

**Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate**

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2015 and 2014

**Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate
December 31, 2015 and 2014**

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Independent Auditor's Report

Board of Directors
Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.)
and Affiliate
Steamboat Springs, Colorado

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Northwest Colorado Visiting Nurse Association d/b/a Northwest Colorado Health (formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate (the Organization) and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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.

Board of Directors
Northwest Colorado Visiting Nurse Association
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and Affiliate

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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization and its subsidiary as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, including consolidating information as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 consolidated financial statements as a whole.

BKD, LLP

Colorado Springs, Colorado
July 19, 2016

**Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate
Consolidated Balance Sheets
December 31, 2015 and 2014**

Assets

	2015	2014
Current Assets		
Cash and cash equivalents	\$ 2,095,923	\$ 1,240,527
Patient accounts receivable, net of allowance; 2015 - \$335,422 and 2014 - \$562,123	590,896	792,617
Estimated amounts due from third-party payers	69,545	90,023
Due from agencies	498,172	562,762
Pledges receivable, current	-	10,000
Prepaid expenses and other assets	91,679	78,302
	<u>3,346,215</u>	<u>2,774,231</u>
Total current assets		
	<u>3,346,215</u>	<u>2,774,231</u>
Pledges Receivable		
Net allowance: 2015 - \$40,000 and 2014 - \$9,000	-	26,000
	<u>-</u>	<u>26,000</u>
Deferred Financing Costs	<u>30,133</u>	<u>33,678</u>
Deposits	<u>22,217</u>	<u>22,292</u>
Beneficial Interest in Assets Held by Yampa Valley Community Foundation	<u>110,527</u>	<u>113,599</u>
Property and Equipment, at Cost		
Land	993,200	993,200
Buildings and building improvements	7,966,250	7,966,250
Furniture, equipment and vehicles	588,498	725,392
	<u>9,547,948</u>	<u>9,684,842</u>
Less accumulated depreciation	<u>2,861,646</u>	<u>2,761,304</u>
	<u>6,686,302</u>	<u>6,923,538</u>
Total assets	<u><u>\$ 10,195,394</u></u>	<u><u>\$ 9,893,338</u></u>

**Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate
Consolidated Balance Sheets (continued)
December 31, 2015 and 2014**

Liabilities and Net Assets

	2015	2014
Current Liabilities		
Current maturities of long-term debt	\$ 40,015	\$ 38,384
Accounts payable	301,926	201,964
Accrued payroll and benefits	589,341	559,416
Deferred revenue	280,016	88,511
	<u>1,211,298</u>	<u>888,275</u>
Total current liabilities		
	<u>1,211,298</u>	<u>888,275</u>
Long-term Debt	988,452	1,027,988
	<u>988,452</u>	<u>1,027,988</u>
Total liabilities	<u>2,199,750</u>	<u>1,916,263</u>
Net Assets		
Unrestricted		
Board-designated		
Endowment funding	347,829	349,975
Short-term capital improvements	100,000	100,000
Long-term capital improvements	500,000	500,000
Department of Local Affairs	658,487	658,487
Undesignated	5,888,615	6,039,992
	<u>7,494,931</u>	<u>7,648,454</u>
Total unrestricted net assets		
	<u>7,494,931</u>	<u>7,648,454</u>
Temporarily restricted	500,713	328,621
	<u>500,713</u>	<u>328,621</u>
Total net assets	<u>7,995,644</u>	<u>7,977,075</u>
Total liabilities and net assets	<u><u>\$ 10,195,394</u></u>	<u><u>\$ 9,893,338</u></u>

**Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate
Consolidated Statements of Operations
Years Ended December 31, 2015 and 2014**

