

Financial Statements

Genesis Community Health, Inc.
(a nonprofit organization)
Years Ended May 31, 2020 and 2019



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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, 2020, 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, 2020 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited statements in our report dated September 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019, is consistent, in all material respects, with the audited financial statement from which it has been derived.

Harris CPAs

Meridian, Idaho
September 2, 2020



GENESIS COMMUNITY HEALTH
STATEMENTS OF FINANCIAL POSITION
May 31, 2020
With Comparative Totals as of May 31, 2019

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 401,301 | \$ 79,563 |
| Grants and contributions receivable | 4,868 | 8,971 |
| Prepaid expense | 0 | 2,289 |
| Inventory | <u>132,384</u> | <u>23,026</u> |
| Total Current Assets | 538,553 | 113,849 |
| Property and Equipment, net | <u>451,538</u> | <u>466,495</u> |
| Total Assets | <u><u>\$ 990,091</u></u> | <u><u>\$ 580,344</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 17,598 | \$ 13,434 |
| Accrued liabilities | 30,477 | 24,688 |
| Paycheck Protection Program Loan | 88,000 | 0 |
| Deferred revenue | 0 | 26,506 |
| Current portion of long-term debt | <u>6,793</u> | <u>6,561</u> |
| Total Current Liabilities | 142,868 | 71,189 |
| Long-Term Debt, net of current portion | <u>144,875</u> | <u>151,663</u> |
| Total Liabilities | 287,743 | 222,852 |
| Net Assets | | |
| Without donor restrictions | 481,326 | 327,434 |
| With donor restrictions | <u>221,022</u> | <u>30,058</u> |
| Total Net Assets | <u>702,348</u> | <u>357,492</u> |
| Total Liabilities and Net Assets | <u><u>\$ 990,091</u></u> | <u><u>\$ 580,344</u></u> |

See notes to financial statements.

GENESIS COMMUNITY HEALTH**STATEMENTS OF ACTIVITIES****For the Year Ended May 31, 2020****With Comparative Totals for the Year Ended May 31, 2019**

| | <u>2020</u> | | | <u>2019</u> |
|---------------------------------------|----------------------|---------------------|-------------------|-------------------|
| | <u>Without Donor</u> | <u>With Donor</u> | <u>Total</u> | <u>Total</u> |
| | <u>Restrictions</u> | <u>Restrictions</u> | | |
| Revenues And Other Support | | | | |
| Foundations and corporate grants | \$ 317,146 | \$ 284,449 | \$ 601,595 | \$ 335,256 |
| Pledges and contributions | 133,930 | | 133,930 | 114,624 |
| Fundraising events | 49,990 | | 49,990 | 61,387 |
| Contract revenue | 1,501 | | 1,501 | 5,966 |
| In-kind contributions | 321,129 | 199,461 | 520,590 | 353,668 |
| Service income | 1,084 | | 1,084 | 936 |
| Other | <u>28</u> | <u></u> | <u>28</u> | <u>1,080</u> |
| | 824,808 | 483,910 | 1,308,718 | 872,917 |
| Net assets released from restrictions | <u>292,946</u> | <u>(292,946)</u> | <u>0</u> | <u>0</u> |
| Total Revenue and Other Support | 1,117,754 | 190,964 | 1,308,718 | 872,917 |
| Expenses | | | | |
| Program services | | | | |
| Medical | 542,949 | | 542,949 | 459,749 |
| Dental | 144,450 | | 144,450 | 131,816 |
| Mental Health | 5,329 | | 5,329 | 13,673 |
| Community Health | <u>41,086</u> | <u></u> | <u>41,086</u> | <u>55,195</u> |
| Total Program Services | 733,814 | 0 | 733,814 | 660,433 |
| Support services | | | | |
| Administration | 162,322 | | 162,322 | 122,445 |
| Fundraising | <u>67,726</u> | <u></u> | <u>67,726</u> | <u>53,921</u> |
| Total Support Services | <u>230,048</u> | <u>0</u> | <u>230,048</u> | <u>176,366</u> |
| Total Expenses | <u>963,862</u> | <u>0</u> | <u>963,862</u> | <u>836,799</u> |
| Change in Net Assets | 153,892 | 190,964 | 344,856 | 36,118 |
| Net Assets | | | | |
| Beginning of Year | <u>327,434</u> | <u>30,058</u> | <u>357,492</u> | <u>321,374</u> |
| End of Year | <u>\$ 481,326</u> | <u>\$ 221,022</u> | <u>\$ 702,348</u> | <u>\$ 357,492</u> |

See notes to financial statements.

