

**CORNER HEALTH CENTER**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**BOISVENU & COMPANY, P.C.**  
**Certified Public Accountants**  
**Bingham Farms, Michigan**

CORNER HEALTH CENTER

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Corner Health Center

We have audited the accompanying financial statements of Corner Health Center (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, 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. 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 organization'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 organization'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 Corner Health Center as of September 30, 2018, 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.

*Boisvenu & Company, P.C.*

April 15, 2019

CORNER HEALTH CENTER

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 638,052	\$ 191,554	\$ 4,184	\$ 833,790
Accounts and pledges receivable	171,860	175,319	-	347,179
Supplies	16,966	-	-	16,966
Prepaid expenses	<u>11,904</u>	<u>-</u>	<u>-</u>	<u>11,904</u>
Total Current Assets	<u>838,782</u>	<u>366,873</u>	<u>4,184</u>	<u>1,209,839</u>
Non-current Assets				
Pledges receivable - net of current portion	-	97,000	-	97,000
Investments	1,656,496	-	41,628	1,698,124
Property and equipment - net	<u>965,713</u>	<u>-</u>	<u>-</u>	<u>965,713</u>
Total Non-current Assets	<u>2,622,209</u>	<u>97,000</u>	<u>41,628</u>	<u>2,760,837</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,460,991</u>	<u>\$ 463,873</u>	<u>\$ 45,812</u>	<u>\$ 3,970,676</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Accounts payable	\$ 79,941	\$ -	\$ -	\$ 79,941
Accrued salaries and payroll taxes	63,755	-	-	63,755
Deferred revenue	<u>5,585</u>	<u>-</u>	<u>-</u>	<u>5,585</u>
Total Liabilities	<u>149,281</u>	<u>-</u>	<u>-</u>	<u>149,281</u>
Net Assets				
Unrestricted	3,311,710	-	-	3,311,710
Temporarily restricted	-	463,873	-	463,873
Permanently restricted	<u>-</u>	<u>-</u>	<u>45,812</u>	<u>45,812</u>
Total Net Assets	<u>3,311,710</u>	<u>463,873</u>	<u>45,812</u>	<u>3,821,395</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,460,991</u>	<u>\$ 463,873</u>	<u>\$ 45,812</u>	<u>\$ 3,970,676</u>

See accompanying notes to the financial statements.

CORNER HEALTH CENTER  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT</b>				
Government agency contracts	\$ 338,000	\$ 19,500	\$ -	\$ 357,500
Contributions and assistance	365,791	973,266	-	1,339,057
In-kind donations	350,687	-	-	350,687
Patient and third party fees	519,513	-	-	519,513
Investment and other income	<u>136,400</u>	<u>-</u>	<u>-</u>	<u>136,400</u>
	1,710,391	992,766	-	2,703,157
Net assets released from restrictions	<u>777,307</u>	<u>(777,307)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>2,487,698</u>	<u>215,459</u>	<u>-</u>	<u>2,703,157</u>
<b>EXPENSES</b>				
Program services				
Clinical health care	1,939,858	-	-	1,939,858
Theatre troupe	73,055	-	-	73,055
Education and outreach	<u>250,031</u>	<u>-</u>	<u>-</u>	<u>250,031</u>
Total Program Services	<u>2,262,944</u>	<u>-</u>	<u>-</u>	<u>2,262,944</u>
Supporting Services				
Management and general	174,127	-	-	174,127
Fund raising	<u>106,393</u>	<u>-</u>	<u>-</u>	<u>106,393</u>
Total Supporting Services	<u>280,520</u>	<u>-</u>	<u>-</u>	<u>280,520</u>
<b>TOTAL EXPENSES</b>	<u>2,543,464</u>	<u>-</u>	<u>-</u>	<u>2,543,464</u>
<b>CHANGE IN NET ASSETS</b>	<u>(55,766)</u>	<u>215,459</u>	<u>-</u>	<u>159,693</u>
NET ASSETS, beginning of year	<u>3,367,476</u>	<u>248,414</u>	<u>45,812</u>	<u>3,661,702</u>
NET ASSETS, end of year	<u>\$ 3,311,710</u>	<u>\$ 463,873</u>	<u>\$ 45,812</u>	<u>\$ 3,821,395</u>

See accompanying notes to the financial statements.

