

PROJECT ACCESS NORTHWEST

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2014 AND 2013



PROJECT ACCESS NORTHWEST
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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INDEPENDENT AUDITOR'S REPORT

June 30, 2015

Board of Directors
Project Access Northwest
Seattle, Washington

We have audited the accompanying financial statements of Project Access Northwest (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activity, functional expenses and cash flows for the years 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.

Auditor's 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 in the first paragraph of this letter present fairly, in all material respects, the financial position of Project Access Northwest as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jacobson Jarvis & Co, PLLC

Jacobson Jarvis & Co, PLLC

PROJECT ACCESS NORTHWEST
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 764,947	\$ 559,321
Promises to give	73,142	86,542
Promises to give - pilot program - insurance assistance	-	400,000
Grants and contracts receivable	81,970	29,691
Prepaid expense	<u>19,493</u>	<u>8,780</u>
Total Current Assets	<u>939,552</u>	<u>1,084,334</u>
Property and Equipment	157,488	95,408
Less: Accumulated Depreciation	<u>(35,747)</u>	<u>(12,977)</u>
	<u>121,741</u>	<u>82,431</u>
	<u>\$ 1,061,293</u>	<u>\$ 1,166,765</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 108,906	\$ 100,862
Deferred revenue	<u>91,921</u>	<u>263,121</u>
Total Current Liabilities	200,827	363,983
Net Assets		
Unrestricted	290,298	239,896
Temporarily restricted	<u>570,168</u>	<u>562,886</u>
Total Net Assets	<u>860,466</u>	<u>802,782</u>
	<u>\$ 1,061,293</u>	<u>\$ 1,166,765</u>

PROJECT ACCESS NORTHWEST

STATEMENTS OF ACTIVITY

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue						
Annual appeal and contributions	\$ 464,051	\$ 241,320	\$ 705,371	\$ 600,862	\$ 151,300	\$ 752,162
Private grants and contracts	485,214	-	485,214	440,092	5,850	445,942
Pilot program - insurance assistance	-	365,000	365,000	-	400,000	400,000
Government contracts	204,500	-	204,500	159,027	-	159,027
Other income	321	-	321	952	-	952
Net assets released from time restrictions	60,200	(60,200)	-	72,700	(72,700)	-
Net assets released from purpose restrictions	538,838	(538,838)	-	168,146	(168,146)	-
Total Public Support and Revenue	<u>1,753,124</u>	<u>7,282</u>	<u>1,760,406</u>	<u>1,441,779</u>	<u>316,304</u>	<u>1,758,083</u>
Expenses						
Program services	1,377,808		1,377,808	1,074,746		1,074,746
Management and general	208,779		208,779	201,360		201,360
Fundraising	116,135		116,135	101,650		101,650
Total Expenses	<u>1,702,722</u>		<u>1,702,722</u>	<u>1,377,756</u>		<u>1,377,756</u>
Change in Net Assets	50,402	7,282	57,684	64,023	316,304	380,327
Net Assets - beginning of year	<u>239,896</u>	<u>562,886</u>	<u>802,782</u>	<u>175,873</u>	<u>246,582</u>	<u>422,455</u>
Net Assets - end of year	<u>\$ 290,298</u>	<u>\$ 570,168</u>	<u>\$ 860,466</u>	<u>\$ 239,896</u>	<u>\$ 562,886</u>	<u>\$ 802,782</u>

PROJECT ACCESS NORTHWEST

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014				2013			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 645,413	\$ 61,907	\$ 28,757	\$ 736,077	\$ 611,173	\$ 64,492	\$ 56,635	\$ 732,300
Payroll taxes and employee benefits	196,058	15,674	11,298	223,030	182,313	15,993	15,243	213,549
	841,471	77,581	40,055	959,107	793,486	80,485	71,878	945,849
Professional services	148,203	114,326	44,090	306,619	174,498	103,859	15,907	294,264
Insurance premiums	274,153	-	-	274,153	-	-	-	-
Facilities and equipment	41,134	3,205	2,232	46,571	40,673	3,364	2,586	46,623
Operations	20,502	2,903	14,090	37,495	27,475	2,310	7,510	37,295
Depreciation	19,768	1,739	1,263	22,770	8,678	566	617	9,861
Travel and meetings	7,239	1,545	9,955	18,739	4,041	2,653	323	7,017
Advertising	10,865	28	2,017	12,910	10,337	672	786	11,795
Telephone, telecommunications	7,528	696	451	8,675	8,681	567	592	9,840
Insurance	4,298	4,009	-	8,307	3,917	3,932	-	7,849
Business expense	2,600	573	1,982	5,155	2,672	504	1,446	4,622
Professional development	-	2,145	-	2,145	225	2,368	-	2,593
Miscellaneous	47	29	-	76	63	80	5	148
Total Expenses	<u>\$1,377,808</u>	<u>\$ 208,779</u>	<u>\$ 116,135</u>	<u>\$1,702,722</u>	<u>\$1,074,746</u>	<u>\$ 201,360</u>	<u>\$ 101,650</u>	<u>\$1,377,756</u>

