

**AMBULATORY SURGERY ACCESS COALITION
dba OPERATION ACCESS**

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ambulatory Surgery Access Coalition
dba Operation Access

Opinion

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, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ambulatory Surgery Access Coalition dba Operation Access and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ambulatory Surgery Access Coalition dba Operation Access' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT

continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ambulatory Surgery Access Coalition dba Operation Access' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ambulatory Surgery Access Coalition dba Operation Access' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited Ambulatory Surgery Access Coalition dba Operation Access' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Oakland, California
April 26, 2023

AMBULATORY SURGERY ACCESS COALITION
dba OPERATION ACCESS

STATEMENT OF FINANCIAL POSITION

December 31, 2022

With comparative totals at December 31, 2021

	2022	2021
ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,333,066	\$ 2,342,435
Accounts receivable	824,322	458,976
Prepaid expenses	27,989	56,034
Investments (Note 5)	1,451,556	-
	\$ 3,636,933	\$ 2,857,445
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 18,514	\$ 24,916
Accrued liabilities (Note 6)	175,286	175,290
Paycheck protection program loan	-	289,450
	193,800	489,656
 NET ASSETS		
Without donor restrictions	2,259,133	1,665,789
With donor restrictions (Note 9)	1,184,000	702,000
	3,443,133	2,367,789
	\$ 3,636,933	\$ 2,857,445

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

AMBULATORY SURGERY ACCESS COALITION
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STATEMENT OF ACTIVITIES

For the year ended December 31, 2022

With comparative totals for the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
REVENUE AND SUPPORT				
Donated surgical and specialty services (Note 4)	\$ 33,600,000	\$ -	\$ 33,600,000	\$ 31,850,000
Contributions and grants (Note 10)	290,324	2,935,250	3,225,574	2,431,485
Paycheck protection plan forgiveness (Note 7)	289,450		289,450	-
Other donated products and services (Note 4)	143,194		143,194	147,909
Interest income	17,963		17,963	6,811
Refunds and other revenues			-	36,130
Net assets released from restrictions (Note 9)	2,453,250	(2,453,250)	-	-
TOTAL REVENUE AND SUPPORT	36,794,181	482,000	37,276,181	34,472,335
EXPENSES				
Specialty health care program	35,890,608		35,890,608	33,991,318
Management and general	152,476		152,476	150,099
Fundraising	157,753		157,753	130,164
TOTAL EXPENSES	36,200,837	-	36,200,837	34,271,581
CHANGE IN NET ASSETS	593,344	482,000	1,075,344	200,754
NET ASSETS, BEGINNING OF YEAR	1,665,789	702,000	2,367,789	2,167,035
NET ASSETS, END OF YEAR	\$ 2,259,133	\$ 1,184,000	\$ 3,443,133	\$ 2,367,789

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, 2022

With comparative totals for the year ended December 31, 2021

	Specialty Health Care Program	Management and General	Fundraising	Total Expenses	
				2022	2021
Salaries and wages	\$ 1,427,786	\$ 102,373	\$ 119,359	\$ 1,649,518	\$ 1,506,347
Payroll taxes and fringe benefits	373,387	25,132	26,740	425,259	377,777
Total personnel expenses	1,801,173	127,505	146,099	2,074,777	1,884,124
Donated surgical and specialty services	33,600,000			33,600,000	31,850,000
Additional donated products and services	142,994	100	100	143,194	147,909
Telecommunications	56,788	3,197	3,273	63,258	41,071
Rent, occupancy, and insurance	56,582	3,304	3,348	63,234	87,475
Consultants	61,616			61,616	106,081
Office supplies, equipment, and postage	47,386	2,171	2,267	51,824	48,560
Interpretive services	41,888			41,888	39,334
Marketing and volunteer recognition	38,374	62	2,518	40,954	30,101
Patient travel and ancillary costs	35,426			35,426	17,026
Audit and administrative fees		15,999		15,999	15,360
Meeting and travel	8,381	138	148	8,667	4,537
Miscellaneous				-	3
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 35,890,608	\$ 152,476	\$ 157,753	\$ 36,200,837	
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 33,991,318	\$ 150,099	\$ 130,164		\$ 34,271,581

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, 2022

With comparative totals for the year ended December 31, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,075,344	\$ 200,754
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Interest income	(13,989)	-
Forgiveness of paycheck protection program loan	(289,450)	-
(Increase) decrease in operating assets:		
Accounts receivable	(365,346)	(85,973)
Prepaid expenses	28,045	(4,677)
Increase (decrease) in operating liabilities:		
Accounts payable	(6,402)	11,627
Accrued liabilities	(4)	(165)
Deferred revenue	-	(43,030)
	428,198	78,536
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,500,000)	-
Proceeds from sale of investments	62,433	-
	(1,437,567)	-
NET CASH (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program loan	-	289,450
	-	289,450
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH	(1,009,369)	367,986
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,342,435	1,974,449
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,333,066	\$ 2,342,435

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 provided services in Alameda, Contra Costa, Humboldt, Marin, San Francisco, San Mateo, Santa Clara, Sonoma, Napa, and Solano counties, to residents of 17 Northern California counties. Operation Access is expanding to serve patients in other counties of California. Operation Access is based in San Francisco and employs twenty 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 2,001 and 2,009 outpatient surgical procedures and diagnostic services, for eligible patients during the years ended December 31, 2022, and 2021, 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 at 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.

