

# Financial Statements

Genesis Community Health  
(a nonprofit organization)  
Years Ended May 31, 2018 and 2017



## Table of Contents

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<b>Independent Auditors' Report</b>	3
<b>Financial Statements</b>	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Genesis Community Health  
Boise, Idaho

We have audited the accompanying financial statements of Genesis Community Health (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesis Community Health as of May 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Genesis Community Health 2017 financial statements, and we expressed an unmodified audit opinion on those audited statements in our report dated November 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2017, is consistent, in all material respects, with the audited financial statement from which it has been derived.

*Harris CPAs*

Meridian, Idaho  
October 22, 2018



**GENESIS COMMUNITY HEALTH**  
**STATEMENTS OF FINANCIAL POSITION**  
**May 31, 2018**  
**With Comparative Totals as of May 31, 2017**

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	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 89,267	\$ 63,720
Grants and contributions receivable	2,446	4,698
Prepaid expense	2,232	0
Inventory	<u>6,518</u>	<u>10,483</u>
Total Current Assets	100,463	78,901
<b>Property and Equipment, net</b>	<u>486,616</u>	<u>503,451</u>
Total Assets	<u>\$ 587,079</u>	<u>\$ 582,352</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Line of credit	\$ 47,099	\$ 12,136
Accounts payable	14,235	3,203
Accrued liabilities	21,419	25,024
Deferred revenue	18,426	0
Current portion of long-term debt	<u>6,305</u>	<u>6,043</u>
Total Current Liabilities	107,484	46,406
<b>Long-Term Debt, net of current portion</b>	<u>158,221</u>	<u>164,522</u>
Total Liabilities	265,705	210,928
<b>Net Assets</b>		
Unrestricted	286,866	354,332
Temporarily restricted	<u>34,508</u>	<u>17,092</u>
Total Net Assets	<u>321,374</u>	<u>371,424</u>
Total Liabilities and Net Assets	<u>\$ 587,079</u>	<u>\$ 582,352</u>

See notes to financial statements.

**GENESIS COMMUNITY HEALTH**  
**STATEMENTS OF ACTIVITIES**  
For the Year Ended May 31, 2018  
With Comparative Totals for the Year Ended May 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
<b>Revenues And Other Support</b>				
Foundations and corporate grants	\$ 148,693	\$ 159,126	\$ 307,819	\$ 365,811
Pledges and contributions	89,873		89,873	59,235
Fundraising events	46,387		46,387	62,096
Contract revenue	2,551		2,551	9,432
In-kind contributions	325,911		325,911	168,865
Service income	1,218		1,218	4,107
Other	200		200	0
	<u>614,833</u>	<u>159,126</u>	<u>773,959</u>	<u>669,546</u>
Net assets released from restrictions	<u>141,710</u>	<u>(141,710)</u>	<u>0</u>	<u>0</u>
<b>Total Revenue and Other Support</b>	<b>756,543</b>	<b>17,416</b>	<b>773,959</b>	<b>669,546</b>
<b>Expenses</b>				
Program services				
Medical	344,198		344,198	452,632
Dental	153,712		153,712	69,057
Mental Health	56,327		56,327	4,150
Community Health	54,044		54,044	49,939
	<u>608,281</u>	<u>0</u>	<u>608,281</u>	<u>575,778</u>
<b>Total Program Services</b>	<b>608,281</b>	<b>0</b>	<b>608,281</b>	<b>575,778</b>
Support services				
Administration	153,378		153,378	87,616
Fundraising	62,350		62,350	107,703
	<u>215,728</u>	<u>0</u>	<u>215,728</u>	<u>195,319</u>
<b>Total Support Services</b>	<b>215,728</b>	<b>0</b>	<b>215,728</b>	<b>195,319</b>
<b>Total Expenses</b>	<b>824,009</b>	<b>0</b>	<b>824,009</b>	<b>771,097</b>
Change in Net Assets	(67,466)	17,416	(50,050)	(101,551)
<b>Net Assets</b>				
Beginning of Year	<u>354,332</u>	<u>17,092</u>	<u>371,424</u>	<u>472,975</u>
End of Year	<u>\$ 286,866</u>	<u>\$ 34,508</u>	<u>\$ 321,374</u>	<u>\$ 371,424</u>

See notes to financial statements.

