

CLARIS HEALTH

FINANCIAL STATEMENTS

JUNE 30, 2015

CONTENTS

Independent Accountants' Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-8

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Claris Health

We have reviewed the accompanying Statement of Financial Position of Claris Health (a nonprofit organization), as of June 30, 2015, and the related Statements of Activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed Claris Health's 2014 financial statements and in our report dated October 17, 2014 stated that based on our procedures, we were not aware of any material modifications that should be made to the 2014 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the eighteen months ended June 30, 2014, for it to be consistent with the reviewed financial statements from which it has been derived.



Pasadena, California
September 9, 2015

CLARIS HEALTH

STATEMENT OF FINANCIAL POSITION

June 30, 2015

With comparative totals of June 30, 2014

	Unrestricted	Temporarily Restricted	2015	2014
Assets				
Cash	\$ 648,912	\$ 35,000	\$ 683,912	\$ 460,779
Certificate of deposit			-	10,000
Lease security deposit	16,636		16,636	10,223
Property and equipment (Note 4)	10,028		10,028	9,180
Total assets	\$ 675,576	\$ 35,000	\$ 710,576	\$ 490,182
Liabilities and net assets				
Liabilities				
Accounts payable and accrued expenses	\$ 30,362	\$ -	\$ 30,362	\$ 2,764
Loan payable	833		833	833
Deferred rent	6,605		6,605	6,605
Total liabilities	37,800	-	37,800	10,202
Net assets				
Unrestricted:				
Undesignated	637,776		637,776	460,980
Temporarily restricted (Note 5)		35,000	35,000	19,000
Total net assets	637,776	35,000	672,776	479,980
Total liabilities and net assets	\$ 675,576	\$ 35,000	\$ 710,576	\$ 490,182

See independent accountants' review report and notes to financial statements.

CLARIS HEALTH

STATEMENT OF ACTIVITIES

For the twelve month ended June 30, 2015

With comparative totals for eighteen months ended June 30, 2014

	Unrestricted	Temporarily Restricted	2015	2014
Revenue and support				
Contributions	\$ 1,049,644	\$ 151,500	\$ 1,201,144	\$ 1,372,066
Special events	13,402		13,402	24,147
Program revenue	25,853		25,853	54,547
Net assets released from time and purpose restriction	135,500	(135,500)	-	-
Total revenue and support	1,224,399	16,000	1,240,399	1,450,760
Expenses				
Payroll	552,659		552,659	704,069
Development and fundraising	116,132		116,132	100,909
Other expenses	114,072		114,072	154,727
Office expenses	246,488		246,488	357,116
Depreciation	18,252		18,252	31,025
Total expenses	1,047,603	-	1,047,603	1,347,846
Change in net assets	176,796	16,000	192,796	102,914
Net assets, beginning of year	460,980	19,000	479,980	377,066
Net assets, end of year	\$ 637,776	\$ 35,000	\$ 672,776	\$ 479,980

See independent accountants' review report and notes to financial statements.

CLARIS HEALTH

STATEMENT OF CASH FLOWS

For the twelve month ended June 30, 2015

With comparative totals for eighteen months ended June 30, 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 192,796	\$ 102,914
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,252	31,025
Changes in operating assets and liabilities:		
(Increase) in lease security deposit	(6,413)	-
Increase (decrease) in accounts payable and accrued expenses	27,598	(1,628)
	232,233	132,311
Cash flows from investing activities:		
Proceeds from redemption of certificate of deposit	10,000	-
(Purchase) of property and equipment	(19,100)	-
	(9,100)	-
Cash flows from financing activities:		
Repayment of loan payable	-	(5,000)
	-	(5,000)
Net increase in cash	223,133	127,311
Cash, beginning of year	460,779	333,468
Cash, end of year	\$ 683,912	\$ 460,779

See independent accountants' review report and notes to financial statements.

CLARIS HEALTH

NOTES TO FINANCIAL STATEMENTS

1. Organization

Clariss Health ("the Clinic") was incorporated in 2000 in California as a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. Contributions by the public are deductible for income tax purposes. The Clinic has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

During the year ended December 31, 2012, the Clinic changed its name from Westside Pregnancy Clinic, Inc. to Clariss Health. The Clinic then adopted three fictitious business names (which are also called *doing business as* names) for carrying out its mission: Westside Pregnancy Clinic, Crenshaw Pregnancy Clinic, and Reality Check.

The Clinic is a licensed medical clinic, providing pregnancy-related medical and support services to women and their families. The mission of the Clinic is to empower individuals to make informed pregnancy and sexual health choices.

The Board of Directors approved the change of the Clinic's fiscal year end to June 30.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Clinic are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Temporarily Restricted. The Clinic reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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 program or capital restrictions.

CLARIS HEALTH

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit the Clinic to expend all of the income (or other economic benefits) derived from the donated assets. At June 30, 2015, the Clinic had no permanently restricted net assets.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Concentration of Credit Risks

The Clinic places its temporary cash investments in high-credit, quality financial institutions. At times, such accounts may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Clinic has not incurred losses related to these investments.

Approximately 97% of the Clinic's support and revenue was obtained from contributions from the public.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

Income Taxes

The Clinic is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Clinic in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Clinic's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

CLARIS HEALTH

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

Costs of providing the Clinic's programs and other activities have been summarized on a functional basis in a note to the financial statements. Certain costs, such as depreciation and payroll, have been allocated among the program service, general and administrative, and fundraising.

The Clinic allocated \$683,653 of its total expenses to program activities; \$173,098 to general and administration, and \$190,852 to fundraising.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ materially from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Clinic's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through September 9, 2015, the date which the financials were available.

3. Promises-To-Give Receivable

The Clinic receives promises-to-give for various purposes and projects. If the promises-to-give contains a condition that must be met before the donor provides the funds, then they are referred to as *conditional* promises-to-give and are not recorded in the financial statements until those conditions have been substantially met. If those promises-to-give do *not* contain a condition, they are referred to as *unconditional* promises-to-give and they are recorded as contribution revenue and as a receivable in the accompanying financial statements. There are no unconditional promises to give as of June 30, 2015.

CLARIS HEALTH

NOTES TO FINANCIAL STATEMENTS

4. Property and Equipment

Property and equipment at June 30, 2015 consist of the following:

Leasehold improvements	\$ 77,476
Other equipment	90,561
Computer equipment	<u>40,641</u>
	208,678
Less: accumulated depreciation	<u>(198,650)</u>
	<u>\$ 10,028</u>

Depreciation expense for the twelve months ended June 30, 2015 was \$18,252.

5. Temporary Restricted Net Assets

Temporarily restricted net assets at June 30, 2015 consist of the following:

Clinic relocation	\$11,000
Reality Check program	<u>24,000</u>
	<u>\$35,000</u>

For the year ended June 30, 2015, net assets released from restrictions were \$135,500.

6. Commitments and Contingencies

Obligations Under Operating Leases

The Clinic leases two facilities under operating leases with various terms. Future minimum payments, by year, and in the aggregate, under these leases with initial or remaining terms of one year or more consist of the following:

<u>Year ended June 30,</u>	
2016	\$137,252
2017	141,316
2018	145,502
2019	148,013
Thereafter	<u>330,472</u>
	<u>\$902,555</u>

Rent expense for the year ended June 30, 2015 was \$115,531.