Investments

Operation Access' investments (which are primarily bonds) are accounted for as held to maturity. Investments are recorded on the Statement of Financial Position based on the carrying value and amortized using the straight-line method. Under the straight-line method, the discount on the bond is amortized in equal amounts over the life of the bond. Interest income on the investment is reflected in the Statement of Activities.

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

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

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.

Contributed Non-Financial 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.

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, 2021, from which the summarized information was derived.

Reclassification

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

Management has evaluated subsequent events through April 26, 2023, 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.

Operation Access has a target of maintaining 6 months of cash on hand to plan its operations and finance forecasted expenses, 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.

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. This amount excludes accounts receivable and liabilities.

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

As of December 31, 2022, Operation Access had 9 months of operating cash on hand to finance forecasted expenses, compared with 8 months as of December 31, 2021.

As of December 31, 2022, 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	\$1,333,066
Accounts receivable	474,322
Investments	<u>1,451,556</u>
Total financial assets at year-end	<u>\$3,258,944</u>

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

Total financial assets	\$ 3,258,944
Less: cash and pledges with donor restrictions	<u>(1,184,000)</u>
Assets available to meet expenditures in next 12 months	<u>\$ 2,074,944</u>

4. Contributed Non-Financial Assets

Operation Access' contributed non-financial assets consists of donated surgical and specialty services and other donated products and services.

For the year ended December 31, 2022, Operation Access received a total of \$33,743,194 in contributed non-financial services, of which \$33,600,000 consisted of donated surgical and specialty services and \$143,194 consisted of other donated products and services. There were no donor restrictions on the non-financial assets received by Operation Access as of December 31, 2022. Operation Access utilized the contributed nonfinancial assets received in its Specialty Health Care Program.

In terms of valuation techniques and inputs utilized by Operation Access to arrive at the fair value measurement, Operation Access' policy requires that when the donor states the market value of the donation, that value is used. As to the valuation of donated surgical and specialty services, valuation is based on waived charges. Operation Access requests partner hospitals send the amounts of charges that were waived during the period. In 2022, Operation Access received the value of these hospital charges from five hospital systems, of which one also provided a valuation of all physician charges. The remaining hospital procedures, surgery center procedures, and physician services were valued based on a multiplication of the number of known procedures and other appointments, multiplied by the average waived charge amount for those services. The average charge rate was derived by the average charge rate for a sampling of waived charges received by Operation Access throughout the year.

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

4. Contributed Non-Financial Assets, continued

Overall trends are noted, such as a 6% increase in the average charge rate of procedures. Operation Access' overall service volume decreased by less than 1%, while the value of those services increased by 6% year-over-year. The percent of valuation represented by actual source data, as opposed to estimated, is based on the multiplication of averages based on source data and volume increased from 63% in 2021 to 67% in 2022.

5. Investments

Investments at December 31, 2022 consist of the following:

Fixed income	<u>\$1,451,556</u>
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6. Accrued Liabilities

Accrued liabilities at December 31, 2022 consist of the following:

Accrued vacation	\$114,065
Accrued salaries	<u>61,221</u>
	<u>\$175,286</u>

7. Paycheck Protection Program Loan

On March 30, 2021, Operation Access received loan proceeds in the amount of \$289,450 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are eligible for forgiveness for a covered period of up to twenty-four weeks, as long as the borrower uses the loan proceeds for eligible purposes (which includes payroll, benefits, rent and utilities) and maintains its full-time staff equivalency levels.

Operation Access' PPP loan amount of \$289,450 was fully forgiven on May 23, 2022. Revenue related to the loan forgiveness of \$289,450 for the year ended December 31, 2022, is reflected in the Statement of Activities.

The Small Business Administration ("SBA") reserves the right to review any loan at their discretion and the SBA will review any loan over \$2 million. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

8. Commitments and Contingencies

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 some of Operation Access’ core supporters and stakeholders to donate to Operation Access, and provide donated surgical and specialty services. The long-term impact of the COVID-19 virus on Operation Access cannot be foreseen at this time and is not reflected in these financial statements.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2022 consist of the following:

Program services, Contra Costa County	\$ 510,000
Program services	460,000
Program services, San Mateo and Santa Clara Counties	60,000
General operating funds	46,000
Ancillary costs, patient support, patient travel	45,000
Program services, Marin County	33,000
Program services, San Mateo County	<u>30,000</u>
	<u>\$1,184,000</u>

For the year ended December 31, 2022, net assets with donor restrictions released from purpose restrictions were \$2,453,250.

10. Contributions

Contributions for the year ended December 31, 2022 consist of the following:

Grants and grants-future years	\$1,720,750
Contract and government	1,332,000
Donations and events	<u>172,824</u>
	<u>\$3,225,574</u>

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

11. 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, 2022 were \$49,381.

12. Fair Value Measurements

The table below presents transactions measured at fair value on a non-recurring basis during the year ended December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed non-financial assets	\$ _____	\$33,743,194	\$ _____	\$33,743,194

The fair value of contributed non-financial assets has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).