GENESIS COMMUNITY HEALTH
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2020
With Comparative Totals for the Year Ended May 31, 2019

| | Program Services | | | | | | 2020 | 2019 |
|------------------------------|-------------------------|----------------------|-----------------------------|--------------------------------|------------------------------|---------------------------|---------------------|---------------------|
| | <u>Medical</u> | <u>Dental</u> | <u>Mental Health</u> | <u>Community Health</u> | <u>Administration</u> | <u>Fundraising</u> | <u>Total</u> | <u>Total</u> |
| In-kind | \$ 336,946 | \$ 32,370 | \$ | \$ | \$ 40,000 | \$ 1,586 | \$ 410,902 | \$ 334,862 |
| Personnel salaries and wages | 141,083 | 61,323 | 2,491 | 31,545 | 80,686 | 30,105 | 347,233 | 307,934 |
| Office expenses | 15,600 | 5,266 | 582 | 1,269 | 9,569 | 8,576 | 40,862 | 26,047 |
| Payroll taxes | 11,812 | 4,403 | 244 | 2,567 | 6,479 | 2,550 | 28,055 | 23,733 |
| Medications and supplies | 7,353 | 15,242 | | 5 | | | 22,600 | 21,889 |
| Professional fees | 60 | 27 | 4 | 12 | 13,184 | 7,818 | 21,105 | 19,451 |
| Depreciation | 8,287 | 4,754 | 497 | 1,483 | 4,571 | 248 | 19,840 | 20,121 |
| Occupancy | 9,487 | 4,211 | 871 | 1,696 | 1,675 | 323 | 18,263 | 21,768 |
| Special events | 326 | 144 | 23 | 65 | 57 | 10,569 | 11,184 | 25,687 |
| Conferences and meetings | 1,329 | 271 | 57 | 464 | 918 | 4,316 | 7,355 | 7,628 |
| Interest expense | 3,553 | 1,565 | 241 | 720 | 618 | 121 | 6,818 | 8,084 |
| Advertising | 2,675 | 576 | 111 | 640 | 1,348 | 787 | 6,137 | 6,544 |
| Insurance | 2,545 | 1,626 | 112 | 333 | 1,417 | 56 | 6,089 | 6,533 |
| Travel | 386 | 1,752 | 13 | 40 | 1,309 | 629 | 4,129 | 5,349 |
| Other | 1,507 | 10,920 | 83 | 247 | 491 | 42 | 13,290 | 1,169 |
| Total Expenses | <u>\$ 542,949</u> | <u>\$ 144,450</u> | <u>\$ 5,329</u> | <u>\$ 41,086</u> | <u>\$ 162,322</u> | <u>\$ 67,726</u> | <u>\$ 963,862</u> | <u>\$ 836,799</u> |

See notes to financial statements.

GENESIS COMMUNITY HEALTH, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended May 31, 2020
With Comparative Totals For the Year Ended May 31, 2019

| | <u>2020</u> | <u>2019</u> |
|--|--------------------------|-------------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ 344,856 | \$ 36,118 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 19,840 | 20,121 |
| Loss on disposal of equipment | 584 | 0 |
| Changes in operating assets and liabilities: | | |
| Grants and contributions receivable | 4,103 | (6,525) |
| Inventory | (109,358) | (16,508) |
| Prepaid expenses | 2,289 | (57) |
| Accounts payable | 4,164 | (801) |
| Deferred revenue | (26,506) | 8,080 |
| Accrued liabilities | <u>5,789</u> | <u>3,269</u> |
| Net Cash Provided (Used) by Operating Activities | 245,761 | 43,697 |
| Cash Flows From Investing Activities | | |
| Purchase of equipment | (5,467) | 0 |
| Cash Flows From Financing Activities | | |
| Net change in line of credit | 0 | (47,099) |
| Paycheck Protection Program loan | 88,000 | 0 |
| Principal payments on long-term debt | <u>(6,556)</u> | <u>(6,302)</u> |
| Net Cash Provided (Used) by Financing Activities | <u>81,444</u> | <u>(53,401)</u> |
| Net Change in Cash | 321,738 | (9,704) |
| Cash | | |
| Beginning of Year | <u>79,563</u> | <u>89,267</u> |
| End of Year | <u><u>\$ 401,301</u></u> | <u><u>\$ 79,563</u></u> |

See notes to financial statements.

GENESIS COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

Nature of Organization

Genesis Community Health, Inc., 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 net assets and revenues, expenses, gains and losses are classified according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

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.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. As of May 31, 2020 and 2019, the Organization's deposits were uninsured by \$152,183 and \$0, respectively.

GENESIS COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Inventories

Pharmaceutical and medical supplies are either donated or purchased. As of May 31, 2020 and 2019, 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.

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.

Deferred Revenue

Revenues pertaining to future events are deferred until the event occurs. At May 31, 2020 and 2019, deferred revenue totaled \$0 and \$26,506, respectively.

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

GENESIS COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

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, 2020 and 2019 as all amounts are deemed collectible.

