

**ROCKY MOUNTAIN RURAL HEALTH, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2014 and 2013**

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**JOHN CUTLER  
& ASSOCIATES**

Board of Directors  
Rocky Mountain Rural Health, Inc.  
Fairplay, Colorado

**Independent Auditors' Report**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Rocky Mountain Rural Health, Inc., which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities, 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 the 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Rocky Mountain Rural Health, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*John Cutler & Associates, LLC*

May 27, 2015

ROCKY MOUNTAIN RURAL HEALTH, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 168,020	\$ 165,231
Accounts Receivable	9,112	-
	<u>177,132</u>	<u>165,231</u>
Total Current Assets		
<b>Property and Equipment,</b>		
Improvements/ Infrastructure	574,077	574,077
Equipment	65,533	61,909
Less: Accumulated Depreciation	<u>(268,090)</u>	<u>(223,161)</u>
Property and Equipment, Net	<u>371,520</u>	<u>412,825</u>
<b>TOTAL ASSETS</b>	<u>\$ 548,652</u>	<u>\$ 578,056</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable	<u>\$ 355</u>	<u>\$ 1,607</u>
<b>NET ASSETS</b>		
Unrestricted	499,324	556,643
Temporarily Restricted	<u>48,972</u>	<u>19,806</u>
Total Net Assets	<u>548,297</u>	<u>576,449</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 548,652</u>	<u>\$ 578,056</u>

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

ROCKY MOUNTAIN RURAL HEALTH, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 40,877	\$ -	\$ 40,877
Grants	3,700	129,980	133,680
Interest Income	282	-	282
Other Income	15,572	-	15,572
Net Assets Released from Restrictions	<u>100,814</u>	<u>(100,814)</u>	<u>-</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>161,244</u>	<u>29,166</u>	<u>190,410</u>
<b>EXPENSES</b>			
<b>Program Services</b>			
Clinic Expenses	<u>68,598</u>	<u>-</u>	<u>68,598</u>
Total Program Services	<u>68,598</u>	<u>-</u>	<u>68,598</u>
<b>Supporting Services</b>			
General and Administrative	144,468	-	144,468
Fundraising	<u>5,497</u>	<u>-</u>	<u>5,497</u>
Total Supporting Services	<u>149,965</u>	<u>-</u>	<u>149,965</u>
<b>TOTAL EXPENSES</b>	<u>218,563</u>	<u>-</u>	<u>218,563</u>
<b>CHANGE IN NET ASSETS</b>	(57,319)	29,166	(28,152)
<b>NET ASSETS, Beginning</b>	<u>556,643</u>	<u>19,806</u>	<u>576,449</u>
<b>NET ASSETS, Ending</b>	<u>\$ 499,324</u>	<u>\$ 48,972</u>	<u>\$ 548,297</u>

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

ROCKY MOUNTAIN RURAL HEALTH, INC.

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 29,900	\$ -	\$ 29,900
Grants	44,179	33,436	77,615
Interest Income	279	-	279
Other Income	11,701	-	11,701
Net Assets Released from Restrictions	<u>103,845</u>	<u>(103,845)</u>	<u>-</u>
 <b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	 <u>189,904</u>	 <u>(70,409)</u>	 <u>119,495</u>
 <b>EXPENSES</b>			
<b>Program Services</b>			
Clinic Expenses	<u>110,501</u>	<u>-</u>	<u>110,501</u>
Total Program Services	<u>110,501</u>	<u>-</u>	<u>110,501</u>
 <b>Supporting Services</b>			
General and Administrative	114,655	-	114,655
Fundraising	<u>6,613</u>	<u>-</u>	<u>6,613</u>
Total Supporting Services	<u>121,268</u>	<u>-</u>	<u>121,268</u>
 <b>TOTAL EXPENSES</b>	 <u>231,769</u>	 <u>-</u>	 <u>231,769</u>
 <b>CHANGE IN NET ASSETS</b>	 (41,865)	 (70,409)	 (112,274)
 <b>NET ASSETS, Beginning</b>	 <u>598,508</u>	 <u>90,215</u>	 <u>688,723</u>
 <b>NET ASSETS, Ending</b>	 <u>\$ 556,643</u>	 <u>\$ 19,806</u>	 <u>\$ 576,449</u>

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

ROCKY MOUNTAIN RURAL HEALTH, INC.

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (28,152)	\$ (112,274)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	44,929	44,204
Decrease (Increase) in Accounts Receivable	(9,112)	-
Increase (Decrease) in Accounts Payable	<u>(1,252)</u>	<u>1,607</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>6,413</u>	<u>(66,463)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	<u>(3,624)</u>	<u>(600)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(3,624)</u>	<u>(600)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	2,789	(67,063)
<b>CASH, Beginning</b>	<u>165,231</u>	<u>232,294</u>
<b>CASH, Ending</b>	<u>\$ 168,020</u>	<u>\$ 165,231</u>

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

ROCKY MOUNTAIN RURAL HEALTH, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – Rocky Mountain Rural Health, Inc. (the “Organization”) is a Colorado nonprofit corporation which was incorporated in 1989. The Organization’s purpose is to provide access to health care to the people of South Park through special programs and financial assistance.

Basis of Reporting – The Organization’s financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation – The Organization reports its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization does not have any permanently restricted net assets as of December 31, 2014 and 2013.

Cash and Cash Equivalents – For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment – Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is recorded using the straight line method over their estimated useful lives. The Organization capitalizes all property and equipment with a useful life of more than one year. If donors stipulate the use of property and equipment, it is recorded as restricted. The Organization is depreciating the Improvements/Infrastructure over 15 years and equipment over 5 to 15 years.

Contributions – Contributions received as well as collectible unconditional promises to give are recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Temporary restricted net assets are reclassified to unrestricted net assets when the donor restriction is satisfied. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status – The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events – Potential subsequent events were considered through May 27, 2015. It was determined an event was required to be disclosed through this date.



ROCKY MOUNTAIN RURAL HEALTH, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Estimates – Preparation of the Organization’s financial statements in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2: TEMPORARILY RESTRICTED NET ASSETS**

The Organization’s temporarily restricted net assets are restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
Community Health Partnership	\$ 31,834	\$ -
Colorado Health Foundation	10,141	-
Brown Family Foundation	4,401	2,910
Susan G. Komen Grant	1,108	7,499
Colorado Trust	488	1,007
El Pomar	-	7,390
CSU Global Campus	<u>1,000</u>	<u>1,000</u>
Total	<u>\$ 48,972</u>	<u>\$ 19,806</u>

**NOTE 3: NET ASSETS RELEASED FROM RESTRICTIONS**

During the year ended December 31, 2014 and 2013, temporarily restricted net assets of \$100,814 and \$103,845 were released from restriction because of the satisfaction of the donor requirements.

**NOTE 4: COMMITMENTS**

The Organization has entered into an operating lease for its building from the Town of Fairplay. This lease requires an annual payment of \$10 for the next ten years. After the expiration of the lease, the building will be deeded to the Organization by the Town.

ROCKY MOUNTAIN RURAL HEALTH, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 5: SUBSEQUENT EVENT**

In 2006, the Town of Fairplay purchased a building with the proceeds of a DOLA grant. The conditions of the grant included designating the Organization to renovate the building and oversee a health care clinic. In 2014, the clinic closed due to the lessee terminating their contract. The Organization was unable to find a new medical provider. The building use reverted back the Town of Fairplay due to the condition of the grant not being met. In December, 2014, a new lease agreement was signed with the Town and beginning January 1, 2015, the Organization is leasing 1,000 square feet of the building for the next 10 years, with the lease terminating in December 2024.