

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Charlotte Community Health Clinic, Inc.  
and Subsidiary  
Charlotte, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Charlotte Community Health Clinic, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 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 auditors' 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. 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.

Board of Directors  
Charlotte Community Health Clinic, Inc.  
and Subsidiary

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Charlotte Community Health Clinic, Inc. and Subsidiary as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

The 2014 financial statements of Charlotte Community Health Clinic, Inc. were audited by other auditors whose report dated May 26, 2015, expressed an unmodified opinion on those statements.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
May 16, 2016

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 652,204	\$ 851,309
Unconditional Promises to Give	440,816	519,310
Prepaid Expenses	12,716	3,534
Grants Receivable	51,607	30,366
Lease Receivable	111,370	-
Total Current Assets	1,268,713	1,404,519
<b>CAPITAL ASSETS</b>		
Total Assets	105,701	132,313
Total Assets	\$ 1,374,414	\$ 1,536,832
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 110,538	\$ 563,475
Accrued Expenses	38,350	7,953
Total Current Liabilities	148,888	571,428
<b>NET ASSETS</b>		
Unrestricted	673,194	372,094
Temporarily Restricted	552,332	593,310
Total Net Assets	1,225,526	965,404
Total Liabilities and Net Assets	\$ 1,374,414	\$ 1,536,832

See accompanying Notes to Consolidated Financial Statements.

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>UNRESTRICTED NET ASSETS</b>		
Support:		
Grants	\$ 602,874	\$ 219,039
Contributions	1,940,965	2,093,284
Patient Fees	72,855	97,704
Miscellaneous	8,284	3,468
Net Assets Released from Donors Restrictions	1,352,924	737,014
Net Assets Released for Lease Contribution	190,920	-
Total Support	4,168,822	3,150,509
Expenses:		
Program Services	3,276,319	2,956,924
General and Administrative	521,386	233,711
Fundraising	70,017	139,651
Loss on Disposal of Capital Assets	-	57,643
Total Expenses	3,867,722	3,387,929
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	301,100	(237,420)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Grants	423,124	221,575
Government Contract	520,919	520,919
United Way Services	256,533	217,694
Lease Contribution	302,290	-
Net Assets Released from Donor Restrictions	(1,352,924)	(737,014)
Net Assets Released for Lease Contribution	(190,920)	-
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	(40,978)	223,174
<b>INCREASE (DECREASE) IN NET ASSETS</b>	260,122	(14,246)
Net Assets - Beginning of Year	965,404	979,650
<b>NET ASSETS - END OF YEAR</b>	\$ 1,225,526	\$ 965,404

See accompanying Notes to Consolidated Financial Statements.

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 260,122	\$ (14,246)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	29,950	31,391
Effects of Changes in Operating Assets and Liabilities:		
Unconditional Promises to Give	78,494	(149,174)
Prepaid Expenses and Other Current Assets	(9,182)	(101)
Grant Receivable	(21,241)	24,316
Lease Receivable	(111,370)	-
Accounts Payable	(452,937)	99,073
Grants Payable	-	(10,570)
Accrued Liabilities	30,397	-
Loss on Disposal of Capital Assets	-	57,642
Donated Capital Assets	-	(29,813)
Net Cash Provided (Used) by Operating Activities	(195,767)	8,518
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Capital Assets	(3,338)	(63,762)
Net Decrease in Cash	(199,105)	(55,244)
Cash - Beginning of Year	851,309	906,553
<b>CASH - END OF YEAR</b>	<b>\$ 652,204</b>	<b>\$ 851,309</b>

See accompanying Notes to Consolidated Financial Statements.