CORNER HEALTH CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2018

	Clinical Health Care	Theatre Troupe	Education and Outreach	Total Program Services	Management and General	Fund Raising	Total
Salaries	\$ 871,448	\$ 44,370	\$ 77,371	\$ 993,189	\$ 88,762	\$ 60,940	\$ 1,142,891
Payroll taxes	75,819	3,860	6,732	86,411	7,723	5,302	99,436
Employee benefits	68,152	3,470	6,050	77,672	6,942	4,766	89,380
Contractual fees	101,317	3,149	139,019	243,485	45,191	11,953	300,629
Occupancy, utilities and maintenance	59,270	2,325	3,159	64,754	5,413	3,708	73,875
Office phone, equipment and software	32,445	1,652	2,880	36,977	3,305	2,269	42,551
Medical supplies and lab fees	204,900	-	-	204,900	-	-	204,900
Program activities and materials	29,524	1,504	2,621	33,649	-	-	33,649
Office supplies, dues and fees	29,406	1,497	2,611	33,514	2,995	2,057	38,566
Marketing, promotion and advertising	14,855	5,081	1,563	21,499	120	7,651	29,270
Meetings, conferences and travel	11,242	2,384	2,573	16,199	5,202	1,939	23,340
Insurance	30,071	1,381	2,216	33,668	2,928	2,009	38,605
In-kind costs	350,687	-	-	350,687	-	-	350,687
Total Functional Expenses Before Depreciation	1,879,136	70,673	246,795	2,196,604	168,581	102,594	2,467,779
Depreciation	60,722	2,382	3,236	66,340	5,546	3,799	75,685
Total Functional Expenses	<u>\$ 1,939,858</u>	<u>\$ 73,055</u>	<u>\$ 250,031</u>	<u>\$ 2,262,944</u>	<u>\$ 174,127</u>	<u>\$ 106,393</u>	<u>\$ 2,543,464</u>

See accompanying notes to the financial statements.

CORNER HEALTH CENTER  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2018

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 159,693
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	75,685
Net realized and unrealized gain on investments	(71,793)
(Increase) decrease in operating assets	
Accounts and pledges receivable	(150,003)
Supplies	(1,886)
Prepaid expenses	10,490
Increase (decrease) in operating liabilities	
Accounts payable	(14,597)
Accrued salaries and payroll taxes	5,610
Deferred revenue	<u>(428,649)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(415,450)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(1,182,437)
Proceeds from sale of investments	<u>1,158,760</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(23,677)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(439,127)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,272,917</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 833,790</u></u>

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See accompanying notes to the financial statements.



## CORNER HEALTH CENTER

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization

Corner Health Center (the Organization) is a Michigan nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation.

The Organization's program and supporting services are as follows:

##### Program Services

The Organization is a community healthcare provider. Services are designed to meet the unique health care needs of persons between the ages of 12 and 25 and their children, in southeast Michigan. The Organization derives its revenue from government grants and contracts, service fees, United Way allocations, foundation grants and contributions.

- *Clinical health care* – The Organization provides primary care including physicals, immunizations, general medical care, prenatal and postpartum care, gynecological care, pediatric care, mental and behavioral health services, HIV testing and counseling, nutrition education and counseling.
- *Theatre troupe* – The Organization provides interactive peer education using theatre and workshops on HIV, sexually transmitted diseases, smoking, dating safety, and substance abuse prevention. The troupe is composed of young actors performing in schools and other community agencies.
- *Education and outreach* – The Organization provides education and outreach services to young people to link them to health care, reduce risk behavior, promote healthy behaviors and learn to take responsibility for their health and well-being.

##### Management and General

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization's programs, and manage the financial and budgeting responsibilities of the Organization.

##### Fund Raising

This provides the structure necessary to encourage and secure support from individuals, foundations and government agencies.

## CORNER HEALTH CENTER

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements*. Under ASC 958-205, 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.

Unrestricted Net Assets – net assets that are not subject to “donor-imposed” time or purpose restrictions.

Temporarily Restricted Net Assets – net assets subject to “donor-imposed” restrictions that may or will be met by actions of the Organization and/or the passage of time. Restrictions that expire with the passage of time or can be removed by accomplishing certain requirements are classified as temporarily restricted net assets.

Permanently Restricted Net Assets – net assets subject to “donor-imposed” restrictions that they be maintained in perpetuity. Restrictions that require an asset be invested and only allow the income to be used are classified as permanently restricted net assets.

Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

##### Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value.

## CORNER HEALTH CENTER

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Accounts and Pledges Receivable

The Organization considers accounts and pledges receivable to be fully collectible at September 30, 2018; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

##### Investments

Investments are recorded at fair market value, or for gifts of investment securities, market value at the date of the gift. Gains or losses on the disposition of investments are determined on the average cost basis. Investment income and realized and unrealized gains are reported in the statements of financial position and activities as increases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or law. Investment losses reduce temporarily restricted net assets only to the extent that donor imposed restrictions on net appreciation of the fund have not been met (or used) before the loss occurs. Any remaining losses are reported as decreases in unrestricted net assets.

##### Supplies

Supplies consists of medical supplies valued at the lower of cost or market.

##### Property and Equipment

Property and equipment are carried at cost or, if donated, at fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful life of 7 to 31.5 years. The Organization's policy is to capitalize acquisitions of \$5,000 or more. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

##### Revenue and Support

Revenue from grant awards under expense reimbursement programs is recognized in the period during which the related expenses are incurred. In cases where expenses are incurred in advance of receiving the grant, revenue and accounts receivable are recorded in the period during which the expenses are incurred. In cases where grants are received in advance of incurring the expenses, deferred revenue is recorded in the period during which the advance is received and recognized as income when the related expenses are incurred.

## CORNER HEALTH CENTER

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Revenue and Support (continued)

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

The Organization reports gifts of cash and other assets as 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 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.

The Organization reports gifts of property and equipment as unrestricted support unless 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 explicit donor stipulations about 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.

The Organization receives donated services, facilities and supplies from various organizations and individuals in order to accomplish its program objectives. Contributions of donated services that create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

##### Functional Classification of Expenses

Direct expenses, which can be clearly defined as incurred for a specific program, are charged to that program. The Organization allocates common expenses to program and supporting services based on time studies by management.

##### Tax Positions

The Organization is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to September 30, 2011.

## CORNER HEALTH CENTER

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Fair Value Disclosure

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts and pledges receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

#### 2. FAIR VALUE MEASUREMENTS

Various inputs may be used in determining the fair value of the Organization's assets and liabilities measured on a recurring basis. These inputs are market-based measurements based on and determined by the assumptions that market participants would use in pricing an asset or a liability and are summarized into three levels:

Level (1): Inputs to the valuation methodology are quoted prices for identical assets in active markets.

Level (2): Inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the asset, either directly or indirectly.

Level (3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement (including the Organization's own assumptions in determining the fair value of an asset or a liability).

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about projections market participants would use in developing a price that would be received to sell an asset or paid to transfer a liability based on the best information available in the circumstances. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

CORNER HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the Organization's inputs used to determine their values on September 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pledges receivable	\$ -	\$ -	\$ 272,319
Investments	<u>693,755</u>	<u>1,004,369</u>	<u>-</u>
	<u>\$ 693,755</u>	<u>\$ 1,004,369</u>	<u>\$ 272,319</u>

Changes in assets measured on a recurring basis using significant unobservable inputs (Level 3 inputs):

Beginning balance at September 30, 2017	\$ 151,004
Change in present value	3,840
Increase in pledges receivable	169,875
Payments received	<u>(52,400)</u>
	<u>\$ 272,319</u>

3. PLEDGES RECEIVABLE

Unconditional promises are recognized as receivables and as revenues in the period in which the Organization is notified by the donor of the commitment to make a contribution. Conditional promises are recognized when the conditions on which they depend are substantially met.

The recognized discount of the pledges receivable in one to three years is approximately \$5,156.

Pledges receivable due for the years ending September 30:

2019	\$ 175,319
2020	57,000
2021	<u>40,000</u>
	<u>\$ 272,319</u>

CORNER HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS

Investments are recorded at fair market value and consist of the following at September 30, 2018:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity securities	\$ 581,760	\$ 693,755	\$ 111,995
Debt securities	515,254	501,114	(14,140)
Certificates of Deposit	<u>502,851</u>	<u>503,255</u>	<u>404</u>
	<u>\$ 1,599,865</u>	<u>\$ 1,698,124</u>	<u>\$ 98,259</u>

Equity securities and debt securities include money market funds of \$11,377 and \$4,235, respectively.

