



**AMBULATORY SURGERY ACCESS COALITION
dba OPERATION ACCESS**

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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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, 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 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.

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, 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited Ambulatory Surgery Access Coalition dba Operation Access' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Oakland, California

April 29, 2021

AMBULATORY SURGERY ACCESS COALITION
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STATEMENT OF FINANCIAL POSITION

December 31, 2020

With comparative totals at December 31, 2019

	2020	2019
ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,974,449	\$ 1,338,340
Accounts receivable	373,003	180,785
Pledges receivable	-	231,666
Prepaid expenses	51,357	49,191
Property and equipment (Note 4)	-	-
	\$ 2,398,809	\$ 1,799,982
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 13,289	\$ 13,348
Deferred revenue	43,030	-
Accrued liabilities (Note 5)	175,455	116,655
	231,774	130,003
NET ASSETS		
Without donor restrictions	1,621,035	1,272,884
With donor restrictions (Note 7)	546,000	397,095
	2,167,035	1,669,979
	\$ 2,398,809	\$ 1,799,982

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

AMBULATORY SURGERY ACCESS COALITION
dba OPERATION ACCESS

STATEMENT OF ACTIVITIES
For the year ended December 31, 2020
With comparative totals for the year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>2019</u>
REVENUE AND SUPPORT				
Donated surgical and specialty services (Note 2)	\$ 26,125,000	\$ -	\$ 26,125,000	\$ 30,440,000
Contributions (Note 8)	341,251	2,037,420	2,378,671	1,951,301
Paycheck protection plan forgiveness		254,277	254,277	-
Other donated products and services (Note 2)	108,468		108,468	114,529
Interest income	6,973		6,973	2,253
Net assets released from purpose restrictions (Note 7)	2,142,792	(2,142,792)	-	-
TOTAL REVENUE AND SUPPORT	<u>28,724,484</u>	<u>148,905</u>	<u>28,873,389</u>	<u>32,508,083</u>
EXPENSES				
Specialty health care program	28,071,934		28,071,934	31,936,388
Management and general	139,527		139,527	136,092
Fundraising	164,872		164,872	177,763
TOTAL EXPENSES	<u>28,376,333</u>	<u>-</u>	<u>28,376,333</u>	<u>32,250,243</u>
CHANGE IN NET ASSETS	348,151	148,905	497,056	257,840
NET ASSETS, BEGINNING OF YEAR	<u>1,272,884</u>	<u>397,095</u>	<u>1,669,979</u>	<u>1,412,139</u>
NET ASSETS, END OF YEAR	<u>\$ 1,621,035</u>	<u>\$ 546,000</u>	<u>\$ 2,167,035</u>	<u>\$ 1,669,979</u>

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

AMBULATORY SURGERY ACCESS COALITION
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STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

With comparative totals for the year ended December 31, 2019

	Specialty Health Care Program	Management and General	Fundraising	Total Expenses	
				2020	2019
Salaries and wages	\$ 1,145,568	\$ 84,488	\$ 117,277	\$ 1,347,333	\$ 1,061,000
Payroll taxes and fringe benefits	234,697	21,457	28,806	284,960	253,875
Total personnel expenses	<u>1,380,265</u>	<u>105,945</u>	<u>146,083</u>	<u>1,632,293</u>	<u>1,314,875</u>
Donated surgical and specialty services (Note 2)	26,125,000			26,125,000	30,440,000
Consultants	153,015	3	4	153,022	29,978
Rent and utilities	101,621	6,178	8,057	115,856	114,261
Other donated products and services (Note 2)	104,926	140	3,402	108,468	114,529
Office supplies and equipment	58,881	3,377	4,481	66,739	35,261
Interpretive services	35,085			35,085	61,638
Professional development	24,782	7,315		32,097	18,682
Telephone	22,929	1,364	1,771	26,064	9,681
Volunteer recognition and recruitment	21,983			21,983	27,005
Marketing and outreach	17,843		108	17,951	14,667
Accounting and audit fees		13,878		13,878	13,363
Insurance	7,363	447	583	8,393	8,317
Meeting and travel	6,907	715	190	7,812	18,583
Patient travel	7,221			7,221	12,884
Postage	1,735	113	124	1,972	4,613
Ancillary supplies and medical costs	1,644			1,644	5,554
Printing	734	52	69	855	6,352
TOTAL 2020 FUNCTIONAL EXPENSES	<u><u>\$ 28,071,934</u></u>	<u><u>\$ 139,527</u></u>	<u><u>\$ 164,872</u></u>	<u><u>\$ 28,376,333</u></u>	
TOTAL 2019 FUNCTIONAL EXPENSES	<u><u>\$ 31,936,388</u></u>	<u><u>\$ 136,092</u></u>	<u><u>\$ 177,763</u></u>		<u><u>\$ 32,250,243</u></u>

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, 2020

With comparative totals for the year ended December 31, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 497,056	\$ 257,840
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(192,218)	43,554
Pledges receivable	231,666	(206,666)
Prepaid expenses	(2,166)	(57)
Increase (decrease) in operating liabilities:		
Accounts payable	(59)	(16,449)
Accrued liabilities	58,800	16,469
Deferred revenue	43,030	
	636,109	94,691
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	636,109	94,691
NET INCREASE IN CASH	636,109	94,691
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,338,340	1,243,649
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,974,449	\$ 1,338,340

