	2,061,687	1,878,842
Advertising and marketing	20,352	-	20,352	40,704	25,956
Computer and software expense	99,181	7,595	3,302	110,078	83,675
Contract services	62,942	52,600	-	115,542	112,671
Insurance	9,869	4,555	759	15,183	12,323
Office expenses	19,650	5,240	1,310	26,200	24,386
Other expenses	21,831	5,822	1,455	29,108	28,036
Professional services	-	26,107	-	26,107	22,956
Rental expenses	247,970	13,332	5,333	266,635	227,159
Repairs and maintenance	93,979	7,197	3,129	104,305	50,922
Supplies - medical and dental	100,732	-	-	100,732	107,993
Total Cash Expenses	2,534,086	264,704	97,491	2,896,281	2,574,919
Donated Goods and Services:					
Physicians	313,385	-	-	313,385	413,977
Medical staff services	72,669	-	-	72,669	61,470
Technology	15,042	-	-	15,042	15,362
Vaccines	129,465	-	-	129,465	123,051
Depreciation	207,250	15,872	6,901	230,023	185,003
Total Noncash Expenses	737,811	15,872	6,901	760,584	798,863
Total Expenses by Function	3,271,897	280,576	104,392	3,656,865	3,373,782
Less: Expenses included with revenues on the Statements of Activities:					
Rental expense	(247,970)	(13,332)	(5,333)	(266,635)	(227,159)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENTS OF ACTIVITIES	\$ 3,023,927	\$ 267,244	\$ 99,059	\$ 3,390,230	\$ 3,146,623

Doctors Care

Statements of Cash Flows

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 575,420	\$ (920,952)
Adjustment to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Depreciation	230,023	185,003
(Income) Loss from beneficial interest in assets held by others	(32,110)	61,697
Realized and unrealized (gains) losses from investments, net	(230,570)	510,074
Increase (decrease) in reserve for building repairs	(50,000)	50,000
Change in Operating Assets and Liabilities		
(Increase) Decrease in:		
Grants and contributions receivable	(133,575)	172,413
Accounts and other receivables	(39,977)	1,515
Prepaid and other	(18,399)	1,001
Increase (Decrease) in:		
Accounts payable	(2,628)	23,223
Accrued payroll liabilities	2,626	531
Property taxes payable	(2,693)	913
Deferred tenant revenue	(5,986)	7,852
Net Cash Flows from Operating Activities	292,131	93,270
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of property and equipment	(89,367)	(201,490)
Proceeds from beneficial interest in assets held by others	16,506	17,201
(Purchase) of investments	(1,166,599)	(113,608)
Proceeds from sale of investments	607,089	39,102
Net Cash Flows from Investing Activities	(632,371)	(258,795)
Net (Decrease) in Cash	(340,240)	(165,525)
Cash - Beginning of Year	895,662	1,061,187
CASH - END OF YEAR	\$ 555,422	\$ 895,662

See Notes to Financial Statements

Doctors Care

Notes to the Financial Statements

Note 1 - Significant Accounting Policies

Nature of Organization

Doctors Care (the "Organization") is a nonprofit organization incorporated in the State of Colorado in December 1990. The Organization is dedicated to improving access to healthcare for low-income individuals in the South Metro Denver 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, a program 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. The Organization is supported primarily by program and service fees, grant income, and contributed medical services.

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

Net assets and revenues, expenses, 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.

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, 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, or when the stipulated purpose for which the resource was restricted has been fulfilled.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from the estimates.

Doctors Care

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from Federal and State income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and the Colorado Income Tax Act of 1964 (as amended), and qualifies for the charitable contribution deduction. However, income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization incurred no unrelated business income tax during the years ended December 31, 2023 and 2022.

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, 2023.

Prior-Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. The prior-year presentation does not include sufficient detail to constitute presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Fair Value of Financial Instruments

The Organization's financial instruments include cash, receivables, and accounts payable. The fair values of these financial instruments approximate their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

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 held as part of an investment portfolio.

Accounts and Other Receivables

Accounts and other receivables are uncollateralized amounts due primarily from Medicaid and from tenants. The carrying value of accounts receivable is recorded net of an allowance for credit losses. Credit losses are estimated based on management's evaluation of historical losses, current conditions of individual accounts and reasonable and supportable forecasts. For the years ended December 31, 2023 and 2022, no allowance for estimated credit losses was necessary.

