

**GRAND COUNTY RURAL HEALTH  
NETWORK, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

TOGETHER WITH INDEPENDENT ACCOUNTANTS'  
REVIEW REPORT

**GRAND COUNTY RURAL HEALTH NETWORK, INC.**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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Taylor, Roth and Company, PLLC  
Certified Public Accountants  
working exclusively with nonprofit organizations

June 28, 2012

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Grand County Rural Health Network, Inc.  
Hot Sulphur Springs, Colorado

We have reviewed the accompanying statement of financial position of **Grand County Rural Health Network, Inc.** (a Colorado nonprofit corporation) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review consists primarily of inquiries of organization personnel and analytic procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. Information for the year ended December 31, 2010, is presented for comparative purposes only and was extracted from the financial statements presented by net asset class for that year on which a review report with no material modifications dated May 5, 2011 was issued.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the financial statements for the year ended December 31, 2011 in order for them to be in conformity with generally accepted accounting principles.

*Taylor, Roth and Company PLLC*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

GRAND COUNTY RURAL HEALTH NETWORK, INC.

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

	2011	2010
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 37,194	\$ 36,084
Cash and cash equivalents - temporarily restricted	6,484	35,753
Grants receivable	1,950	2,081
Prepaid expenses and deposits	225	191
Net property and equipment (Note 3)	291	791
Total assets	<u>\$ 46,144</u>	<u>\$ 74,900</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 3,448	\$ 3,951
Accrued payroll costs	9,194	9,650
Line of credit (Note 4)	-	-
Total liabilities	<u>12,642</u>	<u>13,601</u>
<u>Net assets</u>		
<u>Unrestricted</u>		
Operating	26,727	35,848
Net investment in fixed assets	291	791
Temporarily restricted (Note 5)	6,484	24,660
Total net assets	<u>33,502</u>	<u>61,299</u>
Total liabilities and net assets	<u>\$ 46,144</u>	<u>\$ 74,900</u>

See accompanying notes and independent accountants' review report

**GRAND COUNTY RURAL HEALTH NETWORK, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Network member contributions	\$ 42,120	\$ 10,000	\$ 52,120	\$ 45,000
Government grants and contracts	46,113	-	46,113	56,912
Foundation grants	7,500	26,000	33,500	56,650
Special events	18,624	-	18,624	22,222
Less: direct expenses	(5,202)		(5,202)	(5,472)
Individual and board contributions	2,007	6,337	8,344	8,416
Program service fees	643	-	643	11,784
Interest income	349	-	349	848
In-kind (Note 6)	19,850	-	19,850	21,884
Net assets released from restrictions (Note 7)	60,513	(60,513)	-	-
Total revenue and other support	192,517	(18,176)	174,341	218,244
<u>Expense</u>				
Program services	169,079	-	169,079	207,758
Supporting services				
Administration	24,565	-	24,565	27,079
Fund-raising	8,494	-	8,494	9,160
Total expense	202,138	-	202,138	243,997
Change in net assets	(9,621)	(18,176)	(27,797)	(25,753)
Net assets, beginning of year	36,639	24,660	61,299	87,052
Net assts, end of year	\$ 27,018	\$ 6,484	\$ 33,502	\$ 61,299

See accompanying notes arnd independent accountants' review report

**GRAND COUNTY RURAL HEALTH NETWORK, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

	2011			2010	
	Supporting services				
	Program	Management	Fund	Total	Total
	Services	and	Raising		
		General			
Salaries	\$ 82,186	\$ 15,410	\$ 5,136	\$ 102,732	\$ 97,053
Payroll taxes and benefits	8,481	1,590	530	10,601	20,167
Medical and dental services	39,524	-	-	39,524	51,793
Accounting	16,512	3,096	1,032	20,640	22,833
Rent	8,000	1,500	500	10,000	10,000
Audit and tax	3,000	563	187	3,750	4,425
Insurance	1,954	366	122	2,442	1,636
Telephone	1,407	264	88	1,759	1,870
Travel	1,221	229	76	1,526	1,311
Supplies	1,181	221	74	1,476	1,232
Dues and subscriptions	1,016	191	63	1,270	882
Outreach	1,257	-	-	1,257	11,809
Continuing education	247	494	494	1,235	539
Printing	720	135	45	900	548
Postage	669	125	42	836	918
Utilities	665	125	41	831	708
Equipment	376	71	23	470	690
Meetings	264	50	16	330	2,291
Business development	-	-	-	-	11,350
Transportation	-	-	-	-	900
Bank fees	-	-	-	-	251
Other	-	60	-	60	20
	168,680	24,490	8,469	201,639	243,226
Depreciation	399	75	25	499	771
	<u>\$ 169,079</u>	<u>\$ 24,565</u>	<u>\$ 8,494</u>	<u>\$ 202,138</u>	<u>\$ 243,997</u>