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 their health, ability to work, and quality of life. Operation Access coordinates all specialty appointments and provides culturally responsive case management and interpretation services. The organization’s traditional service area is nine San Francisco Bay Area counties (Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Sonoma, Napa, and Solano). Operation Access is expanding to serve patients in other counties of California. Operation Access is based in San Francisco and employs eighteen people to manage programs and coordinate services. The majority of revenue is derived from government contracts, private foundations, corporations, and individual donors. Operation Access arranged for 1,713 and 2,134 outpatient surgical procedures and diagnostic services, for eligible patients during the years ended December 31, 2020 and 2019, 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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

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.

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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, 2020, donated materials and services received totaled \$26,233,468, of which \$26,125,000 consisted of donated surgical and specialty services whereas the remaining \$108,468 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.

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.

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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, 2019, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through April 29, 2021, 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. Liquidity and Availability of Resources

Operation Access sets an annual budget for each fiscal year and its CEO, Finance Committee, and Board of Directors meet quarterly to oversee operating revenue, expenditures, and liquidity. Operating revenue is defined by Operation Access as revenue that excludes funds designated solely for future fiscal years.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Operation Access considers all planned and budgeted expenditures related to the ongoing activities of its programs, as well as management and general and fundraising activities.

Operation Access has a goal of maintaining at least 6 months of operating cash on hand to finance forecasted expenses. This amount excludes accounts receivable and liabilities. As of December 31, 2020, Operation Access had 8 months of operating cash on hand to finance forecasted expenses, compared with 6 months as of December 31, 2019.

Operation Access has a target of maintaining six months of cash on hand to plan its operations, given the significant time between many funding requests and the start of grant periods. It is important to maintain sufficient reserves because it provides Operation Access the financial flexibility to operate continuously between grant cycles.

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

As of December 31, 2020, the following tables show the total financial assets held by Operation Access and the amounts of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$1,974,449
Accounts receivable	<u>373,003</u>
Total financial assets at year-end	<u>\$2,347,452</u>

Financial assets available to meet expenditures over the next 12 months.

Total financial assets	\$2,347,452
Less: cash and pledges with donor restrictions	<u>(546,000)</u>
Assets available to meet expenditures in next 12 months	<u>\$1,801,452</u>

4. Property and Equipment

Property and equipment at December 31, 2020 consist of the following:

Fixed assets	\$ 16,866
Computers and equipment	18,018
Less: accumulated depreciation and amortization	<u>(34,884)</u>
	<u>\$ -</u>

No depreciation expense was recorded during the year, as all property and equipment were fully depreciated.

5. Accrued Liabilities

Accrued liabilities at December 31, 2020 consist of the following:

Accrued vacation	\$129,805
Accrued salaries	<u>45,650</u>
	<u>\$175,455</u>

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

6. Commitments and Contingencies

Obligations Under Operating Leases

Operation Access leases various facilities and equipment under operating leases with various terms. As a result of the pandemic's uncertainty, with employees working from home, Operation Access negotiated a lower monthly rate than the prior year on their rental lease extension. 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 ending December 31,</u>	
2021	\$69,915
2022	<u>10,500</u>
	<u>\$80,415</u>

Rent expense under operating leases for the year ended December 31, 2020 was \$104,032.

Impact of COVID-19 Virus

Operation Access has been adversely affected by the novel strain of coronavirus ("COVID-19") outbreak in the United States. In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious virus has adversely affected the livelihoods of countless individuals and families, including many of Operation Access' donors, as well as the financial outlook of Operation Access' nonprofit and for-profit partners and clients. In particular, the virus has temporarily lessened the ability of Operation Access' core supporters and stakeholders to donate to Operation Access, participate in pro bono legal clinics, and engage in legal aid consulting projects.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2020 consist of the following:

Program services	\$360,000
Program services, Napa County	50,000
Program services, San Mateo and Santa Clara Counties	45,000
Program services, Marin County	33,334
Colorectal cancer screening	22,666
Program Services, San Mateo County	20,000
Program services, Napa and Sonoma Counties	10,000
Program Services, Concord	<u>5,000</u>
	<u>\$546,000</u>

For the year ended December 31, 2020, net assets with donor restrictions released from purpose restrictions were \$2,142,792.

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

8. Contributions

Contributions for the year ended December 31, 2020 consist of the following:

Grants	\$1,253,500
Contract and government	903,720
Donations and events	<u>221,451</u>
	<u>\$2,378,671</u>

Contract and government revenue for the year ended December 31, 2020 consist of the following:

Government contract	\$879,970
Program services	13,750
Government-non contract	<u>10,000</u>
	<u>\$903,720</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, 2020 were \$49,381.

10. Fair Value Measurements

The table below presents transactions measured at fair value on a non-recurring basis during the year ended December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated materials and services	<u>\$ -</u>	<u>\$26,233,468</u>	<u>\$ -</u>	<u>\$26,233,468</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).