	2015	2014
Unrestricted Revenues and Other Support		
Patient service revenue, net of contract allowance of; 2015 - \$1,162,974 and 2014 - \$1,579,010	\$ 4,531,186	\$ 4,407,409
Agency contracts and grants	4,317,905	4,192,582
Contributions	859,016	795,568
Other income	27,639	13,969
In-kind contributions	104,073	118,571
Net assets released from restrictions used for operations	494,368	734,328
	<u>10,334,187</u>	<u>10,262,427</u>
Expenses		
Salaries and benefits	6,864,945	6,280,783
Contract and professional services	1,122,398	923,830
Medical supplies	449,532	474,457
Other operating expenses	1,258,237	1,217,270
Provision for uncollectible accounts	433,090	513,482
Depreciation and amortization	254,702	261,819
Interest expense	38,639	51,079
In-kind expenses	104,073	118,571
	<u>10,525,616</u>	<u>9,841,291</u>
Operating Income (Loss)	<u>(191,429)</u>	<u>421,136</u>
Other Income		
Change in beneficial interest in net assets held by Yampa Valley Community Foundation	(3,072)	8,857
Rental income	34,705	33,654
Investment income	6,273	12,113
	<u>37,906</u>	<u>54,624</u>
Excess (Deficiency) of Revenues Over Expenses and Increase (Decrease) in Unrestricted Net Assets	<u><u>\$ (153,523)</u></u>	<u><u>\$ 475,760</u></u>

**Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2015 and 2014**

	2015	2014
Unrestricted Net Assets		
Excess (deficiency) of revenues over expenses and increase (decrease) in unrestricted net assets	<u>\$ (153,523)</u>	<u>\$ 475,760</u>
Temporarily Restricted Net Assets		
Contributions received	666,460	667,114
Net assets released from restrictions	<u>(494,368)</u>	<u>(734,328)</u>
Increase (decrease) in temporarily restricted net assets	<u>172,092</u>	<u>(67,214)</u>
Change in Net Assets	18,569	408,546
Net Assets, Beginning of Year	<u>7,977,075</u>	<u>7,568,529</u>
Net Assets, End of Year	<u><u>\$ 7,995,644</u></u>	<u><u>\$ 7,977,075</u></u>

**Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate
Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014**

	2015	2014
Operating Activities		
Change in net assets	\$ 18,569	\$ 408,546
Items not requiring cash		
Depreciation and amortization	254,702	261,819
Change in beneficial interest in assets held by Yampa Valley Community Foundation	3,072	(8,857)
Provision for uncollectible accounts	433,090	513,482
Changes in		
Patient accounts receivable, net	(231,369)	(469,902)
Estimated amounts due from third-party payers	20,478	(90,023)
Due from agencies	64,590	(105,533)
Pledges receivable	36,000	202,534
Prepaid expenses and other assets	(13,302)	(12,595)
Accounts payable	87,308	(21,822)
Accrued payroll and benefits	29,925	57,147
Deferred revenue	191,505	(66,242)
Net cash provided by operating activities	<u>894,568</u>	<u>668,554</u>
Investing Activities		
Purchase of property and equipment	<u>(1,267)</u>	<u>(54,606)</u>
Net cash used in investing activities	<u>(1,267)</u>	<u>(54,606)</u>
Financing Activities		
Principal payments on note payable	(37,905)	(1,095,188)
Payment of deferred financing costs	-	(35,560)
Proceeds from issuance of notes payable	<u>-</u>	<u>1,082,474</u>
Net cash used in financing activities	<u>(37,905)</u>	<u>(48,274)</u>
Increase in Cash and Cash Equivalents	855,396	565,674
Cash and Cash Equivalents, Beginning of Year	<u>1,240,527</u>	<u>674,853</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,095,923</u></u>	<u><u>\$ 1,240,527</u></u>
Supplemental Cash Flow Information		
Interest paid	<u><u>\$ 38,639</u></u>	<u><u>\$ 51,079</u></u>

**Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate
Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Northwest Colorado Visiting Nurse Association d/b/a Northwest Colorado Health (formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate (the Company) is a not-for-profit agency providing services including public health/community care, primary care, home health, hospice, palliative care, wellness and aging, assisted living and respite care to clients in Northwest Colorado, primarily in Routt, Moffat and Jackson Counties. The Company's primary mission is to improve the quality of life for all Northwest Colorado residents by providing comprehensive health resources and creating an environment that supports community wellness. The Company is committed to, and actively involved in, providing comprehensive health and wellness services for people of all ages, income levels and insurance statuses. Many services are offered on a sliding scale; no individual is denied services or care based on his/her ability to pay. In addition, the Company controls West Routt Rural Health Council, Inc. (collectively, the Organization). The consolidated financial statements include the accounts of the Company and its affiliate.

