

**GRAND COUNTY RURAL HEALTH
NETWORK, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

TOGETHER WITH ACCOUNTANT'S REVIEW REPORT

GRAND COUNTY RURAL HEALTH NETWORK, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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Taylor, Roth and Company, PLLC
Certified Public Accountants
working exclusively with nonprofit organizations

May 5, 2011

ACCOUNTANT'S REVIEW REPORT

Board of Directors
Grand County Rural Health Network, Inc.
Hot Sulphur Springs, Colorado

We have reviewed the accompanying statement of financial position of **Grand County Rural Health Network, Inc.** (a Colorado nonprofit corporation) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. Information for the year ended December 31, 2009, is presented for comparative purposes only and was extracted from the financial statements presented by net asset class for that year.

A review consists primarily of inquiries of organization personnel and analytic procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing and maintaining internal control relevant to the preparation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the financial statements for the year ended December 31, 2010 in order for them to be in conformity with generally accepted accounting principles.

The financial statements for the year ended December 31, 2009 were audited by us, and we expressed an unqualified opinion on them in our report dated March 11, 2010, but we have not performed any auditing procedures since that date.

Taylor, Roth and Company PLLC
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

GRAND COUNTY RURAL HEALTH NETWORK, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>Reviewed</u> <u>2010</u>	<u>Audited</u> <u>2009</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 47,177	\$ 51,938
Cash and cash equivalents - temporarily restricted	24,660	35,753
Contributions receivable	2,081	10,947
Prepaid expenses and deposits	191	1,182
Net property and equipment (Note 3)	791	1,561
Total assets	<u>\$ 74,900</u>	<u>\$ 101,381</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 3,951	\$ 3,464
Accrued payroll costs	9,650	10,865
Line of credit (Note 4)	-	-
Total liabilities	<u>13,601</u>	<u>14,329</u>
<u>Net assets</u>		
<u>Unrestricted</u>		
Operating	35,848	42,130
Net investment in fixed assets	791	1,561
Temporarily restricted (Note 5)	24,660	43,361
Total net assets	<u>61,299</u>	<u>87,052</u>
Total liabilities and net assets	<u>\$ 74,900</u>	<u>\$ 101,381</u>

See accountant's review report

The accompanying notes are an integral part of these financial statements

GRAND COUNTY RURAL HEALTH NETWORK, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Reviewed 2010			Audited 2009
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Government grants and contracts	\$ 56,912	\$ -	\$ 56,912	\$ 60,108
Foundation grants	7,650	49,000	56,650	78,082
Network member contributions	45,000	-	45,000	70,000
Special events	22,222	-	22,222	19,402
Less: direct expenses	(5,472)	-	(5,472)	(5,708)
Program service fees	11,784	-	11,784	7,878
Individual and board contributions	6,416	2,000	8,416	12,478
Interest income	848	-	848	844
Other	-	-	-	37
In-kind (Note 6)	21,884	-	21,884	27,946
Net assets released from restrictions (Note 7)	69,701	(69,701)	-	-
Total revenue and other support	236,945	(18,701)	218,244	271,067
<u>Expense</u>				
Program services	207,758	-	207,758	205,906
Supporting services				
Administration	27,079	-	27,079	27,646
Fund-raising	9,160	-	9,160	9,375
Total expense	243,997	-	243,997	242,927
Change in net assets	(7,052)	(18,701)	(25,753)	28,140
Net assets, beginning of year	43,691	43,361	87,052	58,912
Net assts, end of year	\$ 36,639	\$ 24,660	\$ 61,299	\$ 87,052

See accountant's review report

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GRAND COUNTY RURAL HEALTH NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Reviewed 2010			Audited 2009	
	Supporting services				
	Program Services	Management and General	Fund Raising	Total	Total
Salaries	\$ 77,642	\$ 14,558	\$ 4,853	\$ 97,053	\$ 99,234
Payroll taxes and benefits	16,134	3,025	1,008	20,167	20,181
Medical and dental services	51,793	-	-	51,793	51,560
Accounting	18,266	3,425	1,142	22,833	22,045
Outreach	11,809	-	-	11,809	10,073
Business development	9,080	1,703	567	11,350	500
Rent	8,000	1,500	500	10,000	18,000
Audit and tax	3,540	664	221	4,425	9,616
Meetings	1,833	344	114	2,291	177
Telephone	1,496	281	93	1,870	52
Insurance	1,309	245	82	1,636	2,650
Travel	1,049	197	65	1,311	2,033
Supplies	986	185	61	1,232	625
Postage	734	138	46	918	689
Transportation	900	-	-	900	1,029
Dues and subscriptions	706	132	44	882	1,000
Utilities	566	106	36	708	-
Equipment	552	104	34	690	234
Printing	438	82	28	548	787
Continuing education	108	216	216	539	952
Bank fees	201	38	12	251	380
Legal	-	-	-	-	224
Other	-	20	-	20	135
	<u>207,142</u>	<u>26,963</u>	<u>9,122</u>	<u>243,226</u>	<u>242,176</u>
Depreciation	617	116	38	771	751
	<u>\$ 207,759</u>	<u>\$ 27,079</u>	<u>\$ 9,160</u>	<u>\$ 243,997</u>	<u>\$ 242,927</u>

