

**SHARE OUR SELVES CORPORATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

# SHARE OUR SELVES CORPORATION

## FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Share Our Selves Corporation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Share Our Selves Corporation (SOS), which comprise the statement of financial position as of June 30, 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.

### **Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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, 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 Share Our Selves Corporation as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Share Our Selves Corporation

**Other Matters - Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016 on our consideration of SOS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SOS' internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

January 11, 2016  
Los Angeles, California

# SHARE OUR SELVES CORPORATION

## STATEMENT OF FINANCIAL POSITION

June 30, 2015

### ASSETS

#### CURRENT ASSETS:

Cash and Cash Equivalents	\$	810,886
Investments		907,641
Fee-for-Service Contracts Receivable (Net)		1,313,962
Contributions and Grants Receivable		248,332
Other Receivables		191,026
Inventories		37,614
Prepaid Expenses and Other Current Assets		68,249

**TOTAL CURRENT ASSETS** \$ 3,577,710

#### OTHER ASSETS:

Property and Equipment (Net)		3,433,354
Deposits and Other Assets		632,350

**TOTAL OTHER ASSETS** 4,065,704

**TOTAL ASSETS** \$ 7,643,414

### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES:

Accounts Payable	\$	520,989
Accrued Expenses		432,531

**TOTAL CURRENT LIABILITIES** \$ 953,520

#### OTHER LIABILITIES:

Lines of Credit		1,400,000
Deferred Rent		315,022

**TOTAL OTHER LIABILITIES** 1,715,022

**TOTAL LIABILITIES** 2,668,542

#### NET ASSETS:

##### Unrestricted:

Investment in Property and Equipment		3,433,354
General		722,579

**TOTAL UNRESTRICTED** 4,155,933

Temporarily Restricted 377,229

Permanently Restricted 441,710

**TOTAL NET ASSETS** 4,974,872

**TOTAL LIABILITIES AND NET ASSETS** \$ 7,643,414

The Accompanying Notes are an Integral Part of These Financial Statements

# SHARE OUR SELVES CORPORATION

## STATEMENT OF ACTIVITIES Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT:</b>				
Fee-for-Service (Net)	\$ 4,016,434	\$ -	\$ -	\$ 4,016,434
Government Grants	1,274,988	-	-	1,274,988
Other Grants	2,959,402	307,928	-	3,267,330
Contributions	864,888	-	2,500	867,388
Special Events (Net of Direct Donor Benefit of \$105,947)	204,463	-	-	204,463
Contributed Goods and Services	2,633,829	-	-	2,633,829
Net Assets Released from Restrictions	398,065	(398,065)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>12,352,069</b>	<b>(90,137)</b>	<b>2,500</b>	<b>12,264,432</b>
<b>EXPENSES:</b>				
Program Services	10,679,880	-	-	10,679,880
Management and General	1,061,780	-	-	1,061,780
Fundraising	417,980	-	-	417,980
<b>TOTAL EXPENSES</b>	<b>12,159,640</b>	<b>-</b>	<b>-</b>	<b>12,159,640</b>
<b>OPERATING INCOME (LOSS)</b>	<b>192,429</b>	<b>(90,137)</b>	<b>2,500</b>	<b>104,792</b>
<b>OTHER INCOME (EXPENSE):</b>				
Investment Income (Loss) (Net)	3,873	(1,528)	-	2,345
Other Income	9,228	-	-	9,228
<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>13,101</b>	<b>(1,528)</b>	<b>-</b>	<b>11,573</b>
<b>CHANGE IN NET ASSETS</b>	<b>205,530</b>	<b>(91,665)</b>	<b>2,500</b>	<b>116,365</b>
Net Assets - Beginning of Year	3,950,403	468,894	439,210	4,858,507
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,155,933</b>	<b>\$ 377,229</b>	<b>\$ 441,710</b>	<b>\$ 4,974,872</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**SHARE OUR SELVES CORPORATION**