The Company obtained control of West Routt Rural Health Council, Inc. (the Council) on November 22, 2005. The Council is a not-for-profit corporation with the sole purpose of assisting and enriching health care, health education and senior boarding care to improve quality of life in the community. The Council operates a 20-bed assisted living facility known as The Haven located in Hayden, Colorado. The Haven provides assisted living for seniors over 55 years of age who need extra help in their day-to-day lives, but who do not require skilled nursing care. A room at The Haven includes all utilities, housekeeping, companionship, social activities, exercise programs, meals, help with medications if needed, laundry if needed, medic alert system and assistance with daily living tasks.

Principles of Consolidation and Basis of Accounting

The accompanying consolidated financial statements include the accounts of the Company and the Council. All material intercompany transactions and balances have been eliminated in the consolidated financial statements.

Public Health/Community Care

The Public Health/Community Care program encompasses a wide variety of sub-programs that prevent disease, protect against avoidable injuries and promote healthy habits – all aimed at keeping the general population healthy, employed and self-sustaining. As the designated public health agency for Routt and Moffat Counties, public health programs include the following:

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Prenatal Program; Immunization Clinics; Chronic Disease Screening and Prevention Programs (cardiovascular disease, diabetes, tobacco); Seniors Wellness Clinics; Insurance Eligibility and Enrollment; School Health; Women, Infants and Children (WIC); Family Planning; Health Care Program for Children with Special Needs; Tobacco Education and Prevention; Communicable Disease Management; Emergency Preparedness and Vital Statistics.

Community Health Center

The Company operates two Federally Qualified Health Centers (FQHC), one in Steamboat Springs and one in Craig. The goal of the Community Health Center program is to provide all residents of northwest Colorado the opportunity to establish a medical home regardless of income. Community Health Centers ensure that everyone has access to preventative care and can see a health care provider when they are sick. These model clinics provide a full range of primary care services, such as treatment and management of acute and chronic illness, pediatric and adolescent care, physical exams, women's health, minor surgery, immunizations, assistance with prescriptions and behavioral health services, for people of all ages, income levels and insurance statuses—all on a sliding fee scale.

Home Health

Home Health provides skilled nursing, and other personalized health care, in the comfort and security of the home for treatment of illness or injury. Home Health staff members provide nursing care, physical and occupational therapy services, social work, case management and referrals to other programs for homebound patients. Home Health also includes a range of in-home services aimed at enabling elderly patients to remain independent and in their homes as long as possible. The In-Home Services program provides skilled nursing services, personal care services and homemaker services (grocery shopping, laundry, light housekeeping, meal preparation, errand assistance, etc.) on an hourly basis to private pay individuals and low-income seniors.

Hospice and Palliative Care

The Hospice and Palliative Care program relieves suffering and improves quality of life for community members and their families facing life-threatening or terminal illness. The interdisciplinary hospice team is focused on the emotional needs, spiritual well-being and physical health of patients. Support and training for family caregivers is provided as well. Compassionate, high quality care enables patients to approach the end of life with dignity and comfort in the home, if desired. Hospice also offers bereavement services for family members of all ages. Palliative Care focuses on the relief of pain, stress and other debilitating symptoms of serious illness.

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Wellness and Aging Services

The Aging Well program is a comprehensive community-based program promoting healthy aging and is targeted to men and women age 50 and over, adults with chronic conditions, adults with other disabilities, and at-risk and underserved adults. Aging Well provides health education, evidence-based fitness classes, chronic disease self-management workshops, basic senior nursing services such as foot care, health screenings and congregate meals for older adults. Wellness and Aging Services also include The Haven, a 20-bed assisted living facility in Hayden. Adult day care and respite care services are also available at The Haven.

Supporting Services

Supporting services are those services necessary to ensure the financial, economic and programmatic viability of the Organization to residents of Routt, Moffat and Jackson Counties. They include management and general facility operations and resource development efforts.

