



**BAY ISLANDS COMMUNITY
HEALTHCARE ASSOCIATION**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
SEPTEMBER 30, 2016**

**BAY ISLANDS COMMUNITY HEALTHCARE ASSOCIATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bay Islands Community Healthcare Association

We have audited the accompanying financial statements of Bay Islands Community Healthcare Association (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016, 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 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 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 Bay Islands Community Healthcare Association as of September 30, 2016, 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.

Bowman & Company LLP
Bowman & Company LLP
Certified Public Accountants

Woodbury, New Jersey
December 22, 2016

BAY ISLANDS COMMUNITY HEALTHCARE ASSOCIATION
Statement of Financial Position
As of September 30, 2016

ASSETS

Cash	\$ 555,040
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NET ASSETS

Unrestricted net assets	\$ 555,040
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The accompanying notes are an integral part of the financial statements.

BAY ISLANDS COMMUNITY HEALTHCARE ASSOCIATION

Statement of Activities

For the Year Ended September 30, 2016

Unrestricted revenue, gains, and other support	
Contributions	\$ 236,633
Expenses	
Grant awards	246,330
Business registration fees	2,046
Professional fees	2,669
Insurance	981
Internet expense	102
Miscellaneous expenses	1,024
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Total expenses	253,152
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Decrease in net assets	(16,519)
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Net assets, beginning of the year	571,559
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Net assets, end of year	\$ 555,040
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The accompanying notes are an integral part of the financial statements.

BAY ISLANDS COMMUNITY HEALTHCARE ASSOCIATION

Statement of Cash Flows

For the Year Ended September 30, 2016

Cash flows from operating activities	
Decrease in net assets	\$ (16,519)
Cash and cash equivalents - beginning	<u>571,559</u>
Cash and cash equivalents - ending	<u><u>\$ 555,040</u></u>

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

BAY ISLANDS COMMUNITY HEALTHCARE ASSOCIATION
Notes to Financial Statements

Note 1: **ORGANIZATION**

Description of entity – The Bay Islands Community Healthcare Association (the “Association”) was formed to support quality medical care, a basic human right, by soliciting, collecting & transferring funds to the Clinica Esperanza in Sandy Bay, Roatan, Honduras, a medical clinic operated by the Honduras NGO “Asociacion de Salud Comunitaria de la Isla de la Bahia.”

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting - The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of presentation – The Association is required to report information regarding its financial position and its activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no temporarily or permanently restricted net assets.

Cash and cash equivalents – For the purposes of the statement of cash flows, the Association considers all monies in banks and highly liquid investments with maturity dates of less than three months to be cash equivalents.

Revenue recognition - Revenue and expenses are recorded on the accrual basis.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes – The Association is organized as a Pennsylvania non-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, does not record a provision for federal income taxes on related income. The organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS.

Subsequent events – Subsequent events were evaluated through December 22, 2016, the date the financial statements were available to be issued.

New Accounting Pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to receive in exchange for those goods or services. The standard is effective for the year ending December 31, 2020 (with early adoption permitted) and may be adopted either by restating all years presented in the organization’s financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the year ending September 30, 2020. The Association is assessing the potential impact this guidance will have on its financial statements.

BAY ISLANDS COMMUNITY HEALTHCARE ASSOCIATION
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New Accounting Pronouncements (continued)

Presentation of Financial Statements of Not-for-Profit Entities – Issued in August 2016, Accounting Standards Update (ASU) No. 2016-14 is intended to improve the presentation of financial statements of not-for-profit (NFP) entities and provide more useful information to donors, grantors, and other users. The ASU eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). The ASU will also require additional information to be disclosed about investment return, expense classifications, liquidity and availability of resources, and presentation of operating cash flows. The standard is effective for the year ending September 30, 2019. Early application will be permitted. The Association is assessing the potential impact this guidance will have on its financial statements.

Note 3: **CONCENTRATION OF CREDIT RISK**

The Association maintains its cash in accounts that, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. As of September 30, 2016, the Association had uninsured balances in the amount of \$234,515.

Note 4: **CONCENTRATION OF CONTRIBUTION REVENUE**

For the year ended September 30, 2016, approximately 60%, or \$142,000, of the Association's contribution revenue came from two donors. For the year ended September 30, 2015, approximately 46%, or \$117,424, of the Association's contribution revenue came from two donors, both were the same donors as for the year ended September 30, 2016.

Note 5: **CLASSIFICATION OF EXPENSES**

Expenses incurred are classified as follows as of September 30:

	<u>2016</u>	<u>2015</u>
Program	\$ 247,455	\$ 200,981
Management and general	5,696	4,915
	<u>\$ 253,151</u>	<u>\$ 205,896</u>