

**AMBULATORY SURGERY ACCESS COALITION**

**dba OPERATION ACCESS**

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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## INDEPENDENT AUDITORS' REPORT

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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, 2015, 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.

## INDEPENDENT AUDITORS' REPORT

continued

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### 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, 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.

### Other Matter

#### *Summarized Comparative Information*

We have previously audited Ambulatory Surgery Access Coalition dba Operation Access' 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harrington Group*

San Francisco, California  
March 17, 2016

**AMBULATORY SURGERY ACCESS COALITION**  
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STATEMENT OF FINANCIAL POSITION  
December 31, 2015  
With comparative totals at December 31, 2014

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 1,179,224	\$ 1,004,024
Grants receivable	263,009	341,636
Pledges receivable	-	59,019
Prepaid expenses	40,632	36,315
Property and equipment (Note 3)	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,482,865</b>	<b>\$ 1,440,994</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 15,652	\$ 19,778
Accrued liabilities (Note 4)	70,082	55,056
<b>TOTAL LIABILITIES</b>	<b>85,734</b>	<b>74,834</b>
<b>NET ASSETS</b>		
Unrestricted	964,631	916,160
Temporarily restricted (Note 6)	432,500	450,000
<b>TOTAL NET ASSETS</b>	<b>1,397,131</b>	<b>1,366,160</b>
<b>TOTAL LIABILITIES AND NETS ASSETS</b>	<b>\$ 1,482,865</b>	<b>\$ 1,440,994</b>

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, 2015  
With comparative totals for the year ended December 31, 2014

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>2015</b>	<b>2014</b>
<b>REVENUE AND SUPPORT</b>				
Donated surgical and specialty services (Note 2)	\$ 17,939,600	\$ -	\$ 17,939,600	\$ 15,175,500
Contributions (Note 7)	192,486	1,035,582	1,228,068	1,155,398
Other revenues	107,084		107,084	110,871
Other donated products and services (Note 2)	69,857		69,857	61,726
Refund and other revenue	10,770		10,770	-
Interest income	745		745	996
Net assets released from restrictions	1,053,082	(1,053,082)	-	-
	<b>19,373,624</b>	<b>(17,500)</b>	<b>19,356,124</b>	<b>16,504,491</b>
<b>EXPENSES</b>				
Program services	19,099,809		19,099,809	16,332,726
Management and general	90,149		90,149	100,026
Fundraising	135,195		135,195	112,282
	<b>19,325,153</b>	<b>-</b>	<b>19,325,153</b>	<b>16,545,034</b>
<b>CHANGE IN NET ASSETS</b>	48,471	(17,500)	30,971	(40,543)
<b>NET ASSETS, BEGINNING OF YEAR</b>	916,160	450,000	1,366,160	1,406,703
<b>NET ASSETS, END OF YEAR</b>	\$ 964,631	\$ 432,500	\$ 1,397,131	\$ 1,366,160

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

**AMBULATORY SURGERY ACCESS COALITION**  
**dba OPERATION ACCESS**

STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2015  
With comparative totals for the year ended December 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2015</u>	<u>2014</u>
Salaries and wages	\$ 631,025	\$ 50,587	\$ 83,295	\$ 764,907	\$ 798,697
Payroll taxes and fringe benefits	150,098	10,632	18,918	179,648	187,876
Total personnel expenses	781,123	61,219	102,213	944,555	986,573
Donated surgical and specialty services	17,939,600			17,939,600	15,175,500
Rent and utilities	84,797	5,473	10,235	100,505	108,149
Consultants	75,728		8,608	84,336	13,292
Other donated products and services	68,983	474	400	69,857	61,726
Interpretive services	49,000			49,000	40,365
Office supplies and equipment	27,867	1,757	3,674	33,298	31,401
Marketing and outreach	17,223		6,159	23,382	18,637
Meeting and travel	16,651	1,979	1,230	19,860	24,355
Accounting and audit fees		13,009		13,009	12,970
Professional development	6,681	4,995		11,676	8,787
Telephone	7,789	491	947	9,227	17,238
Insurance	6,635	422	801	7,858	8,044
Volunteer recognition and recruitment	6,888			6,888	14,982
Ancillary supplies and medical costs	4,940			4,940	7,427
Postage	3,598	183	649	4,430	10,191
Printing	2,306	147	279	2,732	5,397
<b>TOTAL 2015 FUNCTIONAL EXPENSES</b>	<b>\$ 19,099,809</b>	<b>\$ 90,149</b>	<b>\$ 135,195</b>	<b>\$ 19,325,153</b>	
<b>TOTAL 2014 FUNCTIONAL EXPENSES</b>	<b>\$ 16,332,726</b>	<b>\$ 100,026</b>	<b>\$ 112,282</b>		<b>\$ 16,545,034</b>

