

AMERIHEALTH CARITAS PARTNERSHIP
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED DECEMBER 31, 2014)

CHRISTOPHER W. REYNOLDS, INC.
Certified Public Accountants
Springfield, Pennsylvania

AMERIHEALTH CARITAS PARTNERSHIP

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
AmeriHealth Caritas Partnership

We have audited the accompanying financial statements of AmeriHealth Caritas Partnership (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2015, 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 of 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 AmeriHealth Caritas Partnership as of December 31, 2015, 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.

Report on Summarized Comparative Information

The financial statements of AmeriHealth Caritas Partnership as of and for the year ended December 31, 2014, were audited by other auditors whose report dated September 21, 2015 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.


September 19, 2016
Springfield, Pennsylvania

AMERIHEALTH CARITAS PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash	\$ 168,738	\$ 268,634
Contributions receivable	-	500
Prepaid expenses	<u>8,027</u>	<u>8,396</u>
Total Current Assets	<u>176,765</u>	<u>277,530</u>
TOTAL ASSETS		
	<u>\$ 176,765</u>	<u>\$ 277,530</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	<u>\$ 4,450</u>	<u>\$ 5,188</u>
Total Current Liabilities	<u>4,450</u>	<u>5,188</u>
Net Assets:		
Unrestricted	147,315	174,812
Temporarily restricted	<u>25,000</u>	<u>97,530</u>
Total Net Assets	<u>172,315</u>	<u>272,342</u>
TOTAL LIABILITIES AND NET ASSETS		
	<u>\$ 176,765</u>	<u>\$ 277,530</u>

See accompanying notes which are an integral part of these financial statements.

AMERIHEALTH CARITAS PARTNERSHIP

STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE
YEAR ENDED DECEMBER 31, 2014)**

	2015			2014
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE AND SUPPORT				
Contributions	\$ 182,653	\$ 85,000	\$ 267,653	\$ 602,740
Conference fees	-	-	-	60,457
Contributed services	412,324	-	412,324	448,399
Fundraising income, net	-	-	-	55,913
Net assets released from restrictions				
Satisfaction of restrictions	<u>157,530</u>	<u>(157,530)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>752,507</u>	<u>(72,530)</u>	<u>679,977</u>	<u>1,167,509</u>
EXPENSES				
Program services	557,290	-	557,290	847,178
Management and general	222,714	-	222,714	215,649
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,589</u>
Total Expenses	<u>780,004</u>	<u>-</u>	<u>780,004</u>	<u>1,144,416</u>
Change in net assets	(27,497)	(72,530)	(100,027)	23,093
Net assets, beginning of year	<u>174,812</u>	<u>97,530</u>	<u>272,342</u>	<u>249,249</u>
Net assets, end of year	<u>\$ 147,315</u>	<u>\$ 25,000</u>	<u>\$ 172,315</u>	<u>\$ 272,342</u>

See accompanying notes which are an integral part of these financial statements.

AMERIHEALTH CARITAS PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE
YEAR ENDED DECEMBER 31, 2014)

	2015			2014
	Program Services	Management and General Services	Total	Total
Bank service charges	\$ -	\$ 342	\$ 342	\$ 1,246
Building rental	6,616	-	6,616	-
Conferences and meetings	1,053	-	1,053	-
Consultants	120,250	-	120,250	178,751
Dues and subscriptions	3,738	-	3,738	-
Licenses, permits and fees	-	4,045	4,045	11,753
Miscellaneous expense	5,512	-	5,512	16,030
Postage and shipping	-	940	940	732
Program activities	196,458	-	196,458	473,673
Printing and reproduction	15,234	-	15,234	5,520
Supplies	-	-	-	2,335
Travel and parking	<u>13,492</u>	<u>-</u>	<u>13,492</u>	<u>5,977</u>
Total expenses before contributed services and facilities	<u>362,353</u>	<u>5,327</u>	<u>367,680</u>	<u>696,017</u>
Contributed services and facilities:				
Salaries	149,229	98,249	247,478	263,525
Payroll taxes and benefits	45,708	29,118	74,826	80,807
Professional fees – fiscal agent	-	17,178	17,178	48,529
Professional fees – legal fees	-	54,842	54,842	44,928
Rent expense	<u>-</u>	<u>18,000</u>	<u>18,000</u>	<u>10,610</u>
Total contributed services and facilities	<u>194,937</u>	<u>217,387</u>	<u>412,324</u>	<u>448,399</u>
Total Expenses	<u>\$ 557,290</u>	<u>\$ 222,714</u>	<u>\$ 780,004</u>	<u>\$1,144,416</u>

See accompanying notes which are an integral part of these financial statements.

AMERIHEALTH CARITAS PARTNERSHIP
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (100,027)	\$ 23,093
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Decrease (increase) in assets:		
Contributions receivable	500	29,500
Prepaid expenses	369	(1,650)
Increase (decrease) in liabilities:		
Accounts payable	<u>(738)</u>	<u>(6,902)</u>
Net cash provided (used) by operating activities	(99,896)	44,041
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(99,896)	44,041
Cash, beginning of year	<u>268,634</u>	<u>224,593</u>
Cash, end of year	<u>\$ 168,738</u>	<u>\$ 268,634</u>
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes which are an integral part of these financial statements.

AMERIHEALTH CARITAS PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND PROGRAMS

AmeriHealth Caritas Partnership (the Partnership), formerly AmeriHealth Mercy Foundation, was incorporated in 2010 and began operations in 2012 as a Pennsylvania nonprofit organization by AmeriHealth Caritas Family of Companies (ACFC) to address health and health care disparities by expanding current corporate programs to locations across the United States. These evidence-based, award-winning initiatives educate underserved communities about the importance of promoting health choices and adopting healthy lifestyles. The Partnership is committed to providing community health initiatives that promote prevention and the health status of vulnerable populations. The Partnership's primary source of revenue is contributions.

