



**AMBULATORY SURGERY ACCESS COALITION
dba OPERATION ACCESS**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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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, 2018, 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, 2018, 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.

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INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report On Summarized Comparative Information

We have previously audited Ambulatory Surgery Access Coalition dba Operation Access' 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Oakland, California

May 7, 2019

AMBULATORY SURGERY ACCESS COALITION
dba OPERATION ACCESS

STATEMENT OF FINANCIAL POSITION

December 31, 2018

With comparative totals at December 31, 2017

	2018	2017
ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,243,649	\$ 1,039,420
Accounts receivable	224,339	154,230
Pledges receivable (Note 4)	25,000	-
Prepaid expenses	49,134	46,953
Property and equipment (Note 5)	-	-
TOTAL ASSETS	\$ 1,542,122	\$ 1,240,603
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 29,797	\$ 22,144
Accrued liabilities (Note 6)	100,186	101,999
TOTAL LIABILITIES	129,983	124,143
NET ASSETS		
Without donor restrictions	1,129,139	935,460
With donor restrictions (Note 8)	283,000	181,000
TOTAL NET ASSETS	1,412,139	1,116,460
TOTAL LIABILITIES AND NETS ASSETS	\$ 1,542,122	\$ 1,240,603

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, 2018
With comparative totals for the year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	2018	2017
REVENUE AND SUPPORT				
Donated surgical and specialty services (Note 2)	\$ 23,975,000	\$ -	\$ 23,975,000	\$ 19,160,000
Contributions (Note 9)	212,303	1,489,669	1,701,972	774,364
Other revenues	215,750		215,750	226,750
Other donated products and services (Note 2)	105,244		105,244	69,058
Interest income	759		759	586
Net assets released from restrictions (Note 8)	1,387,669	(1,387,669)	-	-
	25,896,725	102,000	25,998,725	20,230,758
EXPENSES				
Specialty health care program	25,388,900		25,388,900	20,396,234
Management and general	128,004		128,004	123,583
Fundraising	186,142		186,142	164,331
	25,703,046	-	25,703,046	20,684,148
CHANGE IN NET ASSETS	193,679	102,000	295,679	(453,390)
NET ASSETS, BEGINNING OF YEAR	935,460	181,000	1,116,460	1,569,850
NET ASSETS, END OF YEAR	\$ 1,129,139	\$ 283,000	\$ 1,412,139	\$ 1,116,460

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, 2018

With comparative totals for the year ended December 31, 2017

	Specialty Health Care Program	Management and General	Fundraising	2018	2017
Salaries and wages	\$ 771,360	\$ 74,123	\$ 125,397	\$ 970,880	\$ 887,744
Payroll taxes and fringe benefits	188,706	18,161	29,998	236,865	219,970
Total personnel expenses	960,066	92,284	155,395	1,207,745	1,107,714
Donated surgical and specialty services	23,975,000			23,975,000	19,160,000
Rent and utilities	93,112	6,730	11,124	110,966	106,245
Other donated products and services	98,062	611	6,571	105,244	69,058
Interpretive services	54,696			54,696	42,282
Office supplies and equipment	40,536	2,899	4,962	48,397	37,788
Consultants	41,384	51	567	42,002	40,281
Marketing and outreach	28,141		3,437	31,578	31,862
Volunteer recognition and recruitment	31,256			31,256	10,591
Meeting and travel	16,483	1,758	1,320	19,561	18,456
Professional development	7,997	8,828		16,825	13,747
Accounting and audit fees		13,199		13,199	12,624
Patient travel	11,552			11,552	-
Telephone	7,219	519	864	8,602	9,726
Insurance	6,979	504	834	8,317	8,262
Printing	6,101	414	644	7,159	2,374
Ancillary supplies and medical costs	6,217			6,217	8,824
Postage	4,099	207	424	4,730	4,314
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 25,388,900	\$ 128,004	\$ 186,142	\$ 25,703,046	
TOTAL 2017 FUNCTIONAL EXPENSES	\$ 20,396,234	\$ 123,583	\$ 164,331		\$ 20,684,148