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 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 reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2015 and 2014, cash equivalents consisted primarily of money market accounts with brokers and purchase of short-term certificates of deposit through the Certificate of Deposit Account Registry Service (CDARS) program. The balance in the CDARS program at December 31, 2015, was approximately \$44,000 and not covered under federally insured limits.

At December 31, 2015, the Organization's cash accounts exceeded federally insured limits by approximately \$592,000.

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Notes to Consolidated Financial Statements
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Patient Accounts Receivable

The Organization reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Organization provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Organization bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are ordinarily due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the patient or account.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and building improvements	25–39 years
Furniture, equipment and vehicles	3–15 years

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the effective interest method.

Deferred Revenue

Deferred revenue includes grant revenues received which have not been used for their specific purpose.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose.

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Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and include estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Contributions

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year are recorded as temporarily restricted and then released from restriction. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

In-kind Contributions

In-kind contributions of goods are recorded at fair value at the date of donation. Contribution revenue recognized from contributions of goods was \$104,073 and \$118,571 during 2015 and 2014, respectively.

Excess (Deficiency) of Revenues Over Expenses

The statements of operations include excess (deficiency) of revenues over expenses. Changes in unrestricted net assets which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets, including assets acquired using contributions, which by donor restriction were to be used for the purpose of acquiring such assets, if applicable.

Income Taxes

The Organization has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2012.

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Liability Claims

The Organization purchases workers' compensation insurance under a claims-made policy. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. The Organization also purchases insurance that limits its exposure for employee health insurance claims that exceed the individual limit per covered person, per year.

Note 2: Beneficial Interest in Assets of Yampa Valley Community Foundation

The Organization has transferred assets to Yampa Valley Community Foundation (the Foundation) and retained a beneficial interest in those assets. In addition, the Organization is the beneficiary of donations made to the Foundation on the Organization's behalf. The beneficial interest consists of two funds. The funds are unrestricted and are for the purpose of funding ongoing operations of the Organization. The Foundation may distribute earnings to the Organization of the unrestricted funds based on a formula and the remaining amount is included in board-designated endowment funds. Transfers of assets and earnings between the Organization and the Foundation are recognized as increases or decreases in the beneficial interest. The cumulative amount of the retained beneficial interest included in the balance sheets was \$110,527 and \$113,599 at December 31, 2015 and 2014, respectively.

Note 3: Net Patient Service Revenue

The Organization is approved for both Medicare and Medicaid reimbursement purposes. The Organization also has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates. These payment arrangements include:

Medicare. Covered FQHC services rendered to Medicare program beneficiaries were paid based on a cost reimbursement methodology until June 30, 2015. Under that methodology, the Organization received a tentative rate with final settlement determined after submission of an annual cost report by the Organization. Effective July 1, 2015, these services are now paid under a prospective payment system (PPS). Medicare payment, including patient coinsurance, will now be paid based on the lesser of the Organization's actual charge or the applicable PPS rate. Services not covered under the FQHC benefit are paid based on established fee schedules. Home health services are reimbursed under a prospective payment methodology with no settlement made on the difference between the paid rates and actual costs. Hospice services provided by the Organization are reimbursed prospectively subject to certain limitations and no additional settlement will be made on the difference between the interim per diem rates paid and actual costs.

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Medicaid. Covered FQHC services rendered to Medicaid program beneficiaries are paid based on a prospective reimbursement methodology with a final settlement determined after submission of an annual cost report. The Organization is reimbursed a set encounter rate for all services provided under the plan. Home health services rendered to Medicaid program beneficiaries are reimbursed prospectively with no settlement made on the difference between the interim rates paid and actual costs.

Approximately 63% and 67% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2015 and 2014, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is possible that recorded estimates will change materially in the near term.