The Partnership operates and manages the following programs:

Healthy Hoops – a national, community-based, chronic disease intervention program that teaches children and their families how to better understand and effectively manage their asthma and associated conditions, learn about and maintain a healthy diet, undertake safe physical activities, and thereby improve their overall quality of life.

Health Empowerment Tour (formerly Health Ministry) – a health education program that focuses on whole-body wellness. Topics include breast cancer, diabetes, obesity, stroke and hypertension, medical adherence, heart disease awareness and prevention, and emotional and mental well-being.

The Partnership previously operated and managed the following programs.

Safe Playground Build – helps promote healthy lifestyles for kids by decreasing childhood obesity and preventing injuries that result from obsolete and dangerous equipment. Studies show that education, development, and providing adult-supervised activities reduce the amount of play injuries while increasing motivation and physical fitness. Safe playgrounds are particularly important due to the physical health of children and vital to mental and social developments.

Dental/Medical Integration Conference and Health Disparities Conference – brings physicians and dentists together to promote patient wellness through collaboration.

Disaster Relief Fund – collects donations to aid people suffering from the effects of disasters. The donations help restore basic life necessities to people whose daily routine has been devastated by the disaster.

AMERIHEALTH CARITAS PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial position and results of activities of the Partnership are reported on the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized in the period when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under the related provisions, information regarding financial position and activities is required to be reported as follows:

Unrestricted Net Assets – are net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – are net assets subject to donor-imposed stipulations on the use of the assets that may be released either by actions and/or the passage of time.

Permanently Restricted Net Assets – are net assets subject to donor-imposed stipulations requiring the principal be maintained permanently.

The Partnership had no Permanently Restricted Net Assets during 2014 or 2015.

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

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances.

AMERIHEALTH CARITAS PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Furniture, and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment is carried at cost or, if donated, at the appropriate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over 5 years.

Restricted and Unrestricted Revenue

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Partnership.

Income Taxes

The Partnership is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Prior to January 1, 2015, the Partnership was classified as a public charity pursuant to Code Sections 509(a)(1) and 170(b)(1)(A)(vi). Effective January 1, 2015, the Partnership was reclassified as a private foundation as described in Code Section 509(a).

The Partnership has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. For federal income tax purposes, the returns remain open for possible examination three years after they are filed. The Partnership's policy is to recognize interest and penalties on unrecognized tax benefits in other expense in the statement of activities. No interest and penalties were recorded during the year ended December 31, 2015.

AMERIHEALTH CARITAS PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with AmeriHealth Caritas Partnership's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Date of Management's Review

Subsequent events have been evaluated through _____, the date that the financial statements were available to be issued.

3. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Health Ministry – DC	\$ -	\$ 20,296
Health Ministry – South Carolina	-	50,000
Healthy Hoops – Kentucky	<u>25,000</u>	<u>27,234</u>
	<u>\$ 25,000</u>	<u>\$ 97,530</u>

AMERIHEALTH CARITAS PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

4. DONOR-IMPOSED RESTRICTIONS

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purposes or by occurrence of other events as specified by the donors. Purpose restrictions accomplished were:

	<u>2015</u>	<u>2014</u>
Disaster Relief Fund	\$ -	\$ 14,372
Health Empowerment Tour	60,000	60,000
Health ministry – DC	20,296	-
Healthy Hoops – Kentucky	27,234	19,207
Playground build	-	82,500
Playground build – Louisiana	-	55,300
Playground build – South Carolina	<u>50,000</u>	<u>67,140</u>
	<u>\$ 157,530</u>	<u>\$ 298,519</u>

5. FUNDRAISING INCOME, NET

The value of fundraising income, net of cost of direct benefits to donors is as follows:

	<u>2015</u>	<u>2014</u>
Revenue from fundraising events	\$ -	\$ 82,500
Less: cost of direct benefits to donors	<u>-</u>	<u>(26,587)</u>
Revenue from fundraising events, net	<u>\$ -</u>	<u>\$ 55,913</u>

AMERIHEALTH CARITAS PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

6. CONTRIBUTED SERVICES

ACFC has committed to provide in-kind support to the Partnership in the form of salaries and employee benefits for a period of five years. In addition, ACFC provides use of certain office space and administrative and professional services. The value of contributed services included as contributions in the accompanying financial statements and the corresponding expenses are as follows:

	<u>2015</u>	<u>2014</u>
Salaries	\$ 247,478	\$ 263,525
Payroll taxes and benefits	74,826	80,807
Professional fees – fiscal agent	17,178	48,529
Professional fees – legal fees	54,842	44,928
Rent expense	<u>18,000</u>	<u>10,610</u>
	<u>\$ 412,324</u>	<u>\$ 448,399</u>

Other services, such as graphic design and administrative support, were provided from ACFC to the Partnership but are not included in the financial statements because their values could not be determined.

7. CONTRIBUTOR CONCENTRATION

In addition to providing in-kind support, ACFC also contributed a total of \$235,000 to the Partnership during 2015, which represented 88% of total contributions.

8. ALLOCATION OF FUNCTIONAL EXPENSES

The costs of providing program services and administrative support have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and administrative support activities as follows:

Program Services – These expenses are charged to the specific program that benefited from the expenditure.

Administrative Support Services – These expenses comprise general and administrative expenses attributable to the general operations of the Partnership.