

# **DuPage Health Coalition**

## **Independent Auditor's Report and Financial Statements**

**June 30, 2016**

**Robert R. Witt, Jr., CPA, PC**

**3500 South 4230 Road  
Chelsea, OK 74016**

Dated: August 30, 2016

# DuPage Health Coalition

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### **Independent Auditor's Report**

To the Board of Directors  
DuPage Health Coalition

I have audited the accompanying financial statements of DuPage Health Coalition (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statement of activities, functional expenses, and cash flows for 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DuPage Health Coalition as of June 30, 2016 and 2015, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Robert R. Witt, Jr.*

Chelsea, Oklahoma  
August 30, 2016

# DuPage Health Coalition

## Statement of Financial Position

### June 30, 2016 and 2015

	June 30 <u>2016</u>	(Note 2 G) June 30 <u>2015</u>
<b><u>Assets</u></b>		
Cash and cash equivalents (Note 2 B)	\$ 2,123,097	\$ 2,556,977
Grant funds receivable	154,589	69,588
Prepaid expenses	33,355	-
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>2,311,041</b>	<b>2,626,565</b>
Rental security deposit	1,000	1,000
Furniture and office equipment	15,020	12,750
Leasehold improvements	-	149,635
Executive office facility (Notes 7 and 8)	280,000	280,000
Accumulated depreciation (Note 2 C)	<u>(115,710)</u>	<u>(120,446)</u>
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 2,491,351</b>	<b>\$ 2,949,504</b>
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 78,526	\$ 36,395
Accrued payroll and withholdings	44,589	25,621
	<hr/>	<hr/>
<b>Total Current Liabilities</b>	<b>123,115</b>	<b>62,016</b>
<b><u>Net Assets (Note 2)</u></b>		
Unrestricted		
Undesignated	<u>2,213,647</u>	<u>2,390,550</u>
	2,213,647	2,390,550
Temporarily restricted (Notes 2 D and 3)	154,589	496,938
Permanently restricted	<u>-</u>	<u>-</u>
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>2,368,236</b>	<b>2,887,488</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,491,351</b>	<b>\$ 2,949,504</b>

The accompanying notes and independent auditor's report are an integral part of the financial statements.

**DuPage Health Coalition**  
**Statement of Activities**  
**For the Years Ended June 30, 2016 and 2015**

		(Note 2 D)	(Note 3)		(Note 2 G)
	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
<b>Operating</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Public support:</b>					
Federal government	\$ -	\$ -	\$ -	\$ -	\$ 69,588
State and local	30,000	100,000	-	130,000	363,095
Hospital	762,300	-	-	762,300	1,883,700
Other private	87,887	-	-	87,887	367,398
Net assets released from restrictions	<u>496,938</u>	<u>(496,938)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support	<u>1,377,125</u>	<u>(396,938)</u>	<u>-</u>	<u>980,187</u>	<u>2,683,781</u>
<b>Revenue:</b>					
Program service fees					
Private sources	149,872	54,589	-	204,461	81,356
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>149,872</u>	<u>54,589</u>	<u>-</u>	<u>204,461</u>	<u>81,356</u>
Total	<u>1,526,996</u>	<u>(342,349)</u>	<u>-</u>	<u>1,184,648</u>	<u>2,765,137</u>
<b>Expenses</b>					
(Note 2 F)					
Program					
Direct	1,070,173			1,070,173	983,662
Allocated	<u>665,924</u>			<u>665,924</u>	<u>770,966</u>
Total program	1,736,097			1,736,097	1,754,628
Management	96,353			96,353	165,863
Fundraising	<u>47,709</u>			<u>47,709</u>	<u>46,486</u>
Total expenses	<u>1,880,158</u>	<u>-</u>	<u>-</u>	<u>1,880,158</u>	<u>1,966,977</u>
Changes in net assets from operating activities	<u>(353,162)</u>	<u>(342,349)</u>	<u>-</u>	<u>(695,510)</u>	<u>798,160</u>
<b>Nonoperating</b>					
Interest income	81	-	-	81	320
Disposition of real estate	<u>176,178</u>			<u>176,178</u>	<u>-</u>
Changes in net assets from nonoperating activities	176,259	-	-	176,259	320
Increase (decrease) in net assets	<u>(176,903)</u>	<u>(342,349)</u>	<u>-</u>	<u>(519,251)</u>	<u>798,480</u>
Net assets, beginning of year	<u>2,390,550</u>	<u>496,938</u>	<u>-</u>	<u>2,887,488</u>	<u>2,089,008</u>
Net assets, end of year	\$ <u>2,213,647</u>	\$ <u>154,589</u>	\$ <u>-</u>	\$ <u>2,368,236</u>	\$ <u>2,887,488</u>

