

BREAST CARE FOR WASHINGTON

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

BREAST CARE FOR WASHINGTON

FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Breast Care for Washington

We have audited the accompanying financial statements of Breast Care for Washington (the Organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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 auditors consider internal control relevant to the Organization'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 Organization'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 Breast Care for Washington as of December 31, 2016 and 2015, 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.

Calibre CPA Group, PLLC

Bethesda, MD
June 15, 2017

BREAST CARE FOR WASHINGTON

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 104,090	\$ 97,712
Accounts receivable - Medicaid and other third parties, net	35,692	15,948
Contributions receivable	10,802	8,373
Grant receivable	-	50,000
Total current assets	<u>150,584</u>	<u>172,033</u>
PROPERTY AND EQUIPMENT, NET		
OF ACCUMULATED DEPRECIATION OF \$456,296 AND \$290,469	<u>1,061,918</u>	<u>1,092,245</u>
Total assets	<u><u>\$ 1,212,502</u></u>	<u><u>\$ 1,264,278</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	<u>\$ 17,056</u>	<u>\$ 5,043</u>
NET ASSETS		
Unrestricted	1,165,446	1,259,235
Temporarily restricted	<u>30,000</u>	<u>-</u>
Total net assets	<u>1,195,446</u>	<u>1,259,235</u>
Total liabilities and net assets	<u><u>\$ 1,212,502</u></u>	<u><u>\$ 1,264,278</u></u>

See accompanying notes to financial statements.

BREAST CARE FOR WASHINGTON

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUE			
Public support			
Institutional grants	\$ 235,000	\$ 60,000	\$ 295,000
Individual contributions	98,859	-	98,859
Donated equipment and services	171,404	-	171,404
Medicaid, third party payments and other, net	246,405	-	246,405
Net assets released from restriction	30,000	(30,000)	-
Total revenue	781,668	30,000	811,668
EXPENSES			
Program services			
Clinical services	539,892	-	539,892
Patient navigation	83,724	-	83,724
Community outreach	78,707	-	78,707
Total program service	702,323	-	702,323
Supporting services			
Management and general	101,847	-	101,847
Development	71,287	-	71,287
Total expenses	875,457	-	875,457
CHANGE IN NET ASSETS	(93,789)	30,000	(63,789)
NET ASSETS			
Beginning of year	1,259,235	-	1,259,235
End of year	\$ 1,165,446	\$ 30,000	\$ 1,195,446

See accompanying notes to financial statements.

BREAST CARE FOR WASHINGTON

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Public support			
Institutional grants	\$ 287,737	\$ -	\$ 287,737
Individual contributions	66,765	-	66,765
Donated equipment and services	75,014	-	75,014
Medicaid, third party payments and other, net	153,836	-	153,836
Total revenue	<u>583,352</u>	<u>-</u>	<u>583,352</u>
EXPENSES			
Program services			
Clinical services	470,649	-	470,649
Patient navigation	64,495	-	64,495
Community outreach	23,948	-	23,948
Total program service	559,092	-	559,092
Supporting services			
Management and general	95,996	-	95,996
Development	43,074	-	43,074
Total expenses	<u>698,162</u>	<u>-</u>	<u>698,162</u>
CHANGE IN NET ASSETS	(114,810)	-	(114,810)
NET ASSETS			
Beginning of year	<u>1,374,045</u>	<u>-</u>	<u>1,374,045</u>
End of year	<u>\$ 1,259,235</u>	<u>\$ -</u>	<u>\$ 1,259,235</u>

See accompanying notes to financial statements.