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, 2015

With comparative totals for the year ended December 31, 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 30,971	\$ (40,543)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Grants receivable	78,627	(309,501)
Pledges receivable	59,019	(34,019)
Prepaid expenses	(4,317)	9,936
Increase (decrease) in operating liabilities:		
Accounts payable	(4,126)	855
Accrued liabilities	15,026	3,500
	<b>175,200</b>	<b>(369,772)</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>175,200</b>	<b>(369,772)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>175,200</b>	<b>(369,772)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,004,024</b>	<b>1,373,796</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,179,224</b>	<b>\$ 1,004,024</b>

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



# AMBULATORY SURGERY ACCESS COALITION dba OPERATION ACCESS

## NOTES TO FINANCIAL STATEMENTS

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### 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 the health, ability to work, and quality of life. Operation Access currently serves those uninsured individuals in nine Bay Area counties: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Sonoma, Napa, and Solano who are unable to pay for private health insurance and are ineligible for coverage through public insurance programs. In addition, Operation Access provides interpretive services for non-English speaking individuals and coordinates all specialty appointments on their behalf. Operation Access is located in San Francisco, and employs thirteen people to manage the programs and coordinate the services that are provided. The majority of revenue is derived from private foundations, corporations, and individual donors. Operation Access arranged for 1,641 and 1,379 outpatient surgical and specialty procedures, as well as diagnostic services, for eligible patients during the years ended December 31, 2015 and 2014, 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.

#### **Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Operation Access are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**AMBULATORY SURGERY ACCESS COALITION  
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NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**Temporarily Restricted.** Operation Access reports contributions and other receipts of assets whose use by Operation Access is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Operation Access pursuant to those stipulations, as temporarily restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions. Operation Access has temporarily restricted net assets of \$432,500 at December 31, 2015.

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit Operation Access to expend all of the income (or other economic benefits) derived from the donated assets. Operation Access has no permanently restricted net assets at December 31, 2015.

**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.

**AMBULATORY SURGERY ACCESS COALITION  
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NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**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 donated materials and services at fair value. The specific techniques used to measure fair value for the element is described in the note below that relates to the 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.

**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, 2015, donated materials and services received totaled \$18,009,457, of which \$17,939,600 consisted of donated surgical and specialty services whereas the remaining \$69,857 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.

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NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**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.

**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.

**Subsequent Events**

Management has evaluated subsequent events through March 17, 2016, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appears to require recognition or disclosure in the financial statements.

**3. Property and Equipment**

Property and equipment at December 31, 2015 consist of the following:

Furniture and fixtures	\$ 18,018
Kitchen equipment	<u>16,866</u>
	34,884
Less: accumulated depreciation and amortization	<u>(34,884)</u>
	<u>\$ -</u>

continued

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NOTES TO FINANCIAL STATEMENTS

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**4. Accrued Liabilities**

Accrued liabilities at December 31, 2015 consist of the following:

Accrued vacation	\$53,019
Accrued salaries	<u>17,063</u>
	<u>\$70,082</u>

**5. Commitments and Contingencies**

**Obligations Under Operating Leases**

Operation Access leases various facilities and equipment under operating leases with various terms. 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 ended December 31,</u>	
2016	\$ 93,042
2017	95,792
2018	<u>16,042</u>
	<u>\$204,876</u>

Rent expense under operating leases for the year ended December 31, 2015 was \$90,292.

**6. Temporarily Restricted Net Assets**

Temporarily restricted net assets as of December 31, 2015 consist of the following:

Program services, Contra Costa County	\$175,000
Program services, San Francisco Bay Area	140,000
Program services, Napa County	92,500
Program services, San Francisco County	<u>25,000</u>
	<u>\$432,500</u>

For the year ended December 31, 2015, net assets released from time restrictions were \$1,053,082.

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**7. Contributions**

Contributions for the year ended December 31, 2015 consist of the following:

Corporate support	\$ 625,000
Foundation grants	357,582
Individual and family foundation donations	<u>245,486</u>
	<u>\$1,228,068</u>

**8. 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, 2015 were \$91,574.

**9. Fair Value Measurements**

The table below presents transactions measured at fair value on a non-recurring basis during the year ended December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated materials and services	\$ -	\$18,009,457	\$ -	<u>\$18,009,457</u>
Fair value at December 31, 2015	<u>\$ -</u>	<u>\$18,009,457</u>	<u>\$ -</u>	<u>\$18,009,457</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).