Note 4: Concentration of Credit Risk

The Organization grants credit without collateral to its patients. The mix of accounts receivable from patients and third-party payers was:

	2015	2014
Medicare	54%	36%
Medicaid	8%	25%
Other third-party payers	28%	25%
Private pay	10%	14%
	<u>100%</u>	<u>100%</u>

Note 5: Pledges Receivable

Pledges receivable are as follows:

	2015	2014
Total pledges receivable	\$ 40,000	\$ 45,000
Less allowance for doubtful account	<u>(40,000)</u>	<u>(9,000)</u>
Total	<u>\$ -</u>	<u>\$ 36,000</u>

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Pledges receivable are due as follows:

	2015	2014
Due within one year	\$ -	\$ 10,000
Due in one to five years	-	26,000
	<u>\$ -</u>	<u>\$ 36,000</u>

Note 6: Notes Payable and Long-term Debt

	2015	2014
Note payable (A)	\$ 1,028,467	\$ 1,066,372
Less current maturities	<u>(40,015)</u>	<u>(38,384)</u>
	<u>\$ 988,452</u>	<u>\$ 1,027,988</u>

The Organization has various notes to different institutions. These notes are summarized as follows:

- (A) In 2014, the Organization obtained a note payable in the original amount of \$1,082,474 with a due date of June 1, 2034; monthly payments of \$6,403 each, including interest at a fixed rate of 3.65%; secured by the Organization's property. The note payable agreement requires the Organization to comply with certain covenants.

Aggregate annual maturities of long-term debt at December 31, 2015:

2016	\$ 40,015
2017	41,500
2018	43,040
2019	44,638
2020	46,295
Thereafter	<u>812,979</u>
	<u>\$ 1,028,467</u>

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Note 7: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31:

	2015	2014
Colorado Trust - Health Equity	\$ 46,003	\$ 47,411
Home Health and Hospice	100,000	100,000
Aging Well	14,500	7,500
Routt County - Community Health Center	340,210	173,710
	<u>\$ 500,713</u>	<u>\$ 328,621</u>

During 2015 and 2014, net assets were released from restrictions by incurring expenses and satisfying the restricted purposes in the amounts of \$494,368 and \$734,328, respectively.

Note 8: Classification of Functional Expenses

The Organization provides a variety of community and health related services, including home health, hospice and assisted living to patients within its geographic location. Expenses related to providing these services are as follows:

	2015	2014
Program services		
Public health/community care	\$ 2,383,898	\$ 2,450,180
Home care	1,288,148	1,309,742
Hospice care	676,327	577,544
Community health and primary care	3,417,535	3,236,013
The Haven	753,172	689,349
	<u>8,519,080</u>	<u>8,262,828</u>
Total program services	8,519,080	8,262,828
General and administrative	1,789,636	1,492,664
Fundraising	216,900	85,799
	<u>\$ 10,525,616</u>	<u>\$ 9,841,291</u>

**Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate
Notes to Consolidated Financial Statements
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Note 9: Employee Retirement Plan

The Organization has a 403(b) retirement savings plan (the Plan) covering all employees. Employees are immediately eligible to make elective deferrals to the Plan. Employees are immediately vested 100% in all contributions. The Plan allows the employer to vary the amount of the employer contributions during the Plan year and the Organization's profit-sharing contributions are discretionary as determined by the Organization's Board of Directors. During 2015 and 2014, the Organization made a \$0 and \$50,000 discretionary contribution, respectively. Additionally, a 3% employer contribution was made in 2015 and 2014. For the years ended December 31, 2015 and 2014, the Organization had total retirement plan contribution expenses of \$108,342 and \$148,383, respectively.

Note 10: Commitments and Contingencies

In May 2005, the Organization entered into a Reimbursement Agreement with Routt County, Colorado to receive a grant of energy impact funds of \$600,000. Reimbursement of the grant is based upon the Organization requesting reimbursement from Routt County for expenses incurred for expansion of The Haven. As a part of the grant terms, the Organization is required to use the funds for the construction and purchase of telecommunications equipment for The Haven. If the Organization changes the use of the property during the 10-year period after project completion, which was June 30, 2008, to a use in which the state determines does not qualify in meeting the original intent of the project, the Organization shall reimburse the state 100% of the \$600,000 grant amount. At the end of the 10-year period, no state restrictions on the use of the property shall be in effect.