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2015**

	Program Services	General and Administrative	Fundraising	Total
Contributed Services	\$ 60,840	\$ -	\$ 5,905	\$ 66,745
Compensation	1,287,175	343,037	45,905	1,676,117
Lab Work	911,163	-	-	911,163
Contractual Services	57,996	45,341	-	103,337
Diagnostic Services	614,508	-	-	614,508
Drugs	15,290	-	-	15,290
Janitorial	-	821	-	821
Safe Disposal	579	-	-	579
Postage	1,428	1,542	1,475	4,445
Professional Fees	5,396	41,492	-	46,888
Staff Development	-	20,730	-	20,730
Medical Supplies	25,883	-	-	25,883
Other Expense	1,793	15,950	-	17,743
Printing/Reproduction	-	3,846	4,201	8,047
Rent-Building	182,625	6,767	1,528	190,920
Organizational	-	-	10,706	10,706
Volunteer Development	1,564	-	-	1,564
Linen Service	5,587	-	-	5,587
Insurance	11,649	3,722	-	15,371
Dues, Fees, Licenses	10,786	412	-	11,198
Recruitment	-	5,654	-	5,654
Repairs/Maintenance	475	10	-	485
Office Supplies	309	10,861	-	11,170
Cell Phone	2,478	1,310	-	3,788
Utilities	3,166	117	27	3,310
Telehealth	1,231	-	-	1,231
Moving and Storage	-	1,487	-	1,487
Patient Assistance	52,579	-	-	52,579
Software Costs	5,759	4,395	-	10,154
Professional Development	272	-	-	272
Total Expenses before Depreciation	<u>3,260,531</u>	<u>507,494</u>	<u>69,747</u>	<u>3,837,772</u>
Amortization and Depreciation	<u>15,788</u>	<u>13,892</u>	<u>270</u>	<u>29,950</u>
Total Expenses	<u>\$ 3,276,319</u>	<u>\$ 521,386</u>	<u>\$ 70,017</u>	<u>\$ 3,867,722</u>

See accompanying Notes to Consolidated Financial Statements.



**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2014**

	Program Services	General and Administrative	Fundraising	Total
Contributed Services	\$ 263,188	\$ -	\$ -	\$ 263,188
Compensation	1,326,825	106,558	86,229	1,519,612
Lab Work	420,269	-	-	420,269
Contractual Services	64,279	6,260	30,000	100,539
Diagnostic Services	555,153	-	-	555,153
Drugs	15,333	-	-	15,333
Janitorial	3,727	115	-	3,842
Safe Disposal	470	-	-	470
Technical Services	7,294	-	-	7,294
Postage	2,230	743	500	3,473
Professional Fees	-	32,300	-	32,300
Staff Development	4,222	11,394	-	15,616
Medical Supplies	17,745	-	-	17,745
Other Expense	-	6,432	54	6,486
Printing/Reproduction	-	5,411	6,382	11,793
Rent-Building	208,907	8,104	-	217,011
Organizational	-	143	15,619	15,762
Volunteer Development	5,491	-	-	5,491
Linen Service	6,528	-	-	6,528
Insurance	-	13,817	-	13,817
Dues, Fees, Licenses	915	2,060	-	2,975
Repairs/Maintenance	3,559	341	-	3,900
Office Supplies	-	13,854	537	14,391
Security	946	5	-	951
Cell Phone	2,280	2,673	60	5,013
Utilities	6,875	213	-	7,088
Education	504	-	-	504
Moving and Storage	1,197	10,405	-	11,602
Patient Assistance	20,749	-	-	20,749
Loss on Disposal of Capital Assets	1,202	56,441	-	57,643
Total Expenses before Depreciation	<u>2,939,888</u>	<u>277,269</u>	<u>139,381</u>	<u>3,356,538</u>
Amortization and Depreciation	<u>18,238</u>	<u>12,883</u>	<u>270</u>	<u>31,391</u>
Total Expenses	<u>\$ 2,958,126</u>	<u>\$ 290,152</u>	<u>\$ 139,651</u>	<u>\$ 3,387,929</u>

See accompanying Notes to Consolidated Financial Statements.

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Charlotte Community Health Clinic, Inc. was formed on June 27, 2001 under the laws of the state of North Carolina as a nonprofit, nonstock corporation. Its mission is to provide health care services including primary, acute episodic and chronic disease care services to low-income adult and children residents of the Mecklenburg County and surrounding areas. The Clinic is located in Charlotte, North Carolina. During the year ended December 31, 2015, Charlotte Community Health Clinic, Inc. was designated as a federally qualified health center (FQHC).

Charlotte Community Health Clinic, Inc. acts as a parent company to Charlotte Community Health Clinic Foundation, Inc. (the "Foundation"). The Foundation was formed in March 2015 and is organized exclusively to support Charlotte Community Health Clinic, Inc. The Board of Directors of the Foundation are appointed by Charlotte Community Health Clinic, Inc.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Charlotte Community Health Clinic, Inc. and its controlled subsidiary, the Foundation. Any intercompany accounts and transactions are eliminated in consolidation. Collectively, the two organizations are referred to as the "Clinic."

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

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

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Clinic and/or the passage of time. The Clinic has adopted a policy to record all temporarily restricted contributions as unrestricted if the funds were utilized in the current fiscal year.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that must be maintained in perpetuity by the Clinic. Donors of these assets stipulate that all or part of, the income earned on related investments be used for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, the Clinic considers all highly-liquid investments available for current use, with an initial maturity of three months or less, to be cash equivalents.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Clinic that is, in substance, unconditional. Conditional promises are not included as support until such time as the conditions are substantially met or the likelihood of not meeting the conditions is deemed remote.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates. Amortization of the discounts is included in contribution revenue.