The accompanying notes and independent auditor's report are an integral part of the financial statements.

**DuPage Health Coalition  
Statement of Cash Flows  
For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	(Note 2 G) <u>2015</u>
<b><u>Operating Activities:</u></b>		
Increase (decrease) in net assets	\$ (695,510)	\$ 798,160
Depreciation	17,710	24,965
Changes in:		
Grant funds receivable	(85,001)	48,480
Prepaid expenses	(33,355)	-
Accounts payable	42,131	(168,190)
Accrued payroll and withholdings	18,968	(5,547)
Deferred contributions	-	(47,917)
	<hr/>	<hr/>
<b>Net cash provided (used) by operating activities</b>	<b>(735,057)</b>	<b>649,951</b>
<b><u>Investing Activities:</u></b>		
Interest received	81	320
Retirement of furniture and equipment, net of acquisitions	(2,270)	(13,999)
Disposition of real estate	303,366	-
	<hr/>	<hr/>
<b>Net cash provided (used) by investing activities</b>	<b>301,177</b>	<b>(13,679)</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>(433,880)</b>	<b>636,272</b>
<b>Cash and cash equivalents - beginning of year</b>	<b><u>2,556,977</u></b>	<b><u>1,920,705</u></b>
<b>Cash and cash equivalents - end of year</b>	<b><u>\$ 2,123,097</u></b>	<b><u>\$ 2,556,977</u></b>

**DuPage Health Coalition**  
**Statement of Functional Expenses**  
**For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
	Program Services	<u>Supporting Services</u>			(Note 2 G)
	<u>Program</u>	<u>Management</u>	<u>Fund- raising</u>	<u>Total</u>	<u>Total</u>
<b><u>Functional Expenses (Notes 2 F and 2 H)</u></b>					
Direct program costs	\$ 1,070,173	\$ -	\$ -	\$ 1,070,173	\$ 983,662
<b><u>Allocated Costs (Note 2 F)</u></b>					
<b><u>Personnel:</u></b>					
Salaries	446,086	34,276	33,697	514,059	560,705
Payroll taxes	45,771	3,517	3,458	52,746	48,197
Employee benefits (Note 5)	55,218	4,243	4,171	63,632	88,737
Total personnel	547,075	42,036	41,326	630,437	697,639
<b><u>General and Administrative:</u></b>					
Postage and delivery	19,066	1,695	423	21,184	10,730
Occupancy	12,989	2,436	812	16,237	47,464
Telecommunications	14,144	1,257	313	15,714	14,714
Printing and reproduction	8,990	1,124	1,124	11,238	-
Liability insurance	6,179	4,119	-	10,298	17,216
Equipment rental	7,061	2,522	504	10,087	17,593
Supplies	7,636	898	449	8,983	14,590
Marketing, education, training	5,740	1,148	765	7,653	4,704
Repairs and maintenance	5,223	2,238	-	7,461	-
Utilities	4,121	458	-	4,579	14,301
Travel and meals	3,380	451	676	4,507	19,915
Software and computer supplies	2,192	1,279	183	3,654	-
Record storage	2,713	301	-	3,014	3,405
Dues, subscriptions, permits	1,863	373	248	2,484	1,998
Professional fees:					
Accounting	-	20,345	-	20,345	15,940
Payroll / benefit services	-	8,603	-	8,603	5,885
Consulting	5,155	-	-	5,155	58,304
Bank charges	-	643	-	643	518
Legal	-	-	-	-	13,434
<b>Total general and administrative</b>	106,452	49,890	5,497	161,839	260,711
Depreciation (Notes 2C and 7)	12,397	4,427	886	17,710	24,965
<b>Total Functional Expenses</b>	\$ 1,736,097	\$ 96,353	\$ 47,709	\$ 1,880,158	\$ 1,966,977