**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2015

	Program Services				Total Program Services	Management and General	Fundraising	Total
	Social Services	Health Centers						
		Medical	Dental	Behavioral				
Salaries	\$ 493,053	\$ 3,023,759	\$ 846,341	\$ 169,385	\$ 4,532,538	\$ 627,664	\$ 231,199	\$ 5,391,401
Payroll Taxes and Benefits	88,545	617,399	153,782	32,968	892,694	103,947	44,322	1,040,963
<b>TOTAL PERSONNEL COSTS</b>	<b>581,598</b>	<b>3,641,158</b>	<b>1,000,123</b>	<b>202,353</b>	<b>5,425,232</b>	<b>731,611</b>	<b>275,521</b>	<b>6,432,364</b>
Ancillary Medical	1,428	234,727	104,326	40	340,521	15	-	340,536
Depreciation	74,180	154,267	50,331	2,238	281,016	3,152	751	284,919
EHR Maintenance and Hosting	-	142,513	-	-	142,513	-	-	142,513
Contributed Goods and Services	1,410,985	1,192,955	1,728	-	2,605,668	26,631	1,530	2,633,829
Insurance	10,450	22,720	7,549	1,657	42,376	31,876	220	74,472
Occupancy	75,716	222,857	20,338	5,047	323,958	34,074	9,739	367,771
Other Expenses	11,927	40,115	9,497	611	62,150	37,717	9,915	109,782
Outside Services	72,657	259,803	204,194	13,760	550,414	108,359	48,494	707,267
Postage and Delivery	1,195	1,461	294	42	2,992	4,437	11,921	19,350
Printing and Duplication	4,978	27,816	5,368	509	38,671	4,568	37,820	81,059
Property and Equipment	18,709	28,208	13,174	1,135	61,226	6,578	2,581	70,385
Relief and Aid	452,684	-	-	-	452,684	-	-	452,684
Security Expense	11,056	40,827	12,508	1,989	66,380	8,401	4,566	79,347
Staff Development	872	40,884	4,747	835	47,338	11,374	2,207	60,919
Supplies and Office Expense	4,979	58,532	9,144	1,791	74,446	33,313	5,827	113,586
Travel	903	37,242	3,655	744	42,544	13,174	3,036	58,754
Utilities	35,479	61,485	20,091	2,696	119,751	6,500	3,852	130,103
<b>TOTAL 2015 FUNCTIONAL EXPENSES</b>	<b>\$ 2,769,796</b>	<b>\$ 6,207,570</b>	<b>\$ 1,467,067</b>	<b>\$ 235,447</b>	<b>\$ 10,679,880</b>	<b>\$ 1,061,780</b>	<b>\$ 417,980</b>	<b>\$ 12,159,640</b>
					88%	9%	3%	100%

The Accompanying Notes are an Integral Part of These Financial Statements

# SHARE OUR SELVES CORPORATION

## STATEMENT OF CASH FLOWS Year Ended June 30, 2015

### **CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$	116,365
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation		284,919
Realized and Unrealized Losses on Investments		9,373
Contributions Restricted for Permanent Endowment		(2,500)
(Increase) Decrease in:		
Fee-for-Service Contracts Receivable (Net)		(665,384)
Contributions and Grants Receivable		574,707
Other Receivables		9,433
Inventories		(20,144)
Prepaid Expenses and Other Current Assets		(15,997)
Deposits and Other Assets		(632,350)
Increase (Decrease) in:		
Accounts Payable		227,236
Accrued Expenses		(51,993)
Deferred Rent		81,784
		<hr/>
<b><i>NET CASH USED IN OPERATING ACTIVITIES</i></b>	\$	(84,551)

### **CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of Property and Equipment		(1,034,903)
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### **CASH FLOWS FROM FINANCING ACTIVITIES:**

Contributions Restricted for Permanent Endowment		2,500
Proceeds from Lines of Credit		1,400,000
		<hr/>
<b><i>NET CASH PROVIDED BY FINANCING ACTIVITIES</i></b>		1,402,500

***NET INCREASE IN CASH AND CASH EQUIVALENTS*** 283,046

Cash and Cash Equivalents - Beginning of Year 

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 527,840

***CASH AND CASH EQUIVALENTS - END OF YEAR*** 

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 \$ 810,886

### **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash Paid During the Year for Interest 

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 \$ 7,786

The Accompanying Notes are an Integral Part of These Financial Statements

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 1 - ORGANIZATION

Share Our Selves Corporation (SOS) was founded in 1970 and incorporated in the State of California as a community-based 501(c)(3) non-profit corporation. SOS is the largest Community Health Center in Orange County to combine wrap-around social services with health care. The focus is on providing safety net services to children, adults, and seniors. SOS provides comprehensive quality healthcare at several clinical sites located in Costa Mesa, Santa Ana, Lake Forest and Newport Beach. In June 2012, SOS received designation as a Federally Qualified Health Center (FQHC). FQHCs are community-based health centers that provide high quality, comprehensive medical, dental, and behavioral health services to the Orange County Community. SOS also secured designation as the Health Care for the Homeless (HCH) Program, section 330(h) of the Public Health Service Act. The purpose of the HCH is to improve the health status and outcome of care for homeless individuals and families by improving access to primary care and substance abuse services.

