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METROCARE OF GREATER KANSAS CITY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2013 and 2012

METROCARE OF GREATER KANSAS CITY

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Independent Auditor's Report

To the Board of Directors
MetroCare of Greater Kansas City
Kansas City, Missouri

I have audited the accompanying financial statements of MetroCare of Greater Kansas City (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years 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 audits 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 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, 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 MetroCare of Greater Kansas City as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bruce Culley
Certified Public Accountant

Gladstone, Missouri
September 30, 2014

METROCARE OF GREATER KANSAS CITY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2013	2012
ASSETS		
Cash	$ 66,376	$ 145,744
Accounts Receivable	179,285	10,000
Fixed Assets		
Office Furniture and Equipment	3,194	3,194
Accumulated Depreciation	(2,175)	(1,719)
Total Fixed Assets	1,019	1,475
Total Assets	$ 246,680	$ 157,219
LIABILITIES		
Accounts Payable	$ 17,187	$ 22,325
Total Liabilities	17,187	22,325
NET ASSETS		
Unrestricted	87,242	98,589
Temporarily Restricted	142,251	36,305
Total Net Assets	229,493	134,894
Total Liabilities and Net Assets	$ 246,680	$ 157,219

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

METROCARE OF GREATER KANSAS CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Grants and Donations	$ 47,270	$ 556,890	$ 604,160
In-kind – Rent and Utilities	14,000	-	14,000
Miscellaneous	3,200	-	3,200
Total Support and Revenues	64,470	556,890	621,360
Released from Restrictions	450,944	(450,944)	-
Total Support and Revenues	515,414	105,946	621,360
EXPENSES			
Program Services	437,639	-	437,639
Support – Administrative	89,122	-	89,122
Total Expenses	526,761	-	526,761
Increase (Decrease) in Net Assets	(11,347)	105,946	94,599
Net Assets, Beginning of Year	98,589	36,305	134,894
Net Assets, End of Year	$ 87,242	$ 142,251	$ 229,493

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

METROCARE OF GREATER KANSAS CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Grants and Donations	$ 270,538	$ 264,504	$ 535,042
Event - Golf Tournament	42,421	-	42,421
In-kind – Rent and Utilities	14,021	-	14,021
Total Support and Revenues	326,980	264,504	591,484
Released from Restrictions	245,213	(245,213)	-
Total Support and Revenues	572,193	19,291	591,484
EXPENSES			
Program Services	490,152	-	490,152
Support – Administrative	62,439	-	62,439
Total Expenses	552,591	-	552,591
Increase (Decrease) in Net Assets	19,602	19,291	38,893
Net Assets, Beginning of Year	78,987	17,014	96,001
Net Assets, End of Year	$ 98,589	$ 36,305	$ 134,894

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

METROCARE OF GREATER KANSAS CITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program	Support Administrative	Total
Grants	$ 141,800	$ -	$ 141,800
Salary and Benefits Reimbursement to Metro Med	208,616	52,154	260,770
Software	11,855	-	11,855
Recruitment – Meetings	9,304	-	9,304
Auto, Meals and Travel	5,137	3,956	9,093
Depreciation	456	-	456
Office	2,252	9,004	11,256
Accounting and Consulting	16,830	20,570	37,400
Recruiting – Supplies	3,155	-	3,155
Sponsorships	1,133	-	1,133
Telephone	1,470	-	1,470
Miscellaneous	9,727	-	9,727
In-kind – Rent and Utilities	12,600	1,400	14,000
Other Services	4,104	-	4,104
Marketing	9,200	2,038	11,238
Total Expenses	$ 437,639	$ 89,122	$ 526,761

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

METROCARE OF GREATER KANSAS CITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program	Support Administrative	Total
Grants	$ 204,051	$ -	$ 204,051
Salary and Benefits Reimbursement to Metro Med	190,396	47,599	237,995
Recruitment – Meetings	16,931	-	16,931
Auto, Meals and Travel	8,544	949	9,493
Depreciation	984	-	984
Office	4,402	7,230	11,632
Accounting and Consulting	7,888	5,259	13,147
Recruiting – Supplies	691	-	691
Sponsorships	12,500	-	12,500
Website	378	-	378
Telephone	1,160	-	1,160
Miscellaneous	5,444	-	5,444
Computer Software	24,164	-	24,164
In-kind – Rent and Utilities	12,619	1,402	14,021
Total Expenses	$ 490,152	$ 62,439	$ 552,591