BREAST CARE FOR WASHINGTON

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program Services			Total Program Services	Supporting Services Management and		Total
	Clinical Services	Patient Navigation	Community Outreach		General	Development	
Salaries and benefits	\$ 120,188	\$ 68,679	\$ 51,509	\$ 240,376	\$ 51,509	\$ 51,509	\$ 343,394
Depreciation	157,536	-	-	157,536	8,291	-	165,827
Accounting	-	-	-	-	5,500	-	5,500
Billing fees	13,200	-	-	13,200	-	-	13,200
Donated legal fees	-	-	-	-	26,804	-	26,804
Donated service fees	9,100	-	-	9,100	-	-	9,100
Events	-	-	3,170	3,170	-	12,678	15,848
Insurance	2,413	1,608	804	4,825	2,413	804	8,042
IT & other contract services	4,791	2,875	-	7,666	1,917	-	9,583
Lab fees	5,186	-	-	5,186	-	-	5,186
Mammography technicians	20,773	-	-	20,773	-	-	20,773
Marketing & advertising	-	-	4,980	4,980	-	3,652	8,632
Miscellaneous	5,500	-	653	6,153	1,514	-	7,667
Outside contract services	225	-	11,250	11,475	-	719	12,194
Patient supplies	11,638	-	-	11,638	-	-	11,638
Postage	2,043	-	-	2,043	113	113	2,269
Printing	-	280	1,536	1,816	698	279	2,793
Rent, utilities facility equipment	61,158	8,169	4,378	73,705	2,789	1,362	77,856
Software expenses	24,238	-	-	24,238	-	-	24,238
Supplies	2,060	768	384	3,212	256	128	3,596
TeleMammography services	99,153	-	-	99,153	-	-	99,153
Telephone	521	1,217	-	1,738	-	-	1,738
Travel and meetings	169	128	43	340	43	43	426
Total	\$ 539,892	\$ 83,724	\$ 78,707	\$ 702,323	\$ 101,847	\$ 71,287	\$ 875,457

See accompanying notes to financial statements.

BREAST CARE FOR WASHINGTON

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

	Program Services			Total Program Services	Supporting Services		Total
	Clinical Services	Patient Navigation	Community Outreach		Management and Development		
Salaries and benefits	\$ 78,901	\$ 50,878	\$ 11,272	\$ 141,051	\$ 56,359	\$ 33,815	\$ 231,225
Depreciation	154,648	-	-	154,648	8,139	-	162,787
Accounting	-	-	-	-	4,500	-	4,500
Billing fees	14,602	-	-	14,602	-	-	14,602
Donated legal fees	-	-	-	-	16,934	-	16,934
Donated service fees	11,180	-	-	11,180	-	-	11,180
Events	-	-	-	-	-	-	-
Insurance	6,886	2,263	377	9,526	2,263	377	12,166
IT & other contract services	6,285	3,771	628	10,684	1,257	628	12,569
Lab fees	2,393	-	-	2,393	-	-	2,393
Mammography technicians	39,254	-	-	39,254	-	-	39,254
Marketing & advertising	-	-	7,698	7,698	-	6,299	13,997
Miscellaneous	1,758	-	-	1,758	3,209	-	4,967
Outside contract services	5,184	278	-	5,462	278	719	6,459
Patient supplies	4,917	-	-	4,917	-	-	4,917
Postage	1,381	-	-	1,381	77	77	1,535
Printing	996	166	995	2,157	995	166	3,318
Rent, utilities facility equipment	43,253	4,547	2,273	50,073	1,515	758	52,346
Software expenses	18,250	-	-	18,250	-	-	18,250
Supplies	1,424	1,068	534	3,026	356	178	3,560
TeleMammography services	78,375	-	-	78,375	-	-	78,375
Telephone	507	1,182	-	1,689	-	-	1,689
Travel and meetings	455	342	171	968	114	57	1,139
Total	\$ 470,649	\$ 64,495	\$ 23,948	\$ 559,092	\$ 95,996	\$ 43,074	\$ 698,162

See accompanying notes to financial statements.

BREAST CARE FOR WASHINGTON

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (63,789)	\$ (114,810)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Donated equipment	(135,500)	(46,900)
Depreciation	165,827	162,787
Changes in assets and liabilities		
Accounts receivable -Medicaid and other third parties	(19,744)	(15,948)
Donations receivable	(2,429)	(8,373)
Grant receivable	50,000	(29,036)
Prepaid expenses	-	10,000
Accounts payable	<u>12,013</u>	<u>556</u>
Net cash provided by (used for) operating activities	<u>6,378</u>	<u>(41,724)</u>
NET CHANGE IN CASH	6,378	(41,724)
CASH		
Beginning of year	<u>97,712</u>	<u>139,436</u>
End of year	<u>\$ 104,090</u>	<u>\$ 97,712</u>

See accompanying notes to financial statements.

