

DOCTORS WITHOUT WALLS
FINANCIAL STATEMENTS

DECEMBER 31, 2018

DOCTORS WITHOUT WALLS

TABLE OF CONTENTS

| | <u>Page</u> |
|----------------------------------|-------------|
| Accountant's Compilation Report | 1 |
| Financial Statements: | |
| Statement of Financial Position | 2 |
| Statement of Activities | 3 |
| Statement of Functional Expenses | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6 - 11 |

MELISSA PETERSEN & COMPANY
CERTIFIED PUBLIC ACCOUNTANT

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of
Doctors Without Walls

Management is responsible for the accompanying financial statements of Doctors Without Walls (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America, as well as the summarized comparative information presented as of and for the year ended December 31, 2018. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.



Santa Barbara, California
November 15, 2019

DOCTORS WITHOUT WALLS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

| <u>ASSETS</u> | | |
|---------------------------------------|------------|------------|
| | 2018 | 2017 |
| Current Assets | | |
| Cash and cash equivalents | \$ 170,225 | \$ 146,493 |
| Pledges receivable, net (Note 4) | 105,136 | 137,640 |
| Inventory | 27,050 | 28,030 |
| Prepaid expenses | 16,718 | 9,199 |
| Other current asset | 1,900 | - |
| Total Current Assets | 321,029 | 321,362 |
| Property and equipment (Note 5) | 62,174 | 60,389 |
| Total Assets | \$ 383,203 | \$ 381,751 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ - | \$ 20,397 |
| Total Current Liabilities | - | 20,397 |
| Total Liabilities | - | 20,397 |
| Net Assets | | |
| Without Donor Restrictions | 254,735 | 185,901 |
| With Donor Restrictions (Note 9) | 128,468 | 175,453 |
| Total Net Assets | 383,203 | 361,354 |
| Total Liabilities and Net Assets | \$ 383,203 | \$ 381,751 |

See Accountant's Compilation Report

DOCTORS WITHOUT WALLS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

| | Without Donor Restrictions | With Donor Restrictions | 2018 Total | 2017 All Funds |
|---|-------------------------------|----------------------------|-------------------|-------------------|
| Support | | | | |
| Contributions | \$ 237,967 | \$ 128,468 | \$ 366,435 | \$ 444,179 |
| In-kind contributions (Note 8) | 81,281 | - | 81,281 | 114,145 |
| Special events (net of expenses of \$210,950 in 2017) | - | - | - | (11,138) |
| Total Support | <u>319,248</u> | <u>128,468</u> | <u>447,716</u> | <u>547,186</u> |
| Revenue | | | | |
| Investment income | 94 | - | 94 | 306 |
| Total Revenue | <u>94</u> | <u>-</u> | <u>94</u> | <u>306</u> |
| Net assets released from restrictions | | | | |
| Expiration of program restrictions | 175,453 | (175,453) | - | - |
| Total Support and Revenue | <u>494,795</u> | <u>(46,985)</u> | <u>447,810</u> | <u>547,492</u> |
| Expenses | | | | |
| Program Services | 327,839 | - | 327,839 | 361,903 |
| Supporting Services | | | | |
| Administrative | 58,996 | - | 58,996 | 125,866 |
| Fundraising | 39,126 | - | 39,126 | 60,702 |
| Total Supporting Services | <u>98,122</u> | <u>-</u> | <u>98,122</u> | <u>186,568</u> |
| Total Expenses | <u>425,961</u> | <u>-</u> | <u>425,961</u> | <u>548,471</u> |
| Change in Net Assets | 68,834 | (46,985) | 21,849 | (979) |
| Net Assets at Beginning of Year | <u>185,901</u> | <u>175,453</u> | <u>361,354</u> | <u>362,333</u> |
| Net Assets at End of Year | <u>\$ 254,735</u> | <u>\$ 128,468</u> | <u>\$ 383,203</u> | <u>\$ 361,354</u> |