**Grants Receivable**

Contracts for cost reimbursement grants are recognized as receivables and support when the services have been performed or the reimbursable costs have been incurred. Management believes all grants receivable are collectible. As such no allowance has been recorded as of December 31, 2015 or 2014.

**Property and Equipment**

Property and equipment with a value of \$1,000 or more is recorded at cost if purchased or fair market value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation expense is recorded using the straight-line method of depreciation over the estimated useful lives of the assets.

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are released to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Conditional promises to give are not included as support until such time as the conditions are substantially met or the likelihood of not meeting the conditions is deemed remote.

**Contributed Services**

Contributed services are reported as contributions when they would typically need to be purchased by the Clinic if they had not been provided by contributions and if they require specialized skills and are provided by individuals with those skills.

**Income Taxes**

The Clinic is exempt from income tax under Internal Revenue Code Section 501(c)(3), and is not classified as a private foundation.

The Clinic's income tax returns are subject to review and examination by federal, state, and local authorities. The Clinic is not aware of any activities that would jeopardize its tax-exempt status. The Clinic is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

Generally accepted accounting principles require an organization to recognize a tax benefit or expense from an uncertain tax position if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. Management believes the Clinic had no uncertain tax positions as of December 31, 2015 or 2014.

**Functional Allocation of Expenses**

The costs of providing the medical program, fundraising and administration have been summarized on a functional basis in the consolidated statements of activities. Expenses that can be identified with the respective category are charged directly to the category. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

**Reclassifications**

Certain amounts in the 2014 consolidated financial statements have been reclassified to conform to the 2015 presentation, with no effect on previously reported net assets or change in net assets.

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Subsequent Events**

In preparing these consolidated financial statements, the Clinic has evaluated events and transactions for potential recognition or disclosure through May 16, 2016, the date the consolidated financial statements were available to be issued.

**NOTE 2 CAPITAL ASSETS**

At December 31, 2015 and 2014, capital assets consisted of the following:

	2015	2014
Leasehold Improvements	\$ 47,895	\$ 47,895
Furniture and Equipment	175,746	172,408
	<u>223,641</u>	<u>220,303</u>
Less: Accumulated Depreciation	(117,940)	(87,990)
	<u>\$ 105,701</u>	<u>\$ 132,313</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was approximately \$30,000 and \$31,000, respectively.

**NOTE 3 CONTRIBUTED SERVICES**

During the years ended December 31, 2015 and 2014, the value of contributed services meeting the requirements for recognition in the consolidated financial statements as contributions and as expense was as follows:

	2015	2014
Professional Services	\$ 66,745	\$ 263,188
Diagnostic Services	614,508	555,153
Lab Tests	911,163	420,269
Legal Fees	18,441	17,500
Total	<u>\$ 1,610,857</u>	<u>\$ 1,256,110</u>

The contributed services above are included in program service expenses and general and administrative expenses in the accompanying consolidated statements of activities and changes in net assets.

In addition, many individuals volunteer a variety of their time and perform a variety of tasks that assist the Clinic, but these services do not meet the criteria for recognition as contributed services. Management estimates the fair value of these services to be approximately \$19,000 and \$92,000 for the years ended December 31, 2015 and 2014, respectively.

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE 4 UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consists of the following grants restricted by payment terms until 2016:

	2015	2014
United Way Services - Community Care Fund	\$ 128,268	\$ 108,850
Mecklenburg County	312,548	260,460
Duke Endowment	-	150,000
Total	\$ 440,816	\$ 519,310

At December 31, 2015, all unconditional promises to give are expected to be collected within the coming year. Accordingly, no discount on unconditional promises to give has been provided.

**NOTE 5 SERVICE AGREEMENTS**

**Novant Health Presbyterian Medical Center Service Agreement**

Novant Health Presbyterian Medical Center (“Novant”) signed an agreement dated March 15, 2011 promising to pay certain salaries for the Clinic staff and furnish the space from which the Clinic operates and furnish diagnostic services. The initial term of the new agreement was for three years after which the agreement would be automatically renewed annually unless terminated by Novant or the Clinic after a 90-day notice period. The agreement was terminated effective July 31, 2015.

