

To the Board of Directors
Coalition for Compassionate Care of California

Independent Auditor's Report

I have audited the accompanying financial statements of Coalition for Compassionate Care of California (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statement 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 statement 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coalition for Compassionate Care of California as of December 31, 2017, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Schwartz Platz & Associates

Schwartz Platz & Associates
Sacramento, CA
February 6, 2019

DRAFT

COALITION FOR COMPASSIONATE CARE OF CALIFORNIA

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2017

ASSETS

Assets:

Cash and cash equivalents	\$506,560
Accounts receivable	104,975
Promise to give	42,988
Inventory	10,016
Prepaid expenses	<u>19,128</u>
 Total Current Assets	683,667

Long-term Assets:

Property and equipment, net of depreciation	-0-
Deposit on leased property	<u>2,700</u>
 Total Long-term Assets	2,700
 Total Assets	<u>\$686,367</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$17,838
Accrued expenses	71,634
Deferred revenue	342,187
Note payable	<u>50,000</u>
 Total Current and Total Liabilities	481,659

Net Assets

Without donor restrictions	34,611
With donor restrictions	<u>170,097</u>
 Total Net Assets	<u>204,708</u>
 Total Liabilities and Net Assets	<u>\$686,367</u>

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

COALITION FOR COMPASSIONATE CARE OF CALIFORNIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

Grant Revenue and Other Income

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Grant revenue earned	\$606,263		\$606,263
Interest income	297		297
Contributions	296,043	\$187,675	483,718
Membership	36,950		36,950
Program revenue	196,703		196,703
Online sales	\$22,881		
Less: cost of goods sold	<u>17,523</u>	5,358	5,358
Consulting	79,732		79,732
Net assets released from restrictions	<u>103,394</u>	<u>(103,394)</u>	<u>0</u>
 Total Grant Revenue and Other Income	 1,324,740	 84,281	 1,409,021

Expenses

Program services	1,164,514		1,164,514
General and administrative	132,842		132,842
Fundraising	<u>19,416</u>		<u>19,416</u>
 Total Expenses	 <u>1,316,772</u>		 <u>1,316,772</u>
 Change in Net Assets	 7,968	 84,281	 92,249
 Net Assets, Beginning of the Year	 <u>26,643</u>	 <u>85,816</u>	 <u>112,459</u>
 Net Assets, End of the Year	 <u>\$34,611</u>	 <u>\$170,097</u>	 <u>\$204,708</u>

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

COALITION FOR COMPASSIONATE CARE OF CALIFORNIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>General & Admin</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	591,583	56,424	12,650	660,657
Employee Benefits	90,216	9,022	1,003	100,241
Payroll Taxes	<u>49,444</u>	<u>4,944</u>	<u>549</u>	<u>54,937</u>
Total Personnel	731,243	70,390	14,202	815,835
Communications	4,261	352		4,613
Conferences, Meetings, Education and Training	160,769	3,920	252	164,941
Equipment Rental, Repairs and Maintenance		1,290		1,290
Insurance		4,620		4,620
Membership and Dues	2,680			2,680
Mileage and Travel	41,737		211	41,948
Online Store	7,480			7,480
Occupancy	55,387	11,052		66,439
Professional Services	108,231	36,265	1,200	145,696
Sponsorships and Stipends	24,517			24,517
Supplies, Postage and Printing	<u>28,209</u>	<u>4,953</u>	<u>3,551</u>	<u>36,713</u>
Total Functional Expenses	\$1,164,514	\$132,842	\$19,416	\$1,316,772

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

COALITION FOR COMPASSIONATE CARE OF CALIFORNIA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows from Operating Activities:

Net Increase(Decrease) in Net Assets	\$92,249
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:	
(Increase)decrease in accounts receivable	4,969
(Increase)decrease in inventory	7,833
(Increase)decrease in unconditional promises to give	31,531
(Increase)decrease in prepaid expense	(15,278)
Increase(decrease) in accounts payable	(39,108)
Increase(decrease) in accrued expenses	3,452
Increase(decrease) in deferred revenue	<u>145,152</u>
Net Cash Provided by Operating Activities	230,800

Cash Flows from Investing Activities:

None	<u>-0-</u>
Net Cash Provided by Investing Activities	-0-

Cash Flows from Financing Activities:

Proceeds from Note Payable	50,000
Principal payments on Notes Payable	<u>(50,000)</u>
Net Cash Provided by Financing Activities	<u>-0-</u>
Net Increase(Decrease) in Cash	230,800
Cash at the Beginning of the Year	<u>275,760</u>
Cash at the End of the Year	<u>\$506,560</u>

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

COALITION FOR COMPASSIONATE CARE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General:

The Coalition for Compassionate Care of California came into existence in 2009 to promote high quality, compassionate end-of-life care for all Californians. The Organization is primarily supported through donor contributions and grants.

B. 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.

C. Functional Expense Allocation:

The Organization allocates its expenses on a functional basis among its program and supporting services and reports these allocations on the statement of functional expenses. Expenses that can be specifically identified are allocated directly to their functional classification. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies.

