

PROJECT ACCESS NORTHWEST

FINANCIAL STATEMENTS  
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2017 AND 2016



PROJECT ACCESS NORTHWEST  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

**TABLE OF CONTENTS**

INDEPENDENT AUDITOR'S REPORT	2
STATEMENTS OF FINANCIAL POSITION December 31, 2017 and 2016	4
STATEMENTS OF ACTIVITY Years ended December 31, 2017 and 2016	5
STATEMENTS OF FUNCTIONAL EXPENSES Years ended December 31, 2017 and 2016	6
STATEMENTS OF CASH FLOWS Years ended December 31, 2017 and 2016	7
NOTES TO FINANCIAL STATEMENTS	8 - 14

INDEPENDENT AUDITOR'S REPORT

June 26, 2018

Board of Directors  
Project Access Northwest  
Seattle, Washington

We have audited the accompanying financial statements of Project Access Northwest (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activity, 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.

**Auditor's 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 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 in the first paragraph of this letter present fairly, in all material respects, the financial position of Project Access Northwest as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Jacobson Jarvis & Co, PLLC*

Jacobson Jarvis & Co, PLLC

PROJECT ACCESS NORTHWEST  
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 482,299	\$ 688,627
Certificates of deposit	50,000	50,000
Promises to give	319,438	290,321
Grants and contracts receivable	46,883	22,633
Prepaid expense	13,236	12,795
	911,856	1,064,376
Total Current Assets		
Long-term Promises to Give	4,500	14,000
Property and Equipment	183,964	175,468
Less: Accumulated Depreciation	(124,112)	(100,780)
Net Property and Equipment	59,852	74,688
	\$ 976,208	\$ 1,153,064
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 96,308	\$ 80,550
Deferred revenue	56,521	233,196
Total Current Liabilities	152,829	313,746
Net Assets		
Unrestricted	468,227	395,902
Temporarily restricted	355,152	443,416
Total Net Assets	823,379	839,318
	\$ 976,208	\$ 1,153,064

PROJECT ACCESS NORTHWEST

STATEMENTS OF ACTIVITY

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue						
Annual appeal and contributions	\$ 609,244	\$ 154,000	\$ 763,244	\$ 647,696	\$ 79,800	\$ 727,496
Private grants and contracts	921,438	-	921,438	648,553	-	648,553
Premium assistance	-	265,000	265,000	-	525,000	525,000
Government contracts	152,381	-	152,381	126,473	-	126,473
Other income	237	-	237	244	-	244
Net assets released from time restrictions	15,300	(15,300)	-	66,800	(66,800)	-
Net assets released from purpose restrictions	491,964	(491,964)	-	651,469	(651,469)	-
Total Public Support and Revenue	<u>2,190,564</u>	<u>(88,264)</u>	<u>2,102,300</u>	<u>2,141,235</u>	<u>(113,469)</u>	<u>2,027,766</u>
Expenses						
Program services	1,800,872		1,800,872	1,810,071		1,810,071
Management and general	183,538		183,538	164,799		164,799
Fundraising	133,829		133,829	123,530		123,530
Total Expenses	<u>2,118,239</u>		<u>2,118,239</u>	<u>2,098,400</u>		<u>2,098,400</u>
Change in Net Assets	72,325	(88,264)	(15,939)	42,835	(113,469)	(70,634)
Net Assets - beginning of year	<u>395,902</u>	<u>443,416</u>	<u>839,318</u>	<u>353,067</u>	<u>556,885</u>	<u>909,952</u>
Net Assets - end of year	<u>\$ 468,227</u>	<u>\$ 355,152</u>	<u>\$ 823,379</u>	<u>\$ 395,902</u>	<u>\$ 443,416</u>	<u>\$ 839,318</u>

PROJECT ACCESS NORTHWEST

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 955,560	\$ 76,608	\$ 95,787	\$ 1,127,955	\$ 833,324	\$ 50,376	\$ 90,337	\$ 974,037
Payroll taxes and employee benefits	207,058	8,335	9,285	224,678	189,376	8,954	8,211	206,541
	<u>1,162,618</u>	<u>84,943</u>	<u>105,072</u>	<u>1,352,633</u>	<u>1,022,700</u>	<u>59,330</u>	<u>98,548</u>	<u>1,180,578</u>
Professional services	259,302	49,635	12,893	321,830	238,170	80,938	9,882	328,990
Insurance premiums	251,277	-	-	251,277	435,132	-	-	435,132
Operations	28,145	35,492	7,256	70,893	23,392	12,180	7,654	43,226
Facilities and equipment	44,138	2,687	2,869	49,694	40,229	2,312	2,719	45,260
Depreciation	20,796	1,035	1,503	23,334	29,244	1,873	1,909	33,026
Travel and meetings	12,583	1,089	1,651	15,323	4,441	877	207	5,525
Telephone, telecommunications	11,807	600	679	13,086	9,647	108	630	10,385
Insurance	4,197	6,582	-	10,779	4,298	5,846	-	10,144
Business expense	3,577	472	1,815	5,864	2,727	634	1,271	4,632
Professional development	1,323	393	69	1,785	-	607	123	730
Advertising	1,109	610	22	1,741	-	-	581	581
Miscellaneous	-	-	-	-	91	94	6	191
Total Expenses	<u>\$1,800,872</u>	<u>\$ 183,538</u>	<u>\$ 133,829</u>	<u>\$ 2,118,239</u>	<u>\$1,810,071</u>	<u>\$ 164,799</u>	<u>\$ 123,530</u>	<u>\$2,098,400</u>