SOS' mission is to provide care and assistance to those in need and act as advocates for systemic change. Its values of dignity, justice, service and excellence are translated through every service offered at SOS.

For more than 45 years, SOS has worked to make Orange County a happier, healthier and safer place for vulnerable people and families who call it home. As a nationally recognized, award-winning health center, SOS provides personalized care and assistance to more than 135,000 individuals each year. SOS offers a wide range of health and social services, and seasonal programs that focus on the persons' mind, body and spirit to ensure at-risk families and homeless neighbors have the opportunity to live well through all of life's stages. SOS' growing network of care includes centers located in the communities of highest need, in order to provide the right treatment, at the right place, and the right time. As SOS continues to grow and expand its services to assure comprehensive care is accessible to all those most at risk, it depends on its community to support its mission.

#### SOS History of Care

- 1970 - SOS founded in Costa Mesa
- 1984 - SOS free Medical Clinic opens
- 1987 - SOS free Dental Clinic opens
- 1993 - SOS full-service Medication Dispensary opens
- 2005 - SOS integrated Behavioral Health services begin
- 2010 - SOS opens SOS-El Sol Wellness Center at El Sol Science and Arts Academy in Santa Ana
- 2012 - SOS opens SOS and PEACE Center Health Clinic in Lake Forest
- 2012 - SOS receives nationally recognized Federally Qualified Health Center (FQHC) designation
- 2014 - SOS Children & Family Health Center in Newport Beach opens
- 2015 - SOS achieves Patient Centered Medical Home Status (PCMH), Level III – recognition as a model of primary care that combines teamwork, information technology to improve care, improve patients' experience, and reduce cost

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 1 - ORGANIZATION (continued)

#### **SOS Social Services - Safety Net of Care**

SOS Comprehensive Social Services Center and Food Pantry are located on its flagship Costa Mesa location and offer anyone in need with immediate and direct access to critical safety net services including food, financial aid, benefits enrollment, utilities assistance, case management, patient and client navigation, referrals, education, free legal assistance and tax preparation, homeless services, and much more.

#### **SOS Seasonal Programs**

- SOS Adopt A Family Christmas Program - In 2015, the 46<sup>th</sup> Annual Adopt A Family event distributed thousands of Christmas toys, gifts and needed household items to 1,559 families (4,904 children), identified by the local school district and community partners, in greatest need.
- SOS Thanksgiving Food Distribution Program - With food drive assistance from local businesses, schools and individuals, SOS was able to offer 1,354 families in 2015 with the ingredients they needed to prepare this important holiday meal.
- SOS School Readiness Program - In partnership with OC Fair & Event Center's *We Care Wednesday Program*, in 2015 SOS packed and distributed over 4,000 new backpacks, filled with school supplies, to its most vulnerable student populations, helping them to be prepared and excited for the new school year.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **(a) BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **(b) ACCOUNTING**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of SOS are maintained in accordance with the principles of net assets 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 Investment in Property and Equipment.** This represents the investment in property and equipment, net of accumulated depreciation, and net of the related debts secured by the property and equipment. SOS has unrestricted investment in property and equipment net assets of \$3,433,354 at June 30, 2015.
- **Unrestricted General.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) ACCOUNTING (continued)

- **Temporarily Restricted.** SOS reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated 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 purpose or time restrictions. SOS has temporarily restricted net assets of \$377,229 at June 30, 2015.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit SOS to expend all of the income (or other economic benefits) derived from the donated assets. SOS has permanently restricted net assets of \$441,710 at June 30, 2015.

#### (c) 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. Accordingly, actual results could differ from those estimates.

#### (d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash equivalents approximates its fair value at June 30, 2015.

#### (e) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(f) ACCOUNTS AND OTHER RECEIVABLES**

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts if any, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2015, SOS evaluated the collectability of receivables and determined that no allowance for doubtful accounts was necessary.