Doctors Care

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Grants and Contributions Receivable

Grants and contributions receivable are unconditional promises to give in future periods. These unconditional promises represent written or oral agreements to contribute cash or other assets to the Organization. At December 31, 2023 and 2022, management deemed all grants and contributions receivable to be fully collectible; accordingly, no allowance for uncollectible grants and contributions receivable was required.

In 2023, the Organization was awarded a grant from the State of Colorado, which is conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant or contract provisions. At December 31, 2023, \$332,184 of the grant has not been recognized because the qualifying expenditures have not been incurred.

Investments

The Organization carries investments in marketable securities 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.

Property and Equipment

Property and equipment is stated at cost or fair market value at the date of contribution, if donated. Maintenance items of a routine nature are expensed as incurred, whereas those which improve or extend the useful lives of existing assets are capitalized. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Depreciation is provided on the straight-line method over the estimated useful lives of the assets which range from 5-30 years.

GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment, which is determined based upon the estimated fair value of the asset, is recorded when estimated undiscounted cash flows expected to be generated by the asset are insufficient to recover its net carrying value. Management has determined that no impairment of its long-lived assets is deemed necessary at December 31, 2023 and 2022.

Deferred Rent and Tenant Deposits

Deferred rent and tenant deposits consists of security deposits and prepaid rent received from tenants. Rent payments collected prior to the period for which the rents are due are included in deferred rent and recognized in the month to which the rents relate.

Doctors Care

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition

Contribution Revenue

Contributions are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution 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 awarded.

Unconditional 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.

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 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 over 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.

Doctors Care

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition (continued)

In-Kind Contributions

The Organization records the value of donated materials or services when there is an objective basis available to measure their value. The Organization recognizes 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.

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. Revenue is recognized over time as performance obligations are satisfied and services are provided. Performance obligations are determined based on the nature of the services provided by the Organization.

Functional Expense Allocation

The Statement of Functional Expenses reports certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, payroll taxes and benefits are allocated based upon estimations of time. Indirect costs such as office and building expenses are allocated based upon time spent, utilization and square feet.

Advertising and Marketing

Costs associated with marketing are expensed in the period incurred. Marketing and promotion related costs expensed totaled \$40,704 and \$25,956, for the years ended December 31, 2023 and 2022, respectively.

Doctors Care

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. The amendments of this update require that financial assets measured at amortized cost, including trade receivables, be recorded at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount.

The Organization adopted this standard effective January 1, 2023 using the modified-retrospective approach, which requires a cumulative-effect adjustment through net assets at the time of adoption. Accordingly, the financial statements for 2023 are presented in accordance with ASU 2016-13 and the prior year financial statements are presented under previous guidance under GAAP. No cumulative-effect adjustment was made to net assets as the impact of the adoption of this update was determined to be immaterial to the Organization's financial statements.

Subsequent Events

In preparing its financial statements, the Organization has evaluated subsequent events through March 27, 2024, which is the date the financial statements were available to be issued. Management of the Organization has not identified any material subsequent events that require reporting or disclosure, except as discussed in Note 14.

Note 2 - Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position date, comprise the following as of December 31, 2023 and 2022:

<i>As of December 31,</i>	2023	2022
Cash	\$ 555,422	\$ 895,662
Grants and contributions receivable	370,049	236,474
Accounts and other receivables	58,505	18,528
Investments	3,425,607	2,635,527
Total Financial Assets	4,409,583	3,786,191
Less: restricted contributions included in cash	(530,000)	-
Less: Board designations - amount set aside for capital improvements	(200,000)	(200,000)
Total Financial Assets Available for General Expenditure	\$ 3,679,583	\$ 3,586,191

Doctors Care

Notes to the Financial Statements

Note 2 - Liquidity and Availability of Financial Resources (continued)

The Organization had board-designated funds totaling \$200,000 for capital and technology projects as of December 31, 2023 and 2022. 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 short term investments for approximately four to six months of operating expenses and also invests in marketable securities based on an allocation methodology approved by the Board.

Note 3 - Concentration of Credit Risk

Since the Organization periodically places cash in individual financial institutions in excess of FDIC insured limits, the Organization periodically reviews the financial condition of the financial institutions to reduce the Organization's credit risk associated with cash. Additionally, the Organization places its cash with high credit quality financial institutions.

Credit risk associated with grants and contributions receivable is limited due to the number and creditworthiness of the entities from which the amounts are due. At December 31, 2023 and 2022, 43% and 50%, respectively, of the Organization's receivables was due from the two organizations.