PROJECT ACCESS NORTHWEST

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Cash received from:		
Donors	\$ 699,930	\$ 742,719
Private grants and contracts	262,623	639,809
Pilot program - insurance assistance	765,000	-
Government contracts	203,612	140,197
Other	321	952
Cash paid to:		
Employees	(957,884)	(934,996)
Vendors	(431,743)	(397,218)
Premiums	(274,153)	-
Net Cash Provided by Operating Activities	<u>267,706</u>	<u>191,463</u>
Cash Flows Used by Investing Activities		
Purchases of property and equipment	<u>(62,080)</u>	<u>(40,549)</u>
Change in Cash	205,626	150,914
Cash - beginning of year	<u>559,321</u>	<u>408,407</u>
Cash - end of year	<u>\$ 764,947</u>	<u>\$ 559,321</u>
Reconciliation of Change in Net Assets to Cash Flows from Operating Activities		
Change in net assets	\$ 57,684	\$ 380,327
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	22,770	9,861
Change in:		
Promises to give	413,400	(385,229)
Grants and contracts receivable	(52,279)	179,569
Prepaid expense	(10,713)	(2,602)
Accounts payable and accrued expenses	8,044	14,069
Deferred revenue	<u>(171,200)</u>	<u>(4,532)</u>
Net Cash Provided by Operating Activities	<u>\$ 267,706</u>	<u>\$ 191,463</u>

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Project Access Northwest collaborates with providers in King, Snohomish and Kitsap County health care communities to open doors to medical and dental care for individuals with limited access.

Lack of access to specialty medical and dental services has long been a problem for low income uninsured and underinsured patients throughout the nation, and certainly in Washington State. There is a federal system of support for people with primary care needs through the community health centers, which are the safety net clinics in our communities. There are numerous specialty medical services that many people require, but no similar safety net exists for those specialty services. When the patients served in the primary care clinics need specialty care, Project Access Northwest works with clinicians to help those patients. Case managers coordinate specialty medical services for under- and uninsured residents of King, Kitsap and Snohomish counties. Specialty dental care is also available in King and Snohomish counties. Without Project Access Northwest's services, the needs of these residents place an increased burden on strained emergency rooms, community clinics and public health department programs.

Project Access Northwest's staff coordinate all aspects for donated care provided by more than 1,300 medical and dental specialty care providers to their clients, all of whom are adult residents of King, Kitsap or Snohomish counties 17 years of age and older. They live in households that are at or below 200% of the Federal Poverty Level. Women account for 58% of our patients; 17% speak a language other than English; 67% are uninsured; the others are covered by state-sponsored Medicaid. Currently, the racial diversity of our patients is 36% Caucasian, 20% minority (African/African American, Asian, Native American, Native Pacific Islander. 12% of our clients report their ethnicity as Hispanic or Latino. 24% of our clients do not respond to this question. English speakers make up 83% of our patients; 5% are Spanish speakers; the remaining 12% speak 37 other languages.

Collaborating with nearly all of the hospitals and hospital systems in its three-county service area, the case management services benefit the patient and the healthcare system. A healthier patient whose quality of life is improved can obtain or go back to work, has a primary care physician, and the major medical issue is resolved. The healthcare systems' emergency departments' charity care is reduced because costs are lowered by treating an issue or disease before it becomes serious and costly. Physicians benefit because patients arrive at their offices prepared, with an interpreter if necessary, and understanding the process of obtaining care and treatment. Office protocol for uninsured patients is just like that of insured patients and both clinicians and patient have a positive outcome.

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In 2014, more than 5,200 clients were referred to Project Access Northwest and their volunteer providers, who, combined with hospital systems, ancillary, and medical equipment providers, have provided clinical services in specialties from allergy/asthma through wound care including labs, imaging, and in/out-patient hospital services. This was an increase of 15% more patients served than in 2013.

