



Certified Public Accountants, LLP

**AMBULATORY SURGERY ACCESS COALITION
dba OPERATION ACCESS**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ambulatory Surgery Access Coalition
dba Operation Access

Report on the Financial Statements

We have audited the accompanying financial statements of Ambulatory Surgery Access Coalition dba Operation Access (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2017, 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 of 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT

continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ambulatory Surgery Access Coalition dba Operation Access as of December 31, 2017, 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.

Other Matter

Report On Summarized Comparative Information

We have previously audited Ambulatory Surgery Access Coalition dba Operation Access' 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 3, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

San Francisco, California

May 7, 2018

AMBULATORY SURGERY ACCESS COALITION
dba OPERATION ACCESS

STATEMENT OF FINANCIAL POSITION

December 31, 2017

With comparative totals at December 31, 2016

	2017	2016
ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,039,420	\$ 1,082,662
Grants receivable	80,500	510,765
Pledges receivable (Note 3)	73,730	44,290
Prepaid expenses	46,953	42,605
Property and equipment (Note 4)	-	-
TOTAL ASSETS	\$ 1,240,603	\$ 1,680,322
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 22,144	\$ 10,791
Accrued liabilities (Note 5)	101,999	99,681
TOTAL LIABILITIES	124,143	110,472
NET ASSETS		
Unrestricted	935,460	913,750
Temporarily restricted (Note 7)	181,000	656,100
TOTAL NET ASSETS	1,116,460	1,569,850
TOTAL LIABILITIES AND NETS ASSETS	\$ 1,240,603	\$ 1,680,322

The accompanying notes are an integral part of these financial statements.

AMBULATORY SURGERY ACCESS COALITION
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STATEMENT OF ACTIVITIES
For the year ended December 31, 2017
With comparative totals for the year ended December 31, 2016

	Unrestricted	Temporarily Restricted	2017	2016
REVENUE AND SUPPORT				
Donated surgical and specialty services (Note 2)	\$ 19,160,000	\$ -	\$ 19,160,000	\$ 19,650,000
Contributions (Note 8)	761,364	13,000	774,364	1,453,428
Other revenues	226,750		226,750	121,500
Other donated products and services (Note 2)	69,058		69,058	68,817
Interest income	586		586	641
Refund and other revenue			-	-
Net assets released from restrictions	488,100	(488,100)	-	-
TOTAL REVENUE AND SUPPORT	20,705,858	(475,100)	20,230,758	21,294,386
EXPENSES				
Program services	20,396,234		20,396,234	20,848,914
Management and general	123,583		123,583	110,992
Fundraising	164,331		164,331	161,761
TOTAL EXPENSES	20,684,148	-	20,684,148	21,121,667
CHANGE IN NET ASSETS	21,710	(475,100)	(453,390)	172,719
NET ASSETS, BEGINNING OF YEAR	913,750	656,100	1,569,850	1,397,131
NET ASSETS, END OF YEAR	\$ 935,460	\$ 181,000	\$ 1,116,460	\$ 1,569,850

The accompanying notes are an integral part of these financial statements.

AMBULATORY SURGERY ACCESS COALITION
dba OPERATION ACCESS

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	Program Services	Management and General	Fundraising	2017	2016
Salaries and wages	\$ 701,517	\$ 73,013	\$ 113,214	\$ 887,744	\$ 852,715
Payroll taxes and fringe benefits	177,843	16,728	25,399	219,970	205,376
Total personnel expenses	879,360	89,741	138,613	1,107,714	1,058,091
Donated surgical and specialty services	19,160,000			19,160,000	19,650,000
Rent and utilities	89,240	6,820	10,185	106,245	103,875
Other donated products and services	69,058			69,058	68,817
Interpretive services	42,282			42,282	46,416
Consultants	37,083	2,515	683	40,281	45,536
Office supplies and equipment	31,490	2,380	3,918	37,788	32,787
Marketing and outreach	25,317		6,545	31,862	19,556
Meeting and travel	15,290	2,130	1,036	18,456	19,650
Professional development	7,763	5,984		13,747	13,109
Accounting and audit fees		12,624		12,624	13,172
Volunteer recognition and recruitment	10,591			10,591	12,571
Telephone	8,168	625	933	9,726	10,035
Ancillary supplies and medical costs	8,824			8,824	5,975
Insurance	6,940	530	792	8,262	7,992
Postage	2,671	146	1,497	4,314	10,628
Printing	2,157	88	129	2,374	3,457
TOTAL 2017 FUNCTIONAL EXPENSES	\$ 20,396,234	\$ 123,583	\$ 164,331	\$ 20,684,148	
TOTAL 2016 FUNCTIONAL EXPENSES	\$ 20,848,914	\$ 110,992	\$ 161,761		\$ 21,121,667

The accompanying notes are an integral part of these financial statements.

AMBULATORY SURGERY ACCESS COALITION
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STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (453,390)	\$ 172,719
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
(Increase) decrease in operating assets:		
Grants receivable	430,265	(247,756)
Pledges receivable	(29,440)	(44,290)
Prepaid expenses	(4,348)	(1,973)
Increase (decrease) in operating liabilities:		
Accounts payable	11,353	(4,861)
Accrued liabilities	2,318	29,599
	(43,242)	(96,562)
NET CASH (USED) BY OPERATING ACTIVITIES		
	(43,242)	(96,562)
NET (DECREASE) IN CASH	(43,242)	(96,562)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,082,662	1,179,224
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,039,420	\$ 1,082,662

The accompanying notes are an integral part of these financial statements.