**DuPage Health Coalition**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 1. - Summary of Organizational Policy**

DuPage Health Coalition is a nonprofit organization incorporated in the State of Illinois under the Illinois Not for Profit Act of 1986. The Organization's mission is to develop and sustain in DuPage County (Illinois) a system for effectively and efficiently managing the health of low-income populations across the continuum of care.

A key strategy for fulfilling this purpose is the Access DuPage program, which the DuPage Safety Net Coalition is accountable for managing. The purpose of the Access DuPage program is to provide access to medical care to low-income, medically uninsured residents of DuPage County.

**Note 2. - Significant Accounting Policies**

**A. Basis of Presentation**

In accordance with U.S. generally accepted accounting principles, the Organization records assets, liabilities, support, revenues, and expenses on the accrual basis of accounting.

The Organization's net assets and related activities are classified for financial reporting purposes as Unrestricted, Temporarily Restricted, or Permanently Restricted based on the existence or absence of donor imposed restrictions.

Temporarily Restricted net assets represent net assets subject to donor imposed restrictions which will be met either by the Organization's actions or the passage of time. Temporarily Restricted net assets are reclassified to Unrestricted net assets when the restrictions are met or have expired. These reclassifications are reported in the Statement of Activities as Net Assets Released from Restrictions.

Permanently Restricted net assets represent funds subject to the restrictions of gift instruments requiring the principal to be maintained intact. Investment income may be used for operating purposes and therefore is recorded as Unrestricted revenue.

**B. Cash Accounts**

The Organization maintains its cash balances in bank and money market accounts which, at times, may exceed Federal Deposit Insurance Corporation limits. The Organization has not experienced any losses in such accounts and management believes that the Organization is not exposed to any significant credit risk with respect to cash balances.



**DuPage Health Coalition  
Notes to Financial Statements  
June 30, 2016**

**Note 2. - Significant Accounting Policies**

**(Continued)**

**C. Property and Equipment**

All owned property is stated at cost, or if donated, at the estimated market value as of the date of the donation. Depreciation is computed by use of the straight-line method and a five year life for furniture and office equipment and a twenty year life for leasehold improvements and the executive office facility described in Note 7.

**D. Contributions and Revenues**

The Organization recognizes donors' unconditional promises to give cash and other assets as revenue in the period the promises are made. Contributions and grants restricted as to time or purpose are recorded as Temporarily Restricted revenue, unless satisfaction of program restrictions occurs in the same period as revenue recognition, in which case the contributions are recorded as Unrestricted revenue.