The Organization receives substantially all of its revenue from public support and Medicaid. A significant reduction in the level of support or Medicaid revenue, if this were to occur, may have an adverse effect on the Organization's programs and activities.

Note 4 - Investments

Investments consist of the following at December 31, 2023 and 2022:

<i>As of December 31,</i>	2023	2022
Growth and income mutual funds	\$ 1,091,125	\$ 891,118
Bond mutual funds	1,092,743	953,720
International mutual funds	150,966	350,511
Stocks	537,740	338,414
Money market funds and certificates of deposit	553,033	101,764
Total	\$ 3,425,607	\$ 2,635,527

Doctors Care

Notes to the Financial Statements

Note 4 - Investments (continued)

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 for the years ended December 31, 2023 and 2022:

<i>Year Ended December 31,</i>	2023	2022
Interest and dividends	\$ 109,510	\$ 74,590
Realized and unrealized gains (losses)	230,570	(510,074)
Investment Income (Loss) - Net	\$ 340,080	\$ (435,484)

Note 5 - Endowment

The Organization has established a donor-restricted endowment fund (the "Fund") that is held and managed by Colorado Gives Foundation (formerly, Community First Foundation) (CGF). The Fund is used for general operating needs. The Organization follows the investment strategy and spending policies adopted by CGF to achieve its long-term investment return objectives which are attained through capital appreciation and interest and dividends. Distributions from the Fund are limited to five percent of the average of the net fair market value of the three preceding calendar years.

The below table summarizes the components of the fair value of the Fund at December 31, 2023 and 2022:

	2023	2022
Original Board designated amount required to be maintained in perpetuity	\$ 293,750	\$ 293,750
Accumulated investment gains (losses)	4,299	(11,305)
	\$ 298,049	\$ 282,445

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Notes to the Financial Statements

Note 5 - Endowment (continued)

Changes in the endowment net assets were as follows for the years ended December 31, 2023 and 2022:

Balance January 1, 2022	\$ 361,343
Investment (loss), net of investment expenses of \$3,122	(61,697)
Appropriation of endowment assets for expenditures	(17,201)
Balance, December 31, 2022	282,445
Investment income, net of investment expenses of \$2,961	32,110
Appropriation of endowment assets for expenditures	(16,506)
Balance, December 31, 2023	\$ 298,049

Interpretation of Relevant Law

The Board of Directors acknowledges that donors to an endowment fund intend that the principal of the endowment fund shall be preserved in perpetuity. The Board has interpreted Colorado's Uniform Prudent Management of Institutional Funds Act (UPMIFA) to allow, subject to the specific intent of a donor, for the appropriation or accumulation of so much of an endowment fund that the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. 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.

Appropriations may take place even though an endowment is "underwater" (i.e., the market value of the fund is less than the historical dollar value (HDV) of the fund). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law and is not required to utilize other resources to bring the value of the endowment fund up to HDV.

Note 6 - Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority level; Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1); and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

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Notes to the Financial Statements

Note 6 - Fair Value Measurements (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used as of December 31, 2023 and 2022.

Money market funds: measured using \$1 as the net asset value per unit.

Certificates of deposit: measured at cost plus accrued interest which approximates fair value.

Stocks and mutual funds: fair value based on quoted prices in an active market.

Beneficial interest in assets held by others: fair value determined by the organization holding the funds. The following tables set forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2023 and 2022. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

<i>December 31, 2023</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,334,834	\$ -	\$ -	\$ 2,334,834
Stocks	537,740	-	-	537,740
Money market funds and certificates of deposit	-	553,033	-	553,033
Beneficial interest in assets held by others	-	-	298,049	298,049
	\$ 2,872,574	\$ 553,033	\$ 298,049	\$ 3,723,656

<i>December 31, 2022</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,195,349	\$ -	\$ -	\$ 2,195,349
Stocks	338,414	-	-	338,414
Money market funds	-	101,764	-	101,764
Beneficial interest in assets held by others	-	-	282,445	282,445
	\$ 2,533,763	\$ 101,764	\$ 282,445	\$ 2,917,972

Doctors Care

Notes to the Financial Statements

Note 6 - Fair Value Measurements (continued)

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

	Level 3
Balance as of December 31, 2021	\$ 361,343
Investment income	5,612
Realized gains (losses), net	2,330
Unrealized gains (losses), net	(66,517)
Management fees	(3,122)
Disbursements	(17,201)
Balance as of December 31, 2022	282,445
Investment income	12,086
Realized gains (losses), net	(991)
Unrealized gains (losses), net	21,764
Management fees	(749)
Disbursements	(16,506)
Balance as of December 31, 2023	\$ 298,049