5. PROPERTY AND EQUIPMENT

At September 30, 2018, property and equipment consist of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Land	\$ 36,400	\$ -	\$ -	\$ 36,400
Buildings	376,580	-	-	376,580
Capital improvements	1,638,199	-	-	1,638,199
Office equipment	<u>133,754</u>	<u>-</u>	<u>-</u>	<u>133,754</u>
	<u>\$ 2,184,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,184,933</u>
Less accumulated depreciation				<u>1,219,220</u>
				<u>\$ 965,713</u>

CORNER HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

6. TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2018, temporarily restricted net assets consist of cash and pledges receivable and are available for the following:

Time and purpose restriction	
Pledges receivable	\$ 173,274
Purpose restriction	
Clinical health care	159,726
Building campaign	97,410
Education and outreach	23,463
Theatre troupe	<u>10,000</u>
	<u>\$ 463,873</u>

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year are as follows:

Purpose restriction accomplished	
Time restricted	\$ 76,343
Time and purpose restriction met	
Clinical health care	592,637
Education and outreach	88,827
Theatre troupe	<u>19,500</u>
	<u>\$ 777,307</u>

8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of donor-restricted assets for an endowment fund. In accordance with the donors' provisions, distributions from the endowment are restricted to organizational development, staff development and building improvements.



CORNER HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

9. ENDOWMENT FUND CHANGES

The Organization’s endowments consist of investment funds and securities established for various purposes. Its net assets are unrestricted assets and donor-restricted assets. As required by generally accepted accounting principles, net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the year ended September 30, 2018 are summarized as follows:

	Unrestricted	Permanently Restricted	Total
Balance at September 30, 2017	\$ 1,159	\$ 45,812	\$ 46,971
Investment deficit - net	(70)	-	(70)
Appropriated expenditures	(5,273)	-	(5,273)
Balance at September 30, 2018	\$ (4,184)	\$ 45,812	\$ 41,628

Interpretation of Relevant Law

The Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted is classified as either: temporarily restricted in accordance with the direction of the applicable donor gift instruments or classified as unrestricted net assets based on unrestricted accumulation of earnings until appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Uniform Prudent Management of Institutional Fund Act (UPMIFA). In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the fund
- The investment policies of the fund

## CORNER HEALTH CENTER

### NOTES TO FINANCIAL STATEMENTS

#### 9. ENDOWMENT FUND CHANGES (continued)

##### Return Objective and Spending Policy

The endowment assets are governed by a spending policy which is at the discretion of the Board of Directors and evaluated on an annual basis. The endowment base is defined on the historical value of the original gift. Annual amounts distributed from the endowment funds are determined by the Board of Directors based on an analysis of the Organization's budgeted cash flow needs. Annual amounts available for distribution from the endowment are set forth in the current spending policy and are subject to the authority of the Board of Directors.

##### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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). The primary objective is to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated as much as it is consistent with the volatility of a comparable market index.

#### 10. CONCENTRATIONS

The Organization maintains its cash balances in three financial institutions in Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At September 30, 2018, the cash balances were fully insured.

The Organization received support and reimbursements from various funders during the year ended September 30, 2018. Significant funders as a percentage of total revenue and support are as follows:

Michigan Health Endowment Fund	11.17%
Medicaid	10.61%
Washtenaw Coordinated Funders	10.50%
MDHHS - Child and Adolescent Health Center Program	9.25%

The Organization's total accounts and pledges receivable at September 30, 2018 consist of 14.17% from MDHHS – Child & Adolescent Health Center Program and 13.94% from Washtenaw Coordinated Funders.

CORNER HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

11. RECLASSIFICATION

A reclassification has been made to the prior year financial statements in order for them to be in conformity with the current year presentation. Amounts classified as unrestricted and permanently restricted net assets have been reclassified as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>
Endowment Fund	<u>\$ (45,812)</u>	<u>\$ 45,812</u>

This has no effect on the aggregate net assets.

12. CONTINGENT LIABILITIES

In the normal course of operations, there could be outstanding contingent liabilities such as lawsuits, etc., which are not known to the Organization and therefore have not been reflected in the accompanying financial statements. The Organization's management is of the opinion that the liability, if any, will be either immaterial or insurance coverage is adequate to cover any potential losses.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15, 2019 the date the financial statements were available to be issued.