#### **(g) CONTRIBUTIONS AND GRANTS RECEIVABLE**

Unconditional contributions, including grants recorded at estimated fair value, are recognized as revenues when the grant is received. SOS reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. Contributions and grants receivable at June 30, 2015 are due in their entirety within one year. SOS evaluated the collectability of contributions and grants receivable at June 30, 2015 and determined that no allowance for doubtful accounts was needed.

#### **(h) INVENTORIES**

Inventories of medical supplies, pharmaceuticals, and gift cards are stated at the lower of cost (first-in, first-out) or market. Contributed pharmaceuticals are valued at their estimated cost at the time of their contribution.

#### **(i) PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost at the date of acquisition if purchased or at estimated fair value at the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings	30 Years
Building Improvements	15 Years
Leasehold Improvements	10 Years
Vehicles	10 Years
Medical/Dental Equipment	3-10 Years
Computer Equipment	5 Years
Computer Software	5-10 Years
Office Equipment	5 Years
Furniture and Fixtures	10 Years

Expenditures for repairs and maintenance are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year.

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(j) LONG-LIVED ASSETS**

SOS evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated realizable value. During the year ended June 30, 2015, no impairment loss was recognized.

#### **(k) INCOME TAXES**

SOS is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and corresponding state provisions.

#### **(l) DEFERRED RENT**

SOS entered into a sublease in December 2013 which commenced in August 2014. This lease includes an allowance for tenant improvements. The deferred rent is amortized over the life of the lease, which is ten years, using the straight-line method.

In addition, SOS recognizes rent holidays and escalating rent provisions on a straight-line basis over the terms of the leases.

#### **(m) NET FEE-FOR-SERVICE AND OTHER CONTRACT REVENUE AND SUPPORT**

Net fee-for-service and other contract revenue and support are reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered. Net fee-for-service and other contract revenue and support revenue also includes estimated retroactive adjustments under reimbursement agreements with third party payors. SOS has agreements with third-party payors that provide for payments to SOS at amounts different from its established rates. Payment arrangements include prospectively determined rates per service, reimbursed costs, discounted charges, and per diem payments. Retroactive adjustments are accrued on an estimated basis in the period the services are rendered and adjusted in future periods, as final settlements are determined. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Estimated third-party payor settlement amounts included in the accompanying statement of financial position approximates fair value.

Payment agreements have been established with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Premiums are due monthly (calculated on a prospectively determined capitated rate) and are recognized as revenue during the period in which SOS is obligated to provide services to its members.

Revenue from cost-reimbursable grants and contracts is recorded to the extent of expenses incurred applicable to the grant or contract. Any difference between expenses incurred and the total funds received (not to exceed the grant or contract maximum) is recorded as a receivable or a contract advance liability, whichever is applicable. Revenue from other grants is recognized on an accrual basis as earned according to the provisions of the grant.

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(n) CONTRIBUTED GOODS AND SERVICES**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. SOS recognized contributed goods and supplies valued at \$1,379,201 and contributed laboratory and other services valued at \$1,254,628, which are included in revenue and support for the year ended June 30, 2015.

A substantial number of volunteers have donated significant amounts of their time to SOS. The services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

#### **(o) ELECTRONIC HEALTH RECORDS INCENTIVE PROGRAM**

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medi-Cal programs to eligible health centers that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medi-Cal program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medi-Cal Services. Payment under both programs are contingent on the health center continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

SOS recognizes incentive revenue over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

#### **(p) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing SOS' 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 by a method that best measures the relative degree of benefit.

#### **(q) CONCENTRATION OF RISK**

SOS maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. SOS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) SUBSEQUENT EVENTS

SOS has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2015 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through January 11, 2016, the date these financial statements were available to be issued. Except as disclosed in Note 11, no such other material events or transactions were noted to have occurred.