**E. Donated Services**

The Organization maintains records summarizing service hours provided by volunteers, which includes local health care entities and professionals who are key to the execution of the Organization's mission statement. While costs directly expended by DuPage Health Coalition are reflected in these financial statements, in-kind services of a significantly greater value are contributed to DuPage Health Coalition enrollees in the form of medical services donated free of charge or for nominal payments, and other services donated directly to the enrollees. Management's estimate of the value of such donated services for the years ended June 30, 2016 and 2015 summarizes as follows:

	<u>2016</u>	<u>2015</u>
Hospitals	\$ 28,122,729	\$ 46,508,983
Specialist physicians	2,465,323	7,369,971
Hospital based physicians	1,968,249	3,280,415
Primary care physicians	1,970,714	2,325,531
Drug assistance programs	142,518	72,360
Enrollment services from community intake sites	128,725	100,780
DuPage Community Clinic other professional staff	-	25,515
	<u>\$ 34,798,258</u>	<u>\$ 59,683,555</u>

**DuPage Health Coalition**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 2. - Significant Accounting Policies**

**(Continued)**

**F. Functional Expenses**

The Organization classifies expenses into one functional Program Service (Access DuPage Program) and Supporting Services (Management and Fundraising). The Program Service function includes all expenses directly related to the Organization's mission statement described in Note 1. Expenses directly identified with Access DuPage are charged to that area and, where those expenses affect more than one area, they are allocated on the basis of estimates by management.

**G. Comparative Data**

The financial statements include certain prior year summarized comparative information in total but not by class of net assets. This information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles because it does not present changes in net assets by net asset class and, accordingly, should be read in connection with the organization's financial statements for fiscal year 2015 from which the summarized information was derived.

**H. Estimates**

In preparing financial statements in conformity with U.S. generally accepted accounting principles, management makes estimates and assumptions affecting the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Note 3. - Temporarily Restricted Net Assets**

Temporarily Restricted net assets were available for the following purposes:

	<u>2016</u>	<u>2015</u>
Access DuPage program	\$ <u>154,589</u>	\$ <u>496,938</u>

**DuPage Health Coalition**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 4. - Tax Exempt Status**

As a nonprofit corporation, DuPage Health Coalition is exempt from Federal income taxes to the extent of income and related expenses under Section 501(c)3 of the Internal Revenue Code. The Organization also files an annual report with the Office of the Illinois Attorney General (Charitable Trust and Solicitation Division) and is exempt from state income taxation. Accordingly, no provisions for income taxes have been made in the accompanying financial statements.

Tax years ending June 30, 2012, June 30, 2013, June 30, 2014, and June 30, 2015 are still open if the Internal Revenue Service chooses to examine them, but no year has undergone any examination in the past.

**Note 5. - Employee Retirement Plans**

Effective January 1, 2014, the Organization adopted a Savings Incentive Match Plan for Employees (SIMPLE). The Plan calls for the Organization to match all qualified employee contributions up to 3% of gross pay. The employer matching contributions to this Plan amounted to \$ 14,338 for the fiscal year ended June 30, 2015 and \$ 14,191 for the fiscal year ended June 30, 2016.

**Note 6. - Lease Commitments**

Future minimum lease commitments include the following:

<u>Leased Property</u>	<u>Terms</u>
Office space	\$ 365 per month through August 31, 2016, followed by \$ 385 per month expiring August 31, 2017
Communications equipment	\$ 831 per month, expiring January 31, 2020

**Note 7. - Property Donation from Cadence Health**

The executive offices were donated to DuPage Health Coalition by Cadence Health on June 2, 2008. The fair market value of the donated property at that date was \$ 280,000. The property is included as an asset in these financial statements. Straight line depreciation on the property commenced during the fiscal year ended June 30, 2009 based on a twenty year useful life.

**DuPage Health Coalition**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 8. - Bank Line of Credit**

The Organization has secured a \$ 150,000 line of credit with a local bank secured by the Organization's executive office facility. Interest rate charged on open balances float at prime rate plus 0.17 percent. There is no stated expiration date in the agreement. There has been no borrowing on the line as of June 30, 2016.

**Note 9. - Fair Value of Financial Instruments**

The carrying amount of the Organization's cash and cash equivalents, grant funds receivable, accounts payable and accrued liabilities approximate their fair value.

**Note 10. - Date of Management's Review**

These financial statements considered subsequent events through August 30, 2016, the date the financial statements were available to be issued.