PROJECT ACCESS NORTHWEST

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from:		
Donors	\$ 637,191	\$ 710,708
Private grants and contracts	689,051	693,928
Premium assistance	365,000	270,000
Government contracts	183,843	147,309
Other	237	244
Cash paid to:		
Employees	(1,351,696)	(1,200,869)
Vendors	(470,179)	(451,660)
Premiums	(251,277)	(435,132)
	<u>(197,830)</u>	<u>(265,472)</u>
Net Cash Used by Operating Activities		
<b>Cash Flows from Investing Activities</b>		
Purchases of certificates of deposit	-	(50,000)
Purchases of property and equipment	(8,498)	-
	<u>(8,498)</u>	<u>(50,000)</u>
Net Cash Used by Investing Activities		
	(206,328)	(315,472)
Change in Cash		
	<u>688,627</u>	<u>1,004,099</u>
Cash - beginning of year		
	<u>\$ 482,299</u>	<u>\$ 688,627</u>
Cash - end of year		
<b>Reconciliation of Change in Net Assets to Cash</b>		
<b>Flows from Operating Activities</b>		
Change in net assets	\$ (15,939)	\$ (70,634)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	23,334	33,026
Change in:		
Promises to give	(19,617)	(265,371)
Grants and contracts receivable	(24,250)	(7,965)
Prepaid expense	(441)	1,672
Accounts payable and accrued expenses	15,758	(30,376)
Deferred revenue	(176,675)	74,176
	<u>(197,830)</u>	<u>(265,472)</u>
Net Cash Used by Operating Activities		
	<u>\$ (197,830)</u>	<u>\$ (265,472)</u>

See notes to financial statements.



## PROJECT ACCESS NORTHWEST

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Project Access Northwest collaborates with providers in King, Snohomish and Kitsap County health care communities to open doors to medical and dental care for individuals with limited access.

Lack of access to specialty medical and dental services has long been a problem for low income uninsured and underinsured patients throughout the nation, and certainly in Washington State. There is a federal system of support for people with primary care needs through the community health centers, which are the safety net clinics in our communities. There are numerous specialty medical services that many people require, but no similar safety net exists for those specialty services. When the patients served in the primary care clinics need specialty care, Project Access Northwest works with clinicians to help those patients. Case managers coordinate specialty medical services for under- and uninsured residents of King, Kitsap and Snohomish counties. Specialty dental care is also available in King and Snohomish counties. Without Project Access Northwest's services, the needs of these residents place an increased burden on strained emergency rooms, community clinics and public health department programs.

Project Access Northwest's staff coordinate all aspects for donated care provided by more than 1,700 medical and dental specialty care providers to their clients, all of whom are adult residents of King, Kitsap or Snohomish counties 17 years of age and older. They live in households that are at or below 200% of the Federal Poverty Level. Women account for 65% of our patients; 44% speak a language other than English; almost 70% are uninsured; the others are covered by state-sponsored Medicaid. Currently, the racial diversity of our patients is 34.2% Caucasian, 29.5% minority (African/African American, Asian, Native American, Native Pacific Islander). 51.3% of our clients report their ethnicity as Hispanic or Latino. 21.6% of our clients do not respond to this question. English speakers make up 43% of our patients; 48% are Spanish speakers; the remaining patients speak 40 other languages.

Collaborating with all of the hospitals and hospital systems in its three-county service area, the case management services benefit the patient and the healthcare system. A healthier patient whose quality of life is improved can obtain or go back to work, has a primary care physician, and the major medical issue is resolved. The healthcare systems' emergency departments' charity care is reduced because costs are lowered by treating an issue or disease before it becomes serious and costly. Physicians benefit because patients arrive at their offices prepared, with an interpreter if necessary, and understanding the process of obtaining care and treatment. Office protocol for uninsured patients is just like that of insured patients and both clinicians and patient have a positive outcome.

## PROJECT ACCESS NORTHWEST

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In 2017, almost 5,000 clients were referred to Project Access Northwest and their volunteer providers, who, combined with hospital systems, ancillary, and medical equipment providers, have provided clinical services in specialties from allergy/asthma through wound care, including labs, imaging, and in/out-patient hospital services.

In 2017, Project Access Northwest continued and expanded its Premium Assistance Program, in partnership with many local hospitals, and as a result served 89 households and 109 individuals. This program pays the remaining premiums, after tax credits are applied, for people eligible to purchase in the Health Benefits Exchange but who can not afford the remaining premiums for enrollees who meet certain poverty and eligibility requirements.