**GENESIS COMMUNITY HEALTH**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Year Ended May 31, 2018  
With Comparative Totals for the Year Ended May 31, 2017

	<u>Program Services</u>						<u>2018</u>	<u>2017</u>
	<u>Medical</u>	<u>Dental</u>	<u>Mental</u>	<u>Community</u>	<u>Administration</u>	<u>Fundraising</u>		
	<u>Program</u>	<u>Program</u>	<u>Health</u>	<u>Health</u>			<u>Total</u>	<u>Total</u>
			<u>Program</u>	<u>Program</u>				
Personnel salaries and wages	\$ 116,119	\$ 60,983	\$ 4,374	\$ 38,894	\$ 77,454	\$ 9,586	\$ 307,410	\$ 317,266
Payroll taxes	9,024	4,839	372	3,426	6,764	988	25,413	29,020
In-kind	154,917	59,694	49,092		52,296		315,999	167,792
Medications and supplies	21,067	12,575	4	1,006	33	52	34,737	112,856
Special events	203	72	6	67	57	29,699	30,104	25,368
Occupancy	11,888	4,072	344	3,834	3,901	5,074	29,113	29,994
Office expenses	6,942	3,138	298	1,518	2,970	7,578	22,444	10,806
Depreciation	9,319	4,114	1,553	1,553	4,216	1,775	22,530	21,160
Professional fees	5,604	1,617	147	1,431	1,678	1,935	12,412	24,606
Insurance	4,426	1,276	37	417	1,790	548	8,494	6,483
Advertising	918	244	18	208	454	3,143	4,985	14,772
Conferences and meetings	1,796	494	35	631	991	732	4,679	3,027
Travel	835	293	25	276	235	362	2,026	60
Interest expense	549	194	16	182	153	240	1,334	377
Other	591	107	6	601	386	638	2,329	7,510
Total Functional Expenses	<u>\$ 344,198</u>	<u>\$ 153,712</u>	<u>\$ 56,327</u>	<u>\$ 54,044</u>	<u>\$ 153,378</u>	<u>\$ 62,350</u>	<u>\$ 824,009</u>	<u>\$ 771,097</u>

See notes to financial statements.

**GENESIS COMMUNITY HEALTH**  
**STATEMENTS OF CASH FLOWS**  
For the Year Ended May 31, 2018  
With Comparative Totals For the Year Ended May 31, 2017

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	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (50,050)	\$ (101,551)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	22,187	21,160
Changes in operating assets and liabilities:		
Grants and contributions receivable	2,190	(2,750)
Inventory	3,965	92,569
Prepaid expenses	(2,170)	(62)
Accounts payable	11,032	1,641
Deferred revenue	18,426	0
Accrued liabilities	<u>(3,605)</u>	<u>10,529</u>
Net Cash Provided (Used) by Operating Activities	1,975	21,536
<b>Cash Flows From Investing Activities</b>		
Purchase of equipment	(5,352)	(17,331)
<b>Cash Flows From Financing Activities</b>		
Net change in line of credit	34,963	(1,938)
Principal payments on long-term debt	<u>(6,039)</u>	<u>(5,730)</u>
Net Cash Provided (Used) by Financing Activities	<u>28,924</u>	<u>(7,668)</u>
Net Change in Cash	25,547	(3,463)
<b>Cash</b>		
Beginning of Year	<u>63,720</u>	<u>67,183</u>
End of Year	<u>\$ 89,267</u>	<u>\$ 63,720</u>

See notes to financial statements.

## GENESIS COMMUNITY HEALTH NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies

#### *Nature of Organization*

Genesis Community Health, Inc. ("Organization") is a non-profit, faith based organization that provides free medical, dental, mental health and spiritual care to low-income and uninsured individuals. Genesis also supports patients and their families by connecting them to other critical resources, such as food, shelter, and transportation.

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### *Basis of Presentation*

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### *Use of Estimates*

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in determining the collectability of grants, pledges, and contributions receivable, the fair value of donated goods and services, and the estimated useful lives of property and equipment. It is at least reasonably possible that the significant estimates used will change within the next year.

#### *Cash*

The Organization considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

#### *Contributions and Grants Receivable*

Contributions and grants receivable are stated at unpaid balances, less an allowance for uncollectible amounts. Balances are non-interest bearing. The allowance is based on experience. There was no allowance at May 31, 2018 and 2017 as all amounts are deemed collectible.

## GENESIS COMMUNITY HEALTH NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies (Continued)

#### *Inventories*

Pharmaceutical and medical supplies are either donated or purchased. As of May 31, 2018 and 2017, the value of purchased and donated pharmaceutical and medical supplies has been capitalized as supplied inventory at the lower of cost or market.

#### *Property and Equipment*

Property and equipment is stated at cost, or, if donated, at the estimated fair market value at the date of donation. All equipment with a fair market value in excess of \$5,000 and a useful life of at least three years is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to thirty years.

#### *Deferred Revenue*

Revenues pertaining to future events are deferred until the event occurs. At May 31, 2018, deferred revenue totaled \$18,426. At May 31, 2017 there were no deferred revenue amounts received.

#### *Fair Value*

The Organization uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short term, highly liquid nature.