Note 11: Disclosures About Fair Values of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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December 31, 2015 and 2014**

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

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)	
Fair Value				
Beneficial interest in assets held by Yampa Valley Community Foundation	<u>\$ 110,527</u>	<u>\$ -</u>	<u>\$ 110,527</u>	<u>\$ -</u>
2014				
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)	
Fair Value				
Beneficial interest in assets held by Yampa Valley Community Foundation	<u>\$ 113,599</u>	<u>\$ -</u>	<u>\$ 113,599</u>	<u>\$ -</u>

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Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Beneficial Interest in Assets Held by Yampa Valley Community Foundation

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Note 12: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Allowances for Net Patient Revenue Adjustments

Estimates of allowances for adjustments included in net patient revenues are described in Notes 1 and 3.

Professional Liability Coverage and Claims

The Council pays fixed premiums for annual professional liability insurance coverage under an occurrence based policy while the Company pays premiums under a claims made policy. There were no claims outstanding at December 31, 2015 and the Organization is not aware of any unasserted claims or unreported incidents that are expected to exceed malpractice insurance coverage limits.

Self-insurance

The Organization has a partially self-insured plan for employee health insurance benefits which is managed by a third-party administrator. The Organization makes regular payments to the plan to pay estimated claims. The Organization has purchased insurance that limits its exposure for individual claims and that limits its aggregate exposure to \$25,000 per covered person, per year. The liability on the plan at December 31, 2015 and 2014 was \$67,516 and \$51,740, respectively, and is included in accrued payroll and benefits on the balance sheets.

**Northwest Colorado Visiting Nurse Association
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Note 13: Subsequent Events

Name Change

As of June 1, 2016, Northwest Visiting Nurse Association, Inc. changed their name and they are now known as Northwest Visiting Nurse Association d/b/a Northwest Colorado Health.

Services Provided

As of February 1, 2016, the Company added home care and hospice services in Grand County.

Subsequent events have been evaluated through the date of the Independent Auditor's report, which is the date the financial statements were available to be issued.

Supplementary Information

**Northwest Colorado Visiting Nurse Association
d/b/a Northwest Colorado Health
(formerly Northwest Colorado Visiting Nurse Association, Inc.) and Affiliate
Consolidating Balance Sheet Information
December 31, 2015**

Assets

	Northwest Colorado VNA	The Haven	Eliminating Entry	Total
Current Assets				
Cash and cash equivalents	\$ 2,076,831	\$ 19,092	\$ -	\$ 2,095,923
Patient accounts receivable, net of allowance of \$335,422	581,346	9,550	-	590,896
Estimated amounts due from third-party payers	69,545	-	-	69,545
Due from agencies	498,172	-	-	498,172
Prepaid expenses and other assets	118,711	4,019	(31,051)	91,679
	<u>3,344,605</u>	<u>32,661</u>	<u>(31,051)</u>	<u>3,346,215</u>
Total current assets				
	3,344,605	32,661	(31,051)	3,346,215
Pledges Receivable				
Pledges Receivable, Net of Allowance of \$40,000	-	-	-	-
Deferred Financing Costs	30,133	-	-	30,133
Deposits	22,217	-	-	22,217
Beneficial Interest in Assets Held by Yampa Valley Community Foundation	75,771	34,756	-	110,527
Property and Equipment, at Cost				
Land	875,000	118,200	-	993,200
Buildings and buildings improvements	5,872,938	2,093,312	-	7,966,250
Furniture, equipment and vehicles	480,283	108,215	-	588,498
	<u>7,228,221</u>	<u>2,319,727</u>	<u>-</u>	<u>9,547,948</u>
Less accumulated depreciation	1,990,994	870,652	-	2,861,646
	<u>5,237,227</u>	<u>1,449,075</u>	<u>-</u>	<u>6,686,302</u>
Total assets	<u>\$ 8,709,953</u>	<u>\$ 1,516,492</u>	<u>\$ (31,051)</u>	<u>\$ 10,195,394</u>

**Northwest Colorado Visiting Nurse Association
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Consolidating Balance Sheet Information (continued)
December 31, 2015**