### NOTE 3 - INVESTMENTS

At June 30, 2015, investments consist of the following:

Fixed Income Securities	\$ 905,702
Equity Securities	<u>1,939</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 907,641</u></b>

Net investment income for the year ended June 30, 2015 consists of the following:

Interest and Dividend Income	\$ 11,718
Net Realized and Unrealized Losses	<u>(9,373)</u>
<b>INVESTMENT INCOME (NET)</b>	<b><u>\$ 2,345</u></b>

### NOTE 4 - FAIR VALUE MEASUREMENTS

SOS has implemented the accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

The following table presents information about SOS' assets that are measured at fair value on a recurring basis at June 30, 2015 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2015	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities	\$ 905,702	\$ 905,702	\$ -	\$ -
Equity Securities	1,939	1,939	-	-
<b><i>TOTAL INVESTMENTS</i></b>	<b><i>\$ 907,641</i></b>	<b><i>\$ 907,641</i></b>	<b><i>\$ -</i></b>	<b><i>\$ -</i></b>

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

SOS recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 generally relate to whether a market becomes active or inactive. During the year ended June 30, 2015, there were no transfers between Level 1 and Level 2. Transfers between Level 2 and 3 investments relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels for the year ended June 30, 2015.

### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2015:

Land	\$ 900,000
Buildings	836,884
Buildings and Improvements	1,637,886
Leasehold Improvements	839,706
Vehicles	49,198
Medical/Dental Equipment	423,621
Computer Equipment	204,144
Computer Software	169,472
Office Equipment	183,441
Furniture and Fixtures	178,684
<b><i>TOTAL</i></b>	<b><i>5,423,036</i></b>
Less: Accumulated Depreciation	<b><i>(1,989,682)</i></b>
<b><i>TOTAL PROPERTY AND EQUIPMENT (NET)</i></b>	<b><i>\$ 3,433,354</i></b>

Depreciation expense for the year ended June 30, 2015 was \$284,919.

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 6 - LINES OF CREDIT

In April 2014, SOS entered into a line of credit agreement with a local healthcare system. The agreement provides for advances up to \$1,000,000 for the benefit of the clinics located in Santa Ana and Costa Mesa, California. The line of credit matures in April 2019. Interest accrues at a rate of 2.17% per annum. The line of credit is secured by certain assets of SOS. At June 30, 2015, \$600,000 was owed under this line of credit.

In October 2014, SOS entered into a line of credit agreement with a local hospital. The agreement provides for advances up to \$800,000 for the benefit of the clinics located in Santa Ana and Costa Mesa, California. The line of credit matures in December 2017. Interest accrues at a rate of 4.5% per annum. The line of credit is secured by certain assets of SOS. At June 30, 2015, \$800,000 was owed under this line of credit.

The lines of credit contain various covenants.

### NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 are as follows:

Community Health Center	\$	153,802
Social Services		175,491
Endowment*		<u>47,936</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$</b>	<b><u>377,229</u></b>

Net asset balance indicated with an asterisk comprised the temporarily restricted endowment assets described in Note 8.

### NOTE 8 - ENDOWMENTS

SOS' endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts and bequests to either provide a permanent endowment, which is to provide a permanent source of income to SOS, or a term endowment, which is to provide income for a specific period to SOS.

The Board has interpreted California's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SOS classifies as permanently restricted net assets the amount originally distributed to the endowment of \$441,710. The donor-imposed restrictions on certain endowment funds allow for the use of corpus if needed; accordingly, these endowment funds are classified as temporarily restricted net assets. Those endowment funds and the related earnings remain classified as temporarily restricted net assets until those amounts are appropriated for expenditure by SOS in a manner consistent with the standard of prudence prescribed by UPMIFA or policies established consistent with donor direction.

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 8 - ENDOWMENTS (continued)

SOS has adopted an endowment investment policy, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long term. The investment policy establishes an achievable return objective through diversification of asset classes. The objective is to grow the aggregate portfolio value, net of spending, at the rate of inflation over the investment horizon. Actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, SOS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SOS targets a diversified asset allocation that places an emphasis on equity investments and fixed income securities to achieve its long-term rate of return objectives within prudent risk parameters.

The Board has adopted a spending policy that provides for the lesser of the income earned or 5% of the average corpus balance during that 12-month period. In any given year if total returns, including ordinary income and realized gains, are less than the target annual distribution, the distribution may be made from previously accumulated realized income and gains. Additionally, the Board may authorize distributions beyond this amount if deemed prudent and lawful.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may temporarily fall below the level that the donor or UPMIFA requires SOS to retain as a fund of perpetual duration.