See accountant's review report

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

GRAND COUNTY RURAL HEALTH NETWORK, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Reviewed 2010	Audited 2009
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (25,753)	\$ 28,140
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	771	751
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	8,866	(3,305)
(Increase)decrease in prepaid expenses	990	(1,182)
Increase(decrease) in accounts payable	487	(4,327)
Increase(decrease) in payroll accruals	(1,215)	46
Increase(decrease) in deferred revenue	-	(4,982)
Net cash provided(used) by operating activities	(15,854)	15,141
<u>Cash flows from investing activities</u>		
(Additions) to fixed assets	-	(1,498)
Net increase(decrease) in cash and cash equivalents	(15,854)	13,643
Cash and cash equivalents, beginning of year	87,691	74,048
Cash and cash equivalents, end of year	\$ 71,837	\$ 87,691

See accountant's review report

The accompanying notes are an integral part of these financial statements

GRAND COUNTY RURAL HEALTH NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - NATURE OF ACTIVITIES

Grand County Rural Health Network, Inc. (the Organization) was established in 2001 to provide access to healthcare services for the residents of and visitors to Grand County, Colorado and to develop a countywide healthcare network. The Organization is supported primarily through foundation awards, network member contributions and government grants and contracts. The organization operates the following major programs:

Advocacy for Children's Health and Education Services (A.C.H.E.S.) is a collaborative effort of Grand County agencies and community groups to promote the well being of children. The ACHES program provides medical, dental and mental health vouchers to uninsured children who qualify financially and are in need of acute, non-emergent care. The program also sponsors and coordinates mobile medical and dental vans that provide preventative services for uninsured children.

Partners for Adults in Need of Services (P.A.I.N.S.) is a program established by the Network and its partners to provide medical vouchers for acute, non-emergency medical services to uninsured adults who qualify financially.

Patient Navigator program works in partnership with the client to coordinate healthcare, remove barriers to care, and educate on self-managed care. The Patient Navigator is a healthcare professional trained on navigation and patient empowerment models to assist the client in getting the care they need when they need it.

The Grand County Healthcare Professionals Society is an all-inclusive society of healthcare professionals from all sectors who collaborate to "put the patient first." The Society is developing an education campaign for Grand County about the importance of medical homes, utilizing the existing local healthcare resources, and viewing healthcare professionals as partners in managing your own health.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

4. Accounts Receivable

The Organization states accounts receivable at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

5. Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

6. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

9. Functional Reporting of Expenses

For the year ended December 31, 2010, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

10. Summarized Prior-Year Information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through May 5, 2011, the date the financial statements were available for distribution.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Computer equipment	\$ 3,127
Less: accumulated depreciation	<u>(2,336)</u>
Total	<u>\$ 791</u>

Depreciation expense for the year was \$ 771.

NOTE 4 - LINE OF CREDIT

The organization has a \$0 balance at year-end on a bank line of credit with a \$50,000 maximum. Interest accrues on the unpaid balance at an interest rate of Wall Street Journal Prime Rate with a 7.0% floor.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Patient Navigator program	<u>\$ 24,660</u>

NOTE 6 - IN-KIND

Donated services are reflected in the accompanying statements at their estimated values at date of receipt:

<u>Description</u>	<u>Amount</u>
Professional medical services	\$ 10,400
Rent – donated by Grand County	10,000
Mobile vans	900
Services	<u>584</u>
Total	<u>\$ 21,884</u>

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restriction by satisfying the restricted program purposes.

<u>Description</u>	<u>Amount</u>
Access to healthcare for the uninsured	\$ 37,869
A.C.H.E.S.	16,721
P.A.I.N.S.	14,771
Patient navigator	<u>340</u>
Total	<u>\$ 69,701</u>

NOTE 8 - RELATED PARTIES

The Board of Directors includes individuals that are employed by network members. Network members have received payments from the organization for providing medical services to qualified individuals. Additionally, individual board members and network members have made contributions and in-kind contributions to the organization.