Liabilities and Net Assets

	Northwest Colorado VNA	The Haven	Eliminating Entry	Total
Current Liabilities				
Current maturities of long-term debt	\$ 40,015	\$ -	\$ -	\$ 40,015
Accounts payable	294,170	38,807	(31,051)	301,926
Accrued payroll and benefits	542,582	46,759	-	589,341
Deferred revenue	280,016	-	-	280,016
Total current liabilities	1,156,783	85,566	(31,051)	1,211,298
Long-term Debt	988,452	-	-	988,452
Total liabilities	2,145,235	85,566	(31,051)	2,199,750
Net Assets				
Unrestricted				
Board-designated				
Endowment funding	347,829	-	-	347,829
Short-term capital improvements	100,000	-	-	100,000
Long-term capital improvements	500,000	-	-	500,000
Department of Local Affairs	658,487	-	-	658,487
Undesignated	4,457,689	1,430,926	-	5,888,615
Total unrestricted net assets	6,064,005	1,430,926	-	7,494,931
Temporarily restricted	500,713	-	-	500,713
Total net assets	6,564,718	1,430,926	-	7,995,644
Total liabilities and net assets	\$ 8,709,953	\$ 1,516,492	\$ (31,051)	\$ 10,195,394

**Northwest Colorado Visiting Nurse Association
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Consolidating Statement of Operations Information
Year Ended December 31, 2015**

	Northwest Colorado VNA	The Haven	Eliminating Entry	Total
Unrestricted Revenues and Other Support				
Patient service revenue, net of contract allowance of \$1,162,974	\$ 3,952,645	\$ 578,541	\$ -	\$ 4,531,186
Agency contracts and grants	4,317,905	-	-	4,317,905
Contributions	848,844	75,472	(65,300)	859,016
Other income	22,147	16,825	(11,333)	27,639
In-kind contributions	104,073	-	-	104,073
Net assets released from restrictions used for operations	494,368	-	-	494,368
	<u>9,739,982</u>	<u>670,838</u>	<u>(76,633)</u>	<u>10,334,187</u>
Expenses				
Salaries and benefits	6,314,670	550,275	-	6,864,945
Contract and professional services	1,133,731	-	(11,333)	1,122,398
Medical supplies	449,532	-	-	449,532
Other operating expenses	1,170,640	152,897	(65,300)	1,258,237
Provision for uncollectible accounts	433,090	-	-	433,090
Depreciation and amortization	204,702	50,000	-	254,702
Interest expense	38,639	-	-	38,639
In-kind expenses	104,073	-	-	104,073
	<u>9,849,077</u>	<u>753,172</u>	<u>(76,633)</u>	<u>10,525,616</u>
Operating Loss	<u>(109,095)</u>	<u>(82,334)</u>	<u>-</u>	<u>(191,429)</u>
Other Income				
Change in beneficial interest in net assets held by Yampa Valley Community Foundation	(2,146)	(926)	-	(3,072)
Rental income	34,705	-	-	34,705
Investment income	6,261	12	-	6,273
	<u>38,820</u>	<u>(914)</u>	<u>-</u>	<u>37,906</u>
Deficiency of Revenues Over Expenses and Decrease in Unrestricted Net Assets	<u><u>\$ (70,275)</u></u>	<u><u>\$ (83,248)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (153,523)</u></u>

**Northwest Colorado Visiting Nurse Association
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Consolidating Statement of Changes in Net Assets Information
Year Ended December 31, 2015**

	Northwest Colorado VNA	The Haven	Eliminating Entry	Total
Unrestricted Net Assets				
Deficiency of revenues over expenses and decrease in unrestricted net assets	\$ (70,275)	\$ (83,248)	\$ -	\$ (153,523)
Temporarily Restricted Net Assets				
Contributions received	666,460	-	-	666,460
Net assets released from restrictions	(494,368)	-	-	(494,368)
Increase in temporarily restricted net assets	172,092	-	-	172,092
Change in Net Assets	101,817	(83,248)	-	18,569
Net Assets, Beginning of Year	6,462,901	1,514,174	-	7,977,075
Net Assets, End of Year	\$ 6,564,718	\$ 1,430,926	\$ -	\$ 7,995,644