AMBULATORY SURGERY ACCESS COALITION dba OPERATION ACCESS

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

Ambulatory Surgery Access Coalition dba Operation Access (“Operation Access”) was formed in May 1993 in the State of California with the goal of mobilizing a network of medical volunteers, hospitals, and referring community clinics to provide low-income uninsured people access to donated outpatient surgical and specialty care that improves the health, ability to work, and quality of life. Operation Access currently serves those uninsured individuals in nine Bay Area counties (Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Sonoma, Napa, and Solano) who are unable to pay for private health insurance and are ineligible for coverage through public insurance programs. In addition, Operation Access provides interpretive services for non-English speaking individuals and coordinates all specialty appointments on their behalf. Operation Access is located in San Francisco, and employs fifteen people to manage the programs and coordinate the services that are provided. The majority of revenue is derived from private foundations, corporations, and individual donors. Operation Access arranged for 1,544 and 1,721 outpatient surgical procedures and diagnostic services, for eligible patients during the years ended December 31, 2017 and 2016, respectively.

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 Operation Access 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 revenue 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.

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Temporarily Restricted. Operation Access reports contributions and other receipts of assets whose use by Operation Access is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Operation Access pursuant to those stipulations, as temporarily restricted net 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. Operation Access has temporarily restricted net assets of \$181,000 at December 31, 2017.

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit Operation Access to expend all of the income (or other economic benefits) derived from the donated assets. Operation Access has no permanently restricted net assets at December 31, 2017.

Cash and Cash Equivalents

Operation Access has defined cash and cash equivalents as demand deposits at bank, certificates of deposit, with an original maturity of three months or less, and money market accounts.

Accounts Receivable

Accounts receivable includes grants receivable at year end. No allowance for doubtful accounts has been provided as they are all deemed collectible.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as 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 the 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. Operation Access reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Concentration of Credit Risks

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

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Operation Access is required to measure pledged contributions and donated materials and services at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relates to each element.

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. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvements. 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 five thousand dollars.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended December 31, 2017, donated materials and services received totaled \$19,229,058, of which \$19,160,000 consisted of donated surgical and specialty services whereas the remaining \$69,058 were other donated products and services.

Functional Allocation of Expenses

Costs of providing Operation Access' programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services based primarily on the ratio of each activity's direct salary cost to total direct salary cost of all activities.

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Income Taxes

Operation Access 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 Operation Access in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Operation Access' returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

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 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 Operation Access' financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through May 7, 2018, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

3. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. All pledges are valued at estimated fair present value at December 31, 2017 and are deemed fully collectible. Accordingly, no allowance for doubtful accounts for uncollectible pledges or unamortized discount on pledges receivable has been recorded as of December 31, 2017. Pledges receivable of \$73,730 at December 31, 2017 is expected to be collected within one year.

continued

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NOTES TO FINANCIAL STATEMENTS

4. Property and Equipment

Property and equipment at December 31, 2017 consist of the following:

Furniture and fixtures	\$ 18,018
Kitchen equipment	<u>16,866</u>
	34,884
Less: accumulated depreciation and amortization	<u>(34,884)</u>
	<u>\$ -</u>

5. Accrued Liabilities

Accrued liabilities at December 31, 2017 consist of the following:

Accrued vacation	\$ 73,234
Accrued salaries	16,265
Contract advance	<u>12,500</u>
	<u>\$101,999</u>

6. Commitments and Contingencies

Obligations Under Operating Leases

Operation Access leases various facilities and equipment 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 December 31,</u>	
2018	\$ 98,542
2019	101,291
2020	104,041
2021	<u>17,417</u>
	<u>\$321,291</u>

Rent expense under operating leases for the year ended December 31, 2017 was \$95,788.

continued

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NOTES TO FINANCIAL STATEMENTS

7. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2017 consist of the following:

Program services, San Francisco Bay Area	\$100,000
Program services, Marin County	40,000
Program services, Napa County	25,000
Capacity Building	13,000
Colorectal Cancer Screening	<u>3,000</u>
	<u>\$181,000</u>

For the year ended December 31, 2017, net assets released from time restrictions were \$488,100.

8. Contributions

Contributions for the year ended December 31, 2017 consist of the following:

Corporate support	\$400,500
Foundation grants	213,100
Individual and family foundation donations	<u>160,764</u>
	<u>\$774,364</u>

9. Retirement Plan

Operation Access has a defined contribution retirement plan available to substantially all employees. Employees may contribute any whole percentage of annual compensation provided that it does not exceed maximum amounts as permitted by law. Operation Access made matching contributions equal to the first four percent of eligible compensation that an employee contributes to the plan. Employer contributions under this plan for the year ended December 31, 2017 were \$31,673.

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

10. Fair Value Measurements

The table below presents transactions measured at fair value on a non-recurring basis during the year ended December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated materials and services	\$ -	\$19,229,058	\$ -	\$19,229,058
Pledged contributions – current year			<u>73,730</u>	<u>73,730</u>
Fair value at December 31, 2017	<u>\$ -</u>	<u>\$19,229,058</u>	<u>\$73,730</u>	<u>\$19,302,788</u>

The fair value of donated materials and services has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of pledged contributions – current year has been measured on a non-recurring basis using the value provided by the donor at the date of pledge and based on evaluating the credit worthiness of the donor (Level 3 inputs).