**Endowment Net Asset  
Composition by Type of Fund  
at June 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	\$ -	\$ 47,936	\$ 441,710	\$ 489,646

**Changes in Endowment Net  
Assets for the Year Ended  
June 30, 2015**

Endowment Net Assets -				
Beginning of Year	\$ -	\$ 49,464	\$ 439,210	\$ 488,674
Contributions	-	-	2,500	2,500
Investment Loss	-	(1,528)	-	(1,528)
Board Releases per Spending Policy	-	-	-	-

***ENDOWMENT NET ASSETS -  
END OF YEAR***

	\$ -	\$ 47,936	\$ 441,710	\$ 489,646
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### NOTE 9 - RETIREMENT PLAN

SOS has a 403(b) tax deferred annuity plan which covers substantially all employees of SOS. Total discretionary plan contributions made by SOS for the year ended June 30, 2015 were \$26,012.

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 10 - COMMITMENTS AND CONTINGENCIES

#### (a) OPERATING LEASES

SOS leases equipment and clinic facilities under non-cancelable lease agreements expiring at various dates through July 2024. Future minimum payments under the operating leases are as follows:

#### Years Ending June 30

2016	\$	421,430
2017		347,289
2018		297,948
2019		288,049
2020		246,858
Thereafter		<u>626,783</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>2,228,357</u></b>

Rent expense under operating leases for the year ended June 30, 2015 was \$297,324.

#### (b) GOVERNMENT GRANTS AND CONTRACTS

SOS has received local, state and federal funds for specific purposes that are subject to review and audit by the contracting agencies. Various state and federal agencies have initiated investigations, which are in various stages of discovery, relating to reimbursement, billing practices and other matters of SOS. There can be no assurance that regulatory authorities will not challenge SOS' compliance with these laws and regulations, and it is not possible to determine the impact, if any, such claims or penalties would have on SOS. As a result, there is a reasonable possibility that recorded amounts will change by a material amount in the near term. To foster compliance with applicable laws and regulations, SOS maintains a compliance program designed to detect and correct potential violations of laws and regulations related to its programs.

#### (c) MEDICAL MALPRACTICE CLAIMS

Effective February 5, 2015, the U.S. Department of Health and Human Services has deemed SOS and its practicing providers covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental and related functions.

SOS purchases primary and excess liability malpractice insurance under claims-made policies. Adjustments of estimated to actual expense, if any, after the policy terms, are included in the period such adjustments are determined.

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon SOS' claim experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

# SHARE OUR SELVES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

#### (d) LITIGATION

In the ordinary course of doing business, SOS may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against SOS which, from time to time, may have an impact on changes in net assets. SOS does not believe that these proceedings, individually or in the aggregate, are material effect on the accompanying financial statements.

### NOTE 11 - SUBSEQUENT EVENTS

In July 2015, SOS opened the new SOS-El Sol Wellness Center, a brand new facility which has doors to both the El Sol campus and the Santa Ana community.

In January 2016, in partnership with Orangewood Foundation, SOS Health Center at the Samueli Academy (school-site clinic) opened in Santa Ana. The beautiful new health center, located on the Samueli Academy campus offers services which include primary medical care for adults and children, sports physicals and a direct link to the services available at the other SOS health centers.

In January 2016, SOS Dr. Robert and Dorothy Beauchamp Children and Family Dental Center will be opened in Newport Beach. The dental center provides general and specialty dental services for children and their families, providing seamless access to their medical and dental providers in one location.

**SHARE OUR SELVES CORPORATION**  
SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2015

**SHARE OUR SELVES CORPORATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2015

<b>FEDERAL AWARDS</b>	Contract Number	Federal CFDA Number	Program Expenditures from Governmental Revenue
Agency - Program Grant Title	<hr/>		
<b>MAJOR AWARDS</b>			
U.S. Department of Health and Human Services Health Resources and Services Administration Health Center Cluster	H80CS24199	93.224	<u>\$ 1,081,743</u>
<b>TOTAL MAJOR AWARDS</b>			<u>1,081,743</u>
<b>NON-MAJOR AWARDS</b>			
U.S. Department of Health and Human Services Health Resources and Services Administration Children's Oral Healthcare Access Program	H47MC23169	93.110	162,195
U.S. Department of Homeland Security Passed through from the Orange County EFSP Board Emergency Food and Shelter Program Phase 32 Funds	078600-025	97.024	<u>31,050</u>
<b>TOTAL NON-MAJOR AWARDS</b>			<u>193,245</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 1,274,988</u></u>

**Summary of Significant Accounting Policies:**

1. Basis of Accounting - The Schedule of Expenditures of Federal Awards has been reported on the accrual basis of accounting.
2. SOS is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.

See Independent Auditor's Report