

**NEW YORK STATE ASSOCIATION
FOR RURAL HEALTH, INC.**

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Draft

NEW YORK STATE ASSOCIATION FOR RURAL HEALTH, INC.

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position December 31, 2019 (Audited) and 2018 (Reviewed)	3
Statements of Activities for the Years Ended December 31, 2019 (Audited) and 2018 (Reviewed)	4
Statements of Functional Expenses for the Years Ended December 31, 2019 (Audited) and 2018 (Reviewed)	5
Statements of Cash Flows for the Years Ended December 31, 2019 (Audited) and 2018 (Reviewed)	6
Notes to Financial Statements	7 - 9

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New York State Association for Rural Health, Inc.
Canton, New York

We have audited the accompanying financial statements of New York State Association for Rural Health, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 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 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 New York State Association for Rural Health, Inc. as of December 31, 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The 2018 financial statements were reviewed by other accountants, and their report thereon, dated April 23, 2019, stated they were not aware of any material modifications that should be made to those financial statement in order for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Certified Public Accountants, P.C.

June 11, 2020

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NEW YORK STATE ASSOCIATION FOR RURAL HEALTH, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	Audited 12/31/2019	Reviewed 12/31/2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 110,023	\$ 72,701
Accounts Receivable	5,905	545
Grants Receivable	283,861	-
Prepaid Expenses	-	2,500
Total Current Assets	<u>399,789</u>	<u>75,746</u>
TOTAL	<u>\$ 399,789</u>	<u>\$ 75,746</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 24,180	\$ 934
Passthrough Grants Payable	272,194	-
Deferred Revenue	4,689	3,030
Total Current Liabilities	<u>301,063</u>	<u>3,964</u>
NET ASSETS		
Without Donor Restrictions	96,235	71,782
With Donor Restrictions	2,491	-
Total Net Assets	<u>98,726</u>	<u>71,782</u>
TOTAL	<u>\$ 399,789</u>	<u>\$ 75,746</u>

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

NEW YORK STATE ASSOCIATION FOR RURAL HEALTH, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Audited 12/31/2019	Reviewed 12/31/2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Conference Fees	\$ 84,500	\$ 72,810
Grant Income	19,018	11,165
Membership Dues	10,036	15,970
NYS Grant - Administrative Services	11,667	-
Other Income	6,220	-
Interest Income	10	10
Total Support and Revenue	<u>131,451</u>	<u>99,955</u>
OPERATING EXPENSES		
Program Services	84,130	64,400
Management and General Services	22,868	11,725
Total Operating Expenses	<u>106,998</u>	<u>76,125</u>
Change in Net Assets without Donor Restrictions	24,453	23,830
NET ASSETS WITHOUT DONOR RESTRICTIONS - Beginning of Year	<u>71,782</u>	<u>47,952</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	<u>\$ 96,235</u>	<u>\$ 71,782</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Grant Income	\$ 2,491	\$ -
Change in Net Assets with Donor Restrictions	2,491	-
NET ASSETS WITH DONOR RESTRICTIONS - Beginning of Year	<u>-</u>	<u>-</u>
NET ASSETS WITH DONOR RESTRICTIONS - END OF YEAR	<u>\$ 2,491</u>	<u>\$ -</u>

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

NEW YORK STATE ASSOCIATION FOR RURAL HEALTH, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Audited 12/31/2019		Reviewed 12/31/2018	
	Program Services	Management and General	Program Services	Management and General
		Total		Total
Contract Services	\$ 49,982	\$ 9,434	\$ 30,750	\$ 10,250
Conference Expenses	24,804	-	23,484	-
Focus Group Expenses	579	-	-	-
Insurance	-	704	-	714
Marketing and Promotion	3,367	-	-	-
Website Hosting Fees	158	53	201	67
Printing, Postage, and Supplies	734	-	805	-
Professional Fees	1,500	7,923	-	32
Travel	2,996	-	8,362	-
Dues and Subscriptions	10	-	798	-
Service Charges	-	1,019	-	662
Bad Debt Expense	-	3,735	-	-
Total Functional Expenses	\$ 84,130	\$ 22,868	\$ 64,400	\$ 11,725
		\$ 106,998		\$ 76,125

NEW YORK STATE ASSOCIATION FOR RURAL HEALTH, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Audited <u>12/31/2019</u>	Reviewed <u>12/31/2018</u>
CHANGE IN NET ASSETS	\$ 26,944	\$ 23,830
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Accounts Receivable	(5,360)	1,120
Grants Receivable	(283,861)	-
Prepaid Expenses	2,500	(2,500)
Accounts Payable	23,246	934
Passthrough Grants Payable	272,194	-
Deferred Revenue	1,659	475
Accrued Expenses	-	(2,560)
Net Cash Provided (Used) by Operating Activities	<u>37,322</u>	<u>21,299</u>
CASH AND CASH EQUIVALENTS- Beginning of Year	<u>72,701</u>	<u>51,402</u>
CASH AND CASH EQUIVALENTS- END OF YEAR	<u>\$ 110,023</u>	<u>\$ 72,701</u>

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

**NEW YORK STATE ASSOCIATION
FOR RURAL HEALTH, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Nature of Activities

New York State Association for Rural Health, Inc. ("Organization" or "NYSARH") provides leadership and collaboration on health, welfare and well-being for rural New York State residents.