See accompanying notes and independent accountants' review report

**GRAND COUNTY RURAL HEALTH NETWORK, INC.**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

	2011	2010
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (27,797)	\$ (25,753)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	500	771
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants receivable	131	8,866
(Increase)decrease in prepaid expenses	(34)	990
Increase(decrease) in accounts payable	(503)	487
Increase(decrease) in payroll accruals	(456)	(1,215)
Net cash provided(used) by operating activities	(28,159)	(15,854)
Net increase(decrease) in cash and cash equivalents	(28,159)	(15,854)
Cash and cash equivalents, beginning of year	71,837	87,691
Cash and cash equivalents, end of year	\$ 43,678	\$ 71,837

See accompanying notes and independent accountants' review report

**GRAND COUNTY RURAL HEALTH NETWORK, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

**NOTE 1 - NATURE OF ACTIVITIES**

Grand County Rural Health Network, Inc. (the Organization) was established in 2001 to provide access to healthcare services for the residents of and visitors to Grand County, Colorado and to develop a countywide healthcare network. The Organization is supported primarily through network member contributions, government grants and contracts and foundation awards. The organization operates the following major programs:

Advocacy for Children's Health and Education Services (A.C.H.E.S.) is a collaborative effort of Grand County agencies and community groups to promote the well being of children. The ACHES program provides medical, dental and mental health vouchers to uninsured children who qualify financially and are in need of acute, non-emergent care. The program also sponsors and coordinates mobile medical and dental vans that provide preventative services for uninsured children.

Partners for Adults in Need of Services (P.A.I.N.S.) is a program established by the Network and its partners to provide medical vouchers for acute, non-emergency medical services to uninsured adults who qualify financially.

Patient Navigator program works in partnership with the client to coordinate healthcare, remove barriers to care, and educate on self-managed care. The Patient Navigator is a healthcare professional trained on navigation and patient empowerment models to assist the client in getting the care they need when they need it.

The Grand County Healthcare Professionals Society is an all-inclusive society of healthcare professionals from all sectors who collaborate to "put the patient first." The Society is developing an education campaign for Grand County about the importance of medical homes, utilizing the existing local healthcare resources, and viewing healthcare professionals as partners in managing your own health.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES**

**1. Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**2. Basis of Presentation**

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.

**3. Cash and Cash Equivalents**

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.



NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

4. Accounts Receivable

The Organization states accounts receivable at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

5. Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the 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 donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

6. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

9. Functional Reporting of Expenses

For the year ended December 31, 2011, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

10. Summarized Prior-Year Information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through June 28, 2012, the date the financial statements were available for distribution.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Computer equipment	\$ 3,127
Less: accumulated depreciation	<u>(2,836)</u>
Total	<u>\$ 291</u>

Depreciation expense for the year was \$ 500.

NOTE 4 - LINE OF CREDIT

The organization has a \$0 balance at year-end on a bank line of credit with a \$50,000 maximum. Interest accrues on the unpaid balance at an interest rate of Wall Street Journal Prime Rate with a 7.0% floor.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
A.C.H.E.S.	\$ 3,601
P.A.I.N.S.	1,502
Patent navigator	<u>1,381</u>
Total	<u>\$ 6,484</u>

NOTE 6 - IN-KIND

Donated services are reflected in the accompanying statements at their estimated values at date of receipt:

<u>Description</u>	<u>Amount</u>
Rent – donated by Grand County	\$ 10,000
Professional medical services	<u>9,850</u>
Total	<u>\$ 19,850</u>

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restriction by satisfying the restricted program purposes.

<u>Description</u>	<u>Amount</u>
Patient navigator	\$ 36,334
P.A.I.N.S.	11,127
A.C.H.E.S.	6,527
Healthcare professional society	<u>6,525</u>
Total	<u>\$ 60,513</u>

NOTE 8 - RELATED PARTIES

The Board of Directors includes individuals that are employed by network members. Network members have received payments from the organization for providing medical services to qualified individuals. Additionally, individual board members and network members have made contributions and in-kind contributions to the organization.