BREAST CARE FOR WASHINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 1. DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES

Mission - Breast Care for Washington (the Organization) was formed in 2012. The mission of the organization is to reduce breast cancer mortality in the Washington, D.C. area by promoting access to breast cancer screening, diagnostics, and treatment to all women regardless of their ability to pay.

Services - Breast Care for Washington provides screening and diagnostic mammograms using 3D technology, breast ultrasound and minimally invasive breast biopsies.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Organization are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other assets and liabilities.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) topic, *Financial Statements of Not-for-Profit Organizations*. Under this topic, the Organization is required to report 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. As of December 31, 2016, the Organization's net assets consisted of both unrestricted and temporarily restricted net. As of December 31, 2015, the Organization's net assets were all unrestricted. The Organization's expenses are also required to be classified on a functional basis. Accordingly, as included in the statements of functional expenses, certain costs have been allocated the Organizations' programs, management and general and development functions.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers cash in banks and money market funds to be cash and cash equivalents.

Property and Equipment - Property and equipment are recorded at cost and consist of office equipment, participant database and related software. Depreciation is computed using the straight-line method over the estimated useful life of the related assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Equipment - Donated services have been reflected in the financial statements for legal and medical services, which were donated in 2016 and 2015. Donated equipment was reflected in the financial statements for a MedInformatix RIS Suite Software donated in 2016 and a MRS7 reporting software donated in 2015.

Volunteers - Breast Care of Washington is supported by a group of 20 volunteers who assist with patient intake, special events and community outreach.

Contributions and Grants - Contributions and grants received or unconditionally pledged are recorded as support in the year the unconditional pledges are received. The Organization uses the allowance methods to determine uncollectible unconditional contributions and grants receivable. The allowance is based on management's analysis of specific promises made. No allowance was considered necessary for the years ended December 31, 2016 and 2015.

NOTE 3. INCOME TAX STATUS

Breast Care for Washington is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) under a ruling issued by the Internal Revenue Service (IRS) dated January 31, 2013. In addition, the Organization is not a private foundation and, accordingly, no provision for income taxes is included in the financial statements.

The Organization adheres to the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2016 and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of December 31, 2016, the statute of limitations for tax years 2013 through 2015 remain open with the U.S. Federal Jurisdiction in which the organization files returns.

NOTE 4. PROPERTY AND EQUIPMENT

The Organization's property and equipment consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Medical equipment	\$ 1,126,965	\$ 1,126,965
Software	386,395	250,895
Computer equipment	<u>4,854</u>	<u>4,854</u>
Total	1,518,214	1,382,714
Less: accumulated depreciation	<u>(456,296)</u>	<u>(290,469)</u>
Net property equipment	<u>\$ 1,061,918</u>	<u>\$ 1,092,245</u>

NOTE 4. PROPERTY AND EQUIPMENT (CONTINUED)

The Organization recognized depreciation expense of \$165,827 and \$162,787 for the years ended December 31, 2016 and 2015, respectively.

NOTE 5. COMMITMENTS

The Organization entered into a three-year usage agreement for office space, equipment and services, expiring January 1, 2019. The following is a summary of future minimum usage payments required under the agreement:

Year Ending December 31,	
2017	\$ 27,225
2018	<u>27,225</u>
	<u>\$ 54,450</u>

The total expense related to this agreement for the year ended December 31, 2016 and 2015 was \$27,231 and \$14,820, respectively.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets result from contributions of cash or other assets with donor imposed restrictions that require that such resource be used in a later period after a specified date or that the resource be used for a specific purpose. Temporarily restricted net assets are released from restrictions when the specified date passes or amounts are expended for the purpose specified. Temporarily restricted net assets at December 31, 2016 and 2015 were restricted for specific purposes in the following categories:

	<u>2016</u>	<u>2015</u>
Time Restricted	<u>\$ 30,000</u>	<u>\$ -</u>
Total	<u>\$ 30,000</u>	<u>\$ -</u>

The following net assets were released from temporarily restricted net assets for the year ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Time Restricted	<u>\$ 30,000</u>	<u>\$ -</u>
Total	<u>\$ 30,000</u>	<u>\$ -</u>

NOTE 7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 15, 2017, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.