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, 2018

With comparative totals for the year ended December 31, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 295,679	\$ (453,390)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(70,109)	430,265
Pledges receivable	(25,000)	(29,440)
Prepaid expenses	(2,181)	(4,348)
Increase (decrease) in operating liabilities:		
Accounts payable	7,653	11,353
Accrued liabilities	(1,813)	2,318
	204,229	(43,242)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
	204,229	(43,242)
NET INCREASE (DECREASE) IN CASH		
	204,229	(43,242)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,039,420	1,082,662
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,243,649	\$ 1,039,420

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 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), as well as several adjacent counties, 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 fifteen 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 1,784 and 1,544 outpatient surgical procedures and diagnostic services, for eligible patients during the years ended December 31, 2018 and 2017, 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:

Net Assets Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets 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, 2018, donated materials and services received totaled \$24,080,244, of which \$23,975,000 consisted of donated surgical and specialty services whereas the remaining \$105,244 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.

Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "without donor restrictions" and "with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. Operation Access's financial statements for year-ended December 31, 2018 are presented in accordance with ASU 2016-14.

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, 2017, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through May 7, 2019, 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.

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

3. Available Resources and Liquidity

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 that are 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, 2018, Operation Access had 7 months of operating cash on hand to finance forecasted expenses, compared with 7 months as of December 31, 2017.

At the end of 2018, Operation Access had seven months of cash on hand, which is sufficient to plan our operations, given the significant time between many funding requests and the start of grant periods. It is important to maintain reserves because it provides Operation Access the financial flexibility to operate continuously between grant cycles.

As of December 31, 2018, 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 balance sheet date to meet general expenditures:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$1,243,647	\$1,039,420
Accounts receivable	<u>249,339</u>	<u>154,230</u>
Total financial assets at year-end	<u>\$1,492,986</u>	<u>\$1,193,650</u>

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

Total financial assets	\$1,492,986	\$1,193,650
Less current liabilities	<u>(129,983)</u>	<u>(124,142)</u>
Assets available to meet expenditures in next 12 months	<u>\$1,363,003</u>	<u>\$1,069,508</u>

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

4. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. All pledges are valued at estimated fair present value at December 31, 2018 and are deemed fully collectible. Accordingly, no allowance for doubtful accounts for uncollectible pledges or unamortized discount on pledges receivable has been recorded as of December 31, 2018. Pledges receivable of \$25,000 at December 31, 2018 is expected to be collected within one year.

5. Property and Equipment

Property and equipment at December 31, 2018 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>

6. Accrued Liabilities

Accrued liabilities at December 31, 2018 consist of the following:

Accrued vacation	\$ 78,114
Accrued salaries	<u>22,072</u>
	<u>\$100,186</u>

7. 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 ending December 31,</u>	
2019	\$ 76,305
2020	104,032
2021	<u>17,415</u>
	<u>\$197,752</u>

Rent expense under operating leases for the year ended December 31, 2018 was \$98,533.

continued

AMBULATORY SURGERY ACCESS COALITION
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NOTES TO FINANCIAL STATEMENTS

8. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2018 consist of the following:

Program services, San Francisco Bay Area	\$220,000
Program services, Marin County	55,000
Program services, Contra Costa County	<u>8,000</u>
	<u>\$283,000</u>

For the year ended December 31, 2018, net assets with donor restrictions released from time restrictions were \$1,387,669.

9. Contributions

Contributions for the year ended December 31, 2018 consist of the following:

Grants	\$1,400,900
Donations and events	<u>301,072</u>
	<u>\$1,701,972</u>

10. 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, 2018 were \$37,263.

11. Fair Value Measurements

The table below presents transactions measured at fair value on a non-recurring basis during the year ended December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated materials and services	\$ -	\$24,080,244	\$ -	\$24,080,244
Pledged contributions –				
current year	<u> </u>	<u> </u>	<u>25,000</u>	<u>25,000</u>
Fair value at December 31, 2018	<u>\$ -</u>	<u>\$24,080,244</u>	<u>\$25,000</u>	<u>\$24,105,244</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).

The fair value of pledged contributions – current year has been measured on a non-recurring basis using the value provided by the donor at the date of pledge and based on evaluating the credit worthiness of the donor (Level 3 inputs).