Basis of Accounting

The financial statements of NYSARH have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and recorded as follows:

- **Net Assets Without Donor Restrictions** are resources that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. They may consist of both undesignated funds and Board designated funds. There were no Board designated funds for 2019 or 2018.
- **Net Assets With Donor Restrictions** are resources that are restricted by a donor for use for a particular purpose or in a future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. These reclassifications are reported in the statements of activities as net assets released from restrictions.

It is the Organization's policy to record donor-restricted support whose restrictions are met in the same reporting period as support within net assets without donor restrictions.

The net assets with donor restrictions for the years ended December 31, 2019 and 2018 were \$ 2,491 and \$ 0, respectively.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents consists of checking and money market accounts.

**NEW YORK STATE ASSOCIATION
FOR RURAL HEALTH, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Management has evaluated accounts receivable, which consists of amounts due to the Organization for conference fees, and considers all to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require the Organization to evaluate all significant tax positions. As of December 31, 2019 the Organization does not believe that it has taken any positions that would require the recording of any tax liability, nor does it believe that there are any unrealized tax benefits that should be recorded.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Functional Allocation of Expenses

Management and general activities include the functions necessary to provide support for the Organization's program activities. They include activities that provide governance and general organizational oversight such as Board of Director meetings, accounting, insurance and bank service charges. Program activities include functions necessary for the Organization's mission to provide leadership and collaboration in health, welfare and well-being for rural New York State residents. These include travel expenses for conferences, dues and subscriptions, and promotional expenses. Shared costs are allocated among the programs and administrative categories based on estimated time or resources spent on program versus administrative activities.

Subsequent Events

Management has reviewed and evaluated all events and transactions from January 1, 2020 through June 11, 2020, the date the financial statements were available to be issued, for possible disclosure and/or recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the statement of financial position date required to be recognized or disclosed in the accompanying financial statements other than disclosed below.

On March 12, 2020, the World Health Organization characterized COVID-19 as a pandemic. Subsequently, the Governor of New York issued executive order "New York on Pause" which declared a state of emergency and closed all non-essential businesses statewide. As of the date of these financial statements, the extent of the economic impact of this crisis on NYSARH is unknown.

**NEW YORK STATE ASSOCIATION
FOR RURAL HEALTH, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Membership dues received in the current year for next year's membership are reported as revenues when earned. Amounts received but not yet earned are reported as deferred revenues.

Revenue Recognition

Grants are recognized as revenue when the related expenditures are incurred, and are deemed to be exchange transactions. Revenue derived from membership dues is recognized over the period to which the dues relate. Conference fees are recognized in the period the conferences are held.

NOTE B - GRANTS RECEIVABLE AND PAYABLE

In 2019 NYSARH was awarded two New York legislative grants to administer the distribution of funding for the Rural Health Network Development Program and the Rural Health Care Access Development Program. The contracts' terms are for the period April 1, 2019 through March 31, 2020. Total funding of \$ 990,000 is to be distributed to recipients specifically identified in the grants for amounts also identified in the grants.

NYSARH is to develop subcontracts with the recipients, collect vouchers and documentation for the expenditure of the funds from the recipients, submit voucher requests to NY Department of Health for reimbursement of these expenditures, and then remit to the recipients upon receipt.

Under the terms of the contracts, NYSARH will receive \$ 110,000 for these administrative services. NYSARH is acting as an agent for the Department of Health and has no variance power over the funds received for the recipients and records them as a liability. Administrative services income recognized by NYSARH for the year ended December 31, 2019 is \$ 11,667.

At December 31, 2019 contractual obligations had been met by recipients for \$ 272,194 of funding which is recognized on the statement of financial position as Pass through Grants Payable. This reimbursement plus the amount of \$ 11,667 due NYSARH for their administrative costs is recognized as Grants Receivable for \$ 283,861 on the statement of financial position.

NOTE C - LIQUIDITY AND AVAILABILITY

The following are the financial assets as of December 31, 2019 which are available to meet general expenditures within one year:

Cash and Cash Equivalents.....	\$	110,023
Accounts Receivable.....		5,905
		<u>\$ 115,928</u>

The Organization does not have a line of credit but has not needed and is not expected to need to borrow funds to finance operations. For the 2020 fiscal year, budgeted amounts for revenues total \$ 230,612. Refer to the Statement of Cash Flows which shows positive cash generated by operations for fiscal years ended December 31, 2019 and 2018.