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.

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.

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 \$321,129 and \$270,689 have been reflected at fair value in the financial statements for the years ended May 31, 2020 and 2019, 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.

GENESIS COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

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 and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and supplies and telephone costs, which are allocated based on usage studies conducted annually. 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.

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 2020 or 2019.

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 2016.

GENESIS COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Comparative Data

The amounts shown for the year ended May 31, 2019 in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2019 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended May 31, 2019, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events through September 2, 2020, which is the date the financial statements were available to be issued. As a result of the ongoing spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact operations; however there has not yet been a negative impact to the Organization.

Note B – Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

| | |
|--|-------------------|
| Cash and cash equivalents | \$ 401,301 |
| Grants receivable | <u>4,868</u> |
| Total financial assets available within one year | 406,169 |
| Less amounts unavailable for general expenditures within one year, due to: | |
| Restricted by donors with purpose restrictions | <u>(90,700)</u> |
| Total financial assets available within one year after restriction | <u>\$ 315,469</u> |

The amount restricted by donors above does not include the amount of donated medication remaining in inventory at year end. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At May 31, 2020, all net assets with donor restrictions are available for payment of (any major expenditures incurred), except for contributions receivable which are available when the receivable is collected which is expected within the next year and the expenditure is incurred. To help manage unanticipated liquidity needs, the Organization has two lines of credit totaling \$92,643 which it could draw upon.

GENESIS COMMUNITY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS

Note C – Property and Equipment

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

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|-------------------|-------------------|
| Land | \$ 85,000 | \$ 85,000 |
| Building and improvements | 532,739 | 532,739 |
| Furniture and equipment | <u>59,644</u> | <u>105,334</u> |
| | 677,383 | 723,073 |
| Less accumulated depreciation | <u>225,845</u> | <u>256,578</u> |
| Total Property and Equipment | <u>\$ 451,538</u> | <u>\$ 466,495</u> |

Note D – Long-Term Debt

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

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Note payable to Northwest Christian Credit Union, \$1,098 monthly, including interest at 4.25% per annum until April 2021, payments then increase to \$1,154 monthly at 5%, maturing March 2031 with a balloon payment in the amount of \$62,056. The note is secured by the Genesis Community Health, Inc. property. | \$ 151,668 | \$ 158,224 |
| Less current portion | <u>6,793</u> | <u>6,561</u> |
| | <u>\$ 144,875</u> | <u>\$ 151,663</u> |

Maturities of long-term debt as of May 31, 2020 are as follows:

| | |
|------------|-------------------|
| 2021 | \$ 6,793 |
| 2022 | 6,761 |
| 2023 | 7,107 |
| 2024 | 7,453 |
| 2025 | 7,852 |
| Thereafter | <u>115,702</u> |
| | <u>\$ 151,668</u> |

Cash paid during the year for interest for the years ended May 31, 2020 and 2019 was \$6,818 and \$8,084, respectively.

GENESIS COMMUNITY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS

Note E – Paycheck Protection Program Loan

On April 30, 2020 the Organization obtained a Paycheck Protection Program loan from the US Small Business Administration for \$88,000. The loan bears interest at 1% per year. Monthly payments of \$3,705 including principal and interest are due beginning November 1, 2020. Management believes that the loan will be forgiven under the terms of the Paycheck Protection Program. Management expects the forgiveness to occur in its 2021 fiscal year and the income to be recognized at the time of forgiveness.

Note F – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at May 31:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|-------------------|------------------|
| With donor restrictions | | |
| Inventory | \$ 130,322 | \$ 20,634 |
| Medical programs | <u>90,700</u> | <u>9,424</u> |
| Total with donor restrictions | <u>\$ 221,022</u> | <u>\$ 30,058</u> |

Note G – Lines of Credit Payable

At May 31, 2020, 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, 2021. The line of credit is secured by the Organization's assets. At May 31, 2020 and 2019, there was no balance outstanding.

At May 31, 2020, 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, 2020 and 2019, there was no balance outstanding.

GENESIS COMMUNITY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS

Note H – Operating Leases

The Organization signed a three year operating lease for office equipment in May of 2017, which expired May 2020. The lease requires minimum monthly payments of \$287. A new four year lease for office equipment was signed in May of 2020. This lease requires minimum monthly payments of \$311. Rent expense under the operating lease was \$4,589 and \$4,706 for the years ended May 31, 2020 and 2019, respectfully. Future minimum lease payments for the year ended May 31, 2020 are as follows:

| | | |
|------|----|----------------------|
| 2021 | \$ | 2,803 |
| 2022 | | 3,738 |
| 2023 | | 3,738 |
| 2024 | | 3,738 |
| 2025 | | <u>935</u> |
| | \$ | <u><u>14,952</u></u> |