In 2014, Novant ended its lease agreement for the Clinic’s previous location (see above) and offered the Clinic a new location for a sublease payment of \$1 per year (see below). In conjunction with the lease expiration, the Clinic incurred a loss of approximately \$58,000, included in loss on disposal of capital assets in the accompanying consolidated statement of activities and changes in net assets for the year ended December 31, 2014.

**Novant Health Presbyterian Medical Center Sublease Agreement**

Novant signed an agreement dated August 1, 2015 to lease space to the Clinic effective January 1, 2015 for \$1 per year. The lease expires July 31, 2016. The lease contains automatic one year renewals beginning August 1, 2016. Because the Clinic has the exclusive use of the space at an amount below fair market value, the Clinic recorded a lease receivable and a temporarily restricted contribution of approximately \$302,000, the fair value of the space. The lease receivable is being amortized to rent expense on a straight-line basis over the life of the lease. During the year ended December 31, 2015, the Clinic recognized approximately \$191,000 of rent expense related to the lease. The same amount was released from restrictions in the accompanying consolidated statement of activities and changes in net assets.

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE 5 SERVICE AGREEMENTS (CONTINUED)**

**Novant Health Presbyterian Medical Center Sublease Agreement (Continued)**

The following expenses were paid for the Clinic during 2015 and 2014 by Novant and are included in contribution revenue and program service expenses and general and administrative expenses in the accompanying consolidated statements of activities and changes in net assets:

	2015	2014
Salaries, Benefits, and Payroll Taxes	\$ 263,967	\$ 539,699
Rent	190,920	217,011
Other Expense	3,128	7,087
Total	\$ 458,015	\$ 763,797

Novant also provides the diagnostic services described in note 3 above in the amounts of approximately \$615,000 and \$555,000 for the years ended December 31, 2015 and 2014, respectively.

**Other Service Agreement**

On January 1, 2006, the Clinic entered into a service agreement with another North Carolina nonprofit corporation to provide prescription services to qualified patients of the Clinic. The agreement was for a term of one year and automatically renews for successive one year renewal terms. The agreement may be terminated at any time upon 30 days prior written notice. During 2015 and 2014, the Clinic paid approximately \$8,500 and \$15,000, respectively, for medications and medical supplies with an average wholesale drug value of approximately \$3,155,000 and \$2,915,000, respectively.

**NOTE 6 CONCENTRATION OF SUPPORT**

On August 1, 2015, the Clinic entered into a grant agreement with Novant in the amount of \$400,000 to support the Clinic's work in providing health care to needy, indigent, and underserved persons. This amount is included in unrestricted grants in the accompanying consolidated statements of activities and changes in net assets. The grant amount will be paid annually and shall continue through July 31, 2016. The agreement will automatically renew for additional one year terms.

As described above and in note 5, approximately \$1,473,000 and \$1,319,000 or 35% and 42%, respectively, of the support for the Clinic comes from Novant for the years ended December 31, 2015 and 2014, respectively.

**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 7 RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at December 31, 2015 and 2014:

	2015	2014
Lease Receivable	\$ 111,370	\$ -
Unconditional Promises to Give	440,816	519,310
Other	146	74,000
Total	\$ 552,332	\$ 593,310

The Clinic used approximately \$1,544,000 and \$737,000 for the restricted purposes during the years ended December 31, 2015 and 2014, respectively.

**NOTE 8 RETIREMENT PLAN**

During the year ended December 31, 2015, the Clinic established a 401(k) defined benefit retirement plan for eligible employees. Employees are allowed to make salary deferrals into the plan after 90 days of employment. The Clinic matches 50% of the first 6% contributed by the employee. For the year ended December 31, 2015, the Clinic made contributions into the plan of approximately \$2,000.

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

The Clinic maintains cash deposits in a bank in Charlotte, North Carolina. Deposits are insured up to \$250,000. As of December 31, 2015 and 2014, uninsured portions of balances at that bank aggregated to approximately \$399,000 and \$376,000, respectively. It is the opinion of management that the solvency of the referenced bank is not of particular concern at this time.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. At this time, the Clinic is unaware of any such claims.



**CHARLOTTE COMMUNITY HEALTH CLINIC, INC.  
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**NOTE 10 SUBSEQUENT EVENTS**

On March 29, 2016, the Clinic entered into sublease agreement with Goodwill Industries of the Southern Piedmont, Incorporated, and allows the Clinic to rent for \$1 a year for ten years approximately 3,000 square feet to be located within a new facility to operate a community health clinic. The fair market value of the space has not been evaluated at the time of this report, and therefore, the contribution and lease receivable has not been determined. The Clinic is committed to pay approximately \$150,000 for costs of capital improvements.