In 2014, Project Access Northwest implemented a pilot program to sponsor the premiums for select low income individuals eligible for health insurance premiums in the Washington Health Benefit Exchange that was developed in late 2013. The organization partnered with three local hospital systems to sponsor individuals who met certain poverty and eligibility requirements established by Project Access Northwest. In 2014, Project Access Northwest was able to assist 105 households in obtaining health insurance through this program. At the end of 2014, an additional hospital system joined the pilot in anticipation of the Washington Health Benefit Exchange 2015 open enrollment season.

Basis of presentation

In accordance with financial accounting standards, Project Access Northwest 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. The net assets of Project Access Northwest are classified as follows:

Unrestricted net assets are available without restriction for support of Project Access Northwest's operations.

Temporarily restricted net assets are restricted by donors to be used for certain purposes or future periods. Temporarily restricted net assets are purpose and time restricted as follows at December 31:

	<u>2014</u>	<u>2013</u>
Purpose restricted:		
Kitsap County	\$ 105,467	\$ 80,336
Premium Assistance	393,451	400,000
Snohomish County	10,000	16,500
Other purpose restricted	<u>8,750</u>	<u>5,850</u>
Total purpose restricted	517,668	502,686
Time restricted:	<u>52,500</u>	<u>60,200</u>
Total temporarily restricted	<u>\$ 570,168</u>	<u>\$ 562,886</u>

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently restricted net assets are endowment gifts given with the intent that the principal will be maintained intact in perpetuity, and the income may be used for current operations. Project Access Northwest had no permanently restricted net assets as of December 31, 2014 or 2013.

Cash

Cash represents checking and savings accounts.

Cash deposits in excess of insured limits

Project Access Northwest maintains its cash in bank accounts that may exceed federally insured limits at times during the year. Project Access Northwest has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Receivables

Receivables are stated at net realizable value.

Promises to give

In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Project Access Northwest had no conditional promises to give as of December 31, 2014.

Property and equipment

Property and equipment are recorded at estimated fair value at donation date for other donated assets and cost for purchased assets. Assets with a cost of \$1,000 or greater are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, principally 3 to 10 years. Leasehold improvements are amortized over the remaining life of the lease.

Revenue recognition

Revenue from service fee and cost reimbursement contracts included in Private Grants and Contracts and Government Contracts is recognized when earned. Deferred revenue represents advanced receipts for which the revenue has not been earned.

Restricted support

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restriction.

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gifts of equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Donated goods and services

Contributed materials have been recorded on the basis of rates that otherwise would have been paid for similar goods.

Donated services are recorded as in-kind contributions and are recognized as revenue at estimated values at the date of receipt if they (a) create or enhance non-financial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services are utilized.

For the years ended December 31, 2014 and 2013, in-kind contributions consisted of \$13,568 and \$6,113, respectively, for materials and facilities and \$5,274 and \$18,101, respectively, for services.

The goods and services provided consist of professional accounting, marketing and healthcare services; donated space for an offsite service location; and postage and mailing services.

Advertising

Advertising costs are expensed as incurred.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activity and of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent 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.

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal income taxes

The Internal Revenue Service has recognized Project Access Northwest as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as entities described in Section 501(c)(3) and not as a private foundation.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

At December 31, 2014 and 2013, Project Access Northwest had no items carried at fair value on a recurring basis. Assets and liabilities recorded at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities, and services.

NOTE B - RETIREMENT PLAN

Project Access Northwest offers a retirement savings plan (the plan) under section 401(k) of the Internal Revenue Code. After one year of service, the employer will contribute up to 3% of the eligible compensation annually to the plan in a dollar-for-dollar match to the employee contribution. The employee may contribute to a higher level as defined by the Internal Revenue Service. Employer contributions to the plan totaled \$8,878 and \$9,769 for the years ended December 31, 2014 and 2013, respectively.

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE C - LINE OF CREDIT

Project Access Northwest has a \$75,000 revolving line of credit with no expiration date. Bank advances on the line of credit are payable on demand and carry interest at 11%. The line of credit was not utilized during the year ending December 31, 2014 and there was no outstanding balance at December 31, 2014 or 2013.

NOTE D - LEASE OBLIGATIONS

Project Access Northwest leases office space under a non-cancelable lease that expires on April 30, 2017. In 2012, Project Access Northwest entered into a non-cancelable equipment lease ending in 2016. Rental expense incurred under these leases for the years ended December 31, 2014 and 2013 was \$40,469 and \$36,819, respectively. Related minimum future rental commitments on these leases are:

2015	\$ 42,264
2016	43,624
2017	<u>14,544</u>
	<u>\$ 100,432</u>

NOTE E - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2014 through June 30, 2015, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2014, including the estimates inherent in the processing of financial statements.