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

METROCARE OF GREATER KANSAS CITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	$ 94,599	$ 38,893
Depreciation	456	984
(Increase) Decrease in Current Assets		
Accounts Receivable	(169,285)	27,200
Increase (Decrease) in Current Liabilities		
Accounts Payable	(5,138)	6,789
Due to MetroMed	-	(633)
Net Cash Provided by Operating Activities	(79,368)	73,233
CASH FLOWS FROM INVESTMENT ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net Increase in Cash	(79,368)	73,233
Cash and Cash Equivalents, Beginning of Year	145,744	72,511
Cash and Cash Equivalents, End of Year	$ 66,376	$ 145,744

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

METROCARE OF GREATER KANSAS CITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 – ORGANIZATION DESCRIPTION

Organization

MetroCare of Greater Kansas City (the Organization) was organized on August 20, 2007, as a not-for-profit corporation. The Organization's program mission is to enhance access to health care and improve the health status of low-income, uninsured residents of Clay, Platte and Jackson counties by partnering with safety net clinics and private physicians to connect patients with donated medical services.

The Organization connects low-income, uninsured patients with doctors willing to donate their time and expertise to care for them. It is an opportunity for physicians, hospitals, other medical providers and other community agencies to provide needed care in a way that is coordinated, efficient, and more effective than any single entity could provide alone.

The Organization serves as a centralized point of entry for low-income, uninsured patients. The Organization supports the patient-centered medical home concept and ensures that all patients establish a primary care physician relationship. Patients can be referred by primary care providers to specialists if needed. Patients are assigned to specialists on a rotating basis to ensure an equal distribution of these patients among the physicians who volunteer. A similar rotating assignment protocol is used for the laboratory, imaging studies, surgeries and inpatient care needed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting and Presentation- Continued

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in FASB ASC 958 in which the Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Donated Materials and Services

Donated materials are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. Services donated to the Organization are generally philanthropic in nature. The Organization only records donated services to the extent that they create or enhance non-financial assets or that requires specialized skills, is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services from doctors and hospitals are fully explained in Note 4.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2010.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management's estimate. Administrative expenses include those expenses that are not identifiable with any other specific function but provide for the overall support and direction of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash Flows

For purposes of the statement of cash flows, the Organization considers highly liquid investments purchased with initial maturities of less than three months to be cash equivalents.

Use of Estimates

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

Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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 restrictions.

Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

In-kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase contributions revenue by a like amount. The Organization pays no rent, utilities or administrative fee for the use of the facilities. In-kind contributions for office rent, telephone and utility expense for the years ended December 31, 2013 and 2012, was $14,000 and $14,021 respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Event

Subsequent events have been evaluated through September 30, 2014, which is the date the financial statements were issued.

NOTE 3 – EXPENSE ALLOCATION

The Organization and the Metropolitan Medial Society of Greater KC (Metro Med) share staff positions and office space. The Executive Director of Metro Med contributes 30% of her time to the Organization as the Executive Director. There are three full-time employees who perform all of the referral work. There is one person who works three quarters time and another who works half time for the Organization performing recruitment services. Half of the three-quarters time salary is paid by Northland Health Care Access. All employees are leased to the Organization by Metro Med which retains all employer responsibilities.

NOTE 4 – IN KIND DONATIONS FROM PHYSICIANS AND HOSPITALS

The Organization has recruited 960 physicians who have committed to accepting referrals and treating Clay, Platte and Jackson County patients at no cost. All of their services and supplies are donated. Local hospitals have donated surgical and inpatient services to the Organization's patients. For tracking purposes, participating physicians and hospitals are asked to submit a non-payable claim to Blue Cross Blue Shield of Kansas City or to the Organization directly. The Organization tracks the procedures performed, cost of the donated physician care and cost of other donated medical services. Costs are reported as self-pay charges, as this would be the required payment from the patient if not covered by the Organization.

NOTE 4 – IN KIND DONATIONS FROM PHYSICIANS AND HOSPITALS – CONTINUED

During 2013 medical services were provided to 1,497 referrals at a value of $4,449,748. During 2012 medical services were provided to 1,409 referrals at a value of $3,271,798. The basis for recording the value of the medical services is what an individual would pay for the services at fair market value including the doctor and hospital stay.

NOTE 5 – DONOR IMPOSED RESTRICTIONS

Donors have made grants to the Organization which are temporarily restricted as follows:

	2013	2012
Net Assets restricted for the project:		
Access to Primary and Specialty Care Initiative	$ 142,251	$ 36,305
Releases from restrictions are as follows:		
Access to Primary and Specialty Care Initiative	$ 309,144	$245,213

NOTE 6 – SUBSEQUENT EVENT

Beginning January 1, 2014, MetroCare of Greater Kansas City began operating as an independent entity hiring an executive director and setting up an administrative function separate from Metropolitan Medical Society of Greater Kansas City as outlined in Note 3. The activities undertaken by the Organization will be the same as previous years.