Note 7 - Property and Equipment

Property and equipment, net of accumulated depreciation, consisted of the following at December 31, 2023 and 2022,

<i>As of December 31,</i>	2023	2022
Buildings	\$ 2,286,209	\$ 2,286,209
Building improvements	1,011,564	1,011,564
Medical and office equipment	727,423	638,056
	4,025,196	3,935,829
Less: accumulated depreciation	(1,733,432)	(1,503,409)
Property and Equipment, Net	\$ 2,291,764	\$ 2,432,420

For the years ended December 31, 2023 and 2022, depreciation expense was \$230,023 and \$185,003, respectively.

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Notes to the Financial Statements

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2023 and 2022:

<i>As of December 31,</i>	2023	2022
Subject to expenditure for specified purpose:		
Capital Improvements	\$ 530,000	\$ -
Outreach program	-	20,051
Subject to passage of time		
Grants and contributions receivable	370,049	236,474
Endowment:		
Colorado Gives Foundation Fund	293,750	293,750
Accumulated earnings (losses) on the endowment	4,299	(11,305)
Total Net Assets with Donor Restrictions	\$ 1,198,098	\$ 538,970

Net assets totaling \$323,030 and \$476,094, were released from net assets with donor restrictions for the years ended December 31, 2023 and 2022, respectively, as a result of the Organization satisfying the purpose or time restrictions.

Note 9 - In-Kind Contributions

Donated materials and services are important to the Organization's operations and, accordingly, are reflected as contributions in the accompanying Statements of Activities at their estimated fair values when the donated materials and services meet the criteria for recognition under GAAP.

Donated materials and services consist of the following for the years ended December 31, 2023 and 2022:

<i>Year Ended December 31,</i>	2023	2022
Physicians	\$ 313,385	\$ 413,977
Vaccines	129,465	123,051
Technology	15,042	15,362
Medical staff services	72,669	61,470
Total In-Kind Contributions	\$ 530,561	\$ 613,860

Donated physician, technology and medical staff services are valued based on the standard industry pricing for similar services. Donated vaccines are valued based on the estimated fair market value to purchase the vaccines, which is determined by the organization who donates the vaccines.

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Notes to the Financial Statements

Note 10 - Rental Income and Expenses

Rental Income

The Organization is the lessor of office space within their building. The leases range from month-to-month to five years. Rental income for the years ended December 31, 2023 and 2022, totaled \$167,665 and \$171,335, respectively.

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

	December 31
2024	\$ 131,149
2025	82,747
2026	17,350
	<u>\$ 231,246</u>

Rental Expense

Rental expenses directly associated with the production of the rental income consists of the following for the years ended December 31, 2023 and 2022:

<i>Year Ended December 31,</i>	2023	2022
Property management	\$ 17,658	\$ 15,250
Utilities	49,512	56,148
Operating and maintenance	159,668	115,015
Taxes and insurance	33,730	35,435
Depreciation	6,067	5,311
	<u>\$ 266,635</u>	<u>\$ 227,159</u>

Note 11 - Retirement Plan

The Organization has established a defined contribution pension plan. Employee contributions are matched up to 3% of gross salary. The Organization contributed \$36,487 and \$42,200 to the plan for the years ended December 31, 2023 and 2022, respectively.

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Notes to the Financial Statements

Note 12 - 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, 2023 and 2022, the Organization was awarded \$82,633 and \$43,667, 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 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.

Note 13 - Flood Damage and Insurance Payments

In December 2022, a water line broke in the building owned by the Organization which resulted in damage to the Organization's office and medical space. The Organization filed an insurance claim for the damages and business disruption. At December 2022, the Organization recorded a \$50,000 reserve for potential future repairs costs in excess of the amount management expected to receive from the insurance company. During the year ended December 31, 2023, the Organization repaired the damage and incurred costs of approximately \$167,000; of which, \$13,370 was recorded as property and equipment and the remainder was expensed. The Organization received \$199,473 of proceeds from the insurance company to cover the cost of repairs and business disruption.

Note 14 - Employee Retention Tax Credits

In January 2024, the Organization determined it qualified for tax credits under the Employee Retention Credit program established as a result of legislation passed to assist businesses impacted by the coronavirus pandemic. The application was submitted in January 2024 for an amount of \$479,673. The Organization did not record any amounts to the 2023 financial statements due to the uncertainty and timing of collection.