#### *In-kind Contributions*

The Organization receives in-kind contributions consisting of equipment and medical supplies. In-kind contributions are recognized as revenue when received and as expenditures when the resources are consumed.

## GENESIS COMMUNITY HEALTH NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies (Continued)

#### *Patient Service Revenue*

The projects of the organization provide medical, dental and mental care to patients who do not have third-party coverage. Eligibility is based on household size and income based on 200 percent or less of the Federal Poverty Guidelines. As a way to encourage personal responsibility and empower its patients, Genesis accepts voluntary donations from patients. The frequency and amounts of these donations are at the sole discretion of the patient; services are never withheld from patients who choose not to donate.

#### *Contributions*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions and grants received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. The Organization does not have any permanently restricted funds.

#### *Contributed Services*

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. Donated services of approximately \$310,326 and \$154,522 have been reflected at fair value in the financial statements for the years ended May 31, 2018 and 2017, respectively. The majority of donated services received by the organization are from healthcare professionals, such as physicians and dentists. Additional support comes from other volunteers, such as nurses, student interns, and church groups.

#### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**GENESIS COMMUNITY HEALTH  
NOTES TO FINANCIAL STATEMENTS**

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**Note A – Summary of Significant Accounting Policies (Continued)**

*Income Taxes*

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

*Uncertain Tax Positions*

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2018 or 2017.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2014.

*Subsequent Events*

The Organization has evaluated subsequent events through October 22, 2018, which is the date the financial statements were available to be issued.

**Note B – Property and Equipment**

At May 31, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 85,000	\$ 85,000
Building and improvements	532,739	532,739
Furniture and equipment	<u>144,236</u>	<u>138,884</u>
	761,975	756,623
Less accumulated depreciation	<u>275,359</u>	<u>253,172</u>
Total Property and Equipment	<u>\$ 486,616</u>	<u>\$ 503,451</u>

**GENESIS COMMUNITY HEALTH  
NOTES TO FINANCIAL STATEMENTS**

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**Note C – Long-term Debt**

At May 31, long term debt consisted of the following:

	<u>2018</u>	<u>2017</u>
Note payable to Northwest Christian Credit Union, \$1,098 monthly, including interest at 4.25% per annum, maturing March 2031 with a balloon payment in the amount of \$62,056. The note is secured by the Genesis Community Clinic property.	\$ 164,526	\$ 170,565
Less current portion	<u>6,305</u>	<u>6,043</u>
	<u>\$ 158,221</u>	<u>\$ 164,522</u>

Maturities of long-term debt as of May 31, 2018 are as follows:

2019	\$ 6,305
2020	6,561
2021	6,793
2022	6,761
2023	7,107
Thereafter	<u>130,999</u>
	<u>\$ 164,526</u>

Cash paid during the year for interest for the years ended May 31, 2018 and 2017 was \$8,655 and \$8,136, respectively.

**Note D – Temporarily Restricted Net Assets**

The Organization had temporarily restricted net assets for the Genesis Community Clinic as noted below as of the years ended May 31:

	<u>2018</u>	<u>2017</u>
Medical programs	<u>\$ 34,508</u>	<u>\$ 17,092</u>

**GENESIS COMMUNITY HEALTH**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note E – Lines of Credit Payable**

At May 31, 2018, the Organization has a \$15,000 line of credit with Key Bank. The line of credit bears interest at the prime rate plus 2.93%, and is due for renewal on May 15, 2019. The interest rate at May 31, 2018 was 6.93%. The line of credit is secured by the Organization's assets. At May 31, 2018 and 2017, there was no balance outstanding.

At May 31, 2018, the Organization has a \$77,643 line of credit with Northwest Christian Credit Union. The line of credit bears interest at 4.25%, and is due for renewal on March 1, 2031. The line of credit is secured by the Organization's assets. At May 31, 2018 and 2017, the outstanding balance was \$47,099 and \$12,136, respectively.

**Note F – Operating Leases**

The Organization signed a three year operating lease in May of 2017, expiring May 2020. This lease replaced the prior operating lease. The lease requires minimum monthly payments of \$287. Rent expense under the operating lease was \$3,447 and \$2,874 for the years ended May 31, 2018 and 2017, respectfully. Future minimum lease payments for the year ended May 31, 2018 are as follows:

2019	\$	3,442
2020		<u>3,442</u>
Total	\$	<u>6,884</u>

**Note G – Related Party Transactions**

The Organization has included the value of professional services donated by board members in the financial statements. The value of these services, as determined by management, was \$1,718 for the year ended May 31, 2018. There were no services donated for the year ended May 31, 2017.

The Organization also accepts donations from board members, employees, and their families. The Organization received donations totaling \$15,883 and \$7,589 during the years ended May 31, 2018 and 2017, respectively.