D. Basis of Accounting:

The financial statements of the Organization reflect the accrual method of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions according to two classes of net assets as follows:

Without Donor Restrictions Net Assets – Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions. The Organization had with donor restrictions net assets of \$170,097 at December 31, 2017.

COALITION FOR COMPASSIONATE CARE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Income Taxes:

The Organization was incorporated as a non-profit organization under the laws of California. No income tax provision has been included in the financial statements since the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and state franchise tax under Section 2370(1)(d) of the Revenue and Taxation Code.

F. Revenue Recognition:

The Organization receives the majority of its support from non-government grants and contracts. These funds are deemed to be earned and are reported as support when the Organization has incurred expenditures in accordance with specific requirements of the grant or contract.

G. Promise to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The promise to give that is expected to be collected in future years is recorded at the present value of the estimated future cash flows. Promise to give has been discounted using rates that approximate the risk associated with the ultimate collection of the receivable. The discount is amortized using the effective yield over the expected collection period of the receivable. The present value interest rate was 5% at December 31, 2017.

H. Date of Management's Review:

Subsequent events were evaluated through February 6, 2019, which is the date the financial statements were available to be issued.

I. Cash and Cash Equivalents:

The Organization considers all cash as "cash equivalents".

COALITION FOR COMPASSIONATE CARE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to thirty years. There was no depreciation expense for the year ended December 31, 2017.

K. Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

L. Inventory

The Organization purchases inventory at cost, which includes all direct and indirect costs incurred to prepare it for sale or use.

M. Accounts Receivable

Balance consists of services that have been provided or earned through a grant or contract, but not yet received and promises to give. The balances from services are stated at the amount management expects to collect from outstanding balances.

NOTE 2 - CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains a cash balance at Five Star Bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017, the Organization's uninsured cash balances totaled \$126,510.

NOTE 3 - ECONOMIC DEPENDENCY

The Organization's ability to continue in existence is dependent upon its grant funds received from the California Healthcare Foundation.

COALITION FOR COMPASSIONATE CARE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 consist of the following:

Computer equipment	\$11,463
Accumulated depreciation	<u>(11,463)</u>
Total	\$0

NOTE 5 - LEASE COMMITMENTS

A. Real Estate – On October 22, 2015, the Organization entered into an operating lease beginning in November 2015 for thirty-six months. Rent expense for 2017 was \$66,440.

On August 30, 2018, the Organization entered into a new operating lease beginning on November 1, 2018, for six years.

The minimum lease payments required under the above operating lease as of December 31, 2017 are as follows:

<u>Year Ending December 31:</u>	
2018	\$70,328
2019	65,980
2020	67,856
2021	69,732
2022	<u>71,608</u>
Total minimum future rental payments	<u>\$345,508</u>

B. Equipment – During the year, Coalition for Compassionate Care of California leased one copy machine with an expiration date of February 28, 2019. The monthly fee is \$335. Total rental payments for the year were \$8,212.

The minimum lease payments required under the above operating lease as of December 31, 2017 are as follows:

<u>Year Ending December 31:</u>	
2018	\$4,022
2019	<u>670</u>
Total minimum future rental payments	<u>\$4,692</u>

COALITION FOR COMPASSIONATE CARE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 7 - PENSION PLAN

The Organization sponsors a safe harbor 401(k) plan covering all employees who have at least 3 months of service. The Organization makes a 3% safe harbor contribution and an optional discretionary matching contribution to the plan. The discretionary matching contribution was 4% for 2017, for a total of 7% of all participants compensation. Total expense for the year ended December 31, 2017 was \$18,251.

NOTE 8 - CONCENTRATION OF GRANTS

The Organization receives approximately 65% of its grant revenue through the California Healthcare Foundation.

NOTE 9 – NOTE PAYABLE

In December 2017, the Organization entered into a note payable in the amount of \$50,000. The note bears a fixed interest rate of 6% and matures in December 2019. The note is to be repaid over 12 months of equal payments of principal and interest.

NOTE 10 – PROMISE TO GIVE

Promise to give at December 31, 2017 consists of the following amounts:

Promise to give before adjustment to present value	\$45,000
Less discounts to net present value	<u>(2,012)</u>
Present value of promise to give	<u><u>\$42,988</u></u>

Amounts due in:

Less than one year	\$45,000
One to five years	<u>-0-</u>
	<u><u>\$45,000</u></u>

NOTE 11 – COMPENSATED ABSENCES PAYABLE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation benefits at December 31, 2017 was \$24,579.

COALITION FOR COMPASSIONATE CARE OF CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organizations financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year end	\$654,523
Less those unavailable for general expenditures within one year, due to:	
Deferred revenue from sale of meeting tickets	(17,714)
Deferred revenue from grants	(324,473)
Donor-restricted funds	<u>(170,097)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$142,239</u></u>

Coalition for Compassionate Care of California
Financial Statements
December 31, 2017

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COALITION FOR
COMPASSIONATE CARE OF CALIFORNIA

FINANCIAL STATEMENTS

DECEMBER 31, 2017

DRAFT