In April 2017, Project Access Northwest launched our Health Home Program aimed at providing face-to-face Care Coordination for the most vulnerable clients, often with multiple chronic conditions. Our program provides six core services including: Comprehensive Care Management, Care Coordination, Health Promotion, Care Transitions, Resource and Referral, Family and individual support. Through this program we meet patients where they are - physically, mentally and emotionally. Our work resulted in 270 Health Action Plans created for clients to help them set personal goals and improve their health. We continue to make hundreds of calls per month to engage patients and have multiple success stories, including providing support to those who need glasses, dentures, resume writing skills and more.

#### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Basis of presentation

In accordance with financial accounting standards, Project Access Northwest reports 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. The net assets of Project Access Northwest are classified as follows:

Unrestricted net assets are available without restriction for support of Project Access Northwest's operations.

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily restricted net assets are restricted by donors to be used for certain purposes or future periods. Temporarily restricted net assets are purpose and time restricted as follows at December 31:

	<u>2017</u>	<u>2016</u>
Purpose restricted:		
Kitsap County	\$ 22,166	\$ 62,853
Premium Assistance	249,486	340,763
Care Coordination	<u>50,000</u>	<u>10,000</u>
Total purpose restricted	321,652	413,616
Time restricted:	<u>33,500</u>	<u>29,800</u>
Total temporarily restricted	<u>\$ 355,152</u>	<u>\$ 443,416</u>

Permanently restricted net assets are endowment gifts given with the intent that the principal will be maintained intact in perpetuity, and the income may be used for current operations. Project Access Northwest had no permanently restricted net assets as of December 31, 2017 or 2016.

Cash

Cash represents checking and savings accounts.

Cash deposits in excess of insured limits

Project Access Northwest maintains its cash in bank accounts that may exceed federally insured limits at times during the year. Project Access Northwest has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

At December 31, 2017 and 2016, Project Access Northwest had no items carried at fair value on a recurring basis. Assets and liabilities recorded at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities, and services.

Promises to give

In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Project Access Northwest had no conditional promises to give as of December 31, 2017.

Promises to give at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 319,438	\$ 290,321
Receivable in one to five years	<u>4,500</u>	<u>14,000</u>
	<u>\$ 323,938</u>	<u>\$ 304,321</u>

Receivables

Receivables are stated at net realizable value.

Property and equipment

Property and equipment are recorded at estimated fair value at donation date for donated assets and cost for purchased assets. Assets with a cost of \$1,000 or greater are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, principally 3 to 10 years. Leasehold improvements are amortized over the remaining life of the lease.

Revenue recognition

Revenue from service fee and cost reimbursement contracts included in Private Grants and Contracts and Government Contracts is recognized when earned. Deferred revenue represents advance receipts for which the revenue has not been earned.

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted support

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restriction.

Gifts of equipment are reported as unrestricted support unless 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 explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Donated goods and services

Contributed materials have been recorded on the basis of rates that otherwise would have been paid for similar goods.

Donated services are recorded as in-kind contributions and are recognized as revenue at estimated values at the date of receipt if they (a) create or enhance non-financial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services are utilized.

For the years ended December 31, 2017 and 2016, in-kind contributions consisted of \$4,000 and \$5,002, respectively, for materials and facilities and \$2,436 and \$1,415, respectively, for services.

The goods and services provided consist of professional accounting, marketing and healthcare services; donated space for an offsite service location; and postage and mailing services.

Advertising

Advertising costs are expensed as incurred.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activity and of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited.

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal income taxes

The Internal Revenue Service has recognized Project Access Northwest as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

NOTE B - RETIREMENT PLAN

Project Access Northwest offers a retirement savings plan (the plan) under section 401(k) of the Internal Revenue Code. After one year of service, the employer will contribute up to 3% of the eligible compensation annually to the plan in a dollar-for-dollar match to the employee contribution. The employee may contribute to a higher level as defined by the Internal Revenue Service. Employer contributions to the plan totaled \$11,455 and \$13,022, respectively, for the years ended December 31, 2017 and 2016.

NOTE C - LINE OF CREDIT

Project Access Northwest has a \$100,000 revolving line of credit with no expiration date. Bank advances on the line of credit are payable on demand and carry interest at 11%. The line of credit was not utilized during the years ending December 31, 2017 or 2016 and there was no outstanding balance at December 31, 2017 or 2016.

NOTE D - LEASE OBLIGATIONS

Project Access Northwest leased office space under a non-cancelable lease that expires on December 31, 2022. The lease may be terminated by either party with 180 day written notice. Rental expense incurred under this lease for the years ended December 31, 2017 and 2016 was \$48,840 and \$45,248, respectively. Related minimum future rental commitments on this lease are:

2018	\$ 52,308
2019	56,496
2020	60,444
2021	64,068
2022	<u>64,068</u>
	<u>\$ 297,384</u>

PROJECT ACCESS NORTHWEST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE E - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2017 through June 26, 2018, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2017, including the estimates inherent in the processing of financial statements.