See Accountant's Compilation Report

DOCTORS WITHOUT WALLS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Program Services</u> | <u>Administrative</u> | <u>Fundraising</u> | <u>2018 Total</u> | <u>2017 Total</u> |
|------------------------------------|-----------------------------|-----------------------|--------------------|-----------------------|-----------------------|
| Salary and related expenses | \$ 97,538 | \$ 48,577 | \$ 10,604 | \$ 156,719 | \$ 162,412 |
| Advertising | 110 | - | 8,607 | 8,717 | 137,534 |
| Bad debt | - | 3,335 | - | 3,335 | - |
| Bank charges | - | 56 | - | 56 | 1,698 |
| Contributed professional services | - | - | - | - | - |
| Insurance | 17,614 | 3,756 | - | 21,370 | 20,437 |
| Licenses and taxes | - | - | - | - | 150 |
| Miscellaneous expenses | - | (27,607) | - | (27,607) | - |
| Occupancy | 16,481 | 7,900 | - | 24,381 | 13,900 |
| Office expenses | 3,834 | 3,991 | 17,680 | 25,505 | 30,760 |
| Outside services | 43,060 | 6,107 | 2,235 | 51,402 | 9,264 |
| Professional services | 72,800 | 7,720 | - | 80,520 | 14,168 |
| Professional development | 3,330 | 1,669 | - | 4,999 | 5,801 |
| Program expenses | 56,819 | 538 | - | 57,357 | 134,122 |
| Software | 15,574 | 2,613 | - | 18,187 | 0 |
| Travel and meetings | 679 | 37 | - | 716 | 18,111 |
| Total Expenses Before Depreciation | <u>327,839</u> | <u>58,692</u> | <u>39,126</u> | <u>425,657</u> | <u>548,357</u> |
| Depreciation | - | 304 | - | 304 | 114 |
| Total Expenses | <u>\$ 327,839</u> | <u>\$ 58,996</u> | <u>\$ 39,126</u> | <u>\$ 425,961</u> | |
| Total Year Ended December 31, 2017 | <u>\$ 361,903</u> | <u>\$ 125,866</u> | <u>\$ 60,702</u> | | <u>\$ 548,471</u> |

See Accountant's Compilation Report

DOCTORS WITHOUT WALLS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 21,849 | \$ (979) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 304 | 114 |
| Changes in | | |
| Pledges receivable | 32,504 | (98,291) |
| Inventory | 980 | - |
| Prepaid expenses | (7,519) | (7,538) |
| Other current assets | (1,900) | - |
| Accounts payable and accrued expenses | (20,397) | 3,511 |
| Net Cash Provided by Operating Activities | <u>25,821</u> | <u>(103,183)</u> |
| Cash Flows from Investing Activities | | |
| Purchase of fixed assets | <u>(2,089)</u> | <u>(2,879)</u> |
| Net Cash Used by Investing Activities | <u>(2,089)</u> | <u>(2,879)</u> |
| Net Increase in Cash | 23,732 | (106,062) |
| Cash and Cash Equivalents, Beginning of Year | <u>146,493</u> | <u>252,555</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 170,225</u> | <u>\$ 146,493</u> |

See Accountant's Compilation Report

DOCTORS WITHOUT WALLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

Doctors Without Walls (the Organization) was incorporated in 2009 as a voluntary health and welfare organization qualifying under Internal Revenue Code Section 501(c)(3).

Doctors Without Walls was formed to provide free, volunteer medical care for the most vulnerable of Santa Barbara, when and where they are in need, including in times of disaster, and to provide education and training for the Organization's volunteers and others, in order to promote the excellent practice of humanitarian medicine in Santa Barbara and elsewhere.

NOTE 2: CORE PROGRAMS

Wrap-Around Care Program

The Wrap-Around Care Program includes the Street Medicine program, the Women's Free Homeless Clinic, and our Companion Care Program. The Street Medicine program consists of volunteer-based Street Medicine Teams who provide in-person treatment, referrals to other local free services, and psycho-social care to homeless and vulnerable populations in downtown Santa Barbara. These teams mobilize on foot to reach target populations with needs unmet by other local services. Medical malpractice insurance is provided to clinical members of the Street Medicine Teams, which allows them to continue their mission in meeting the medical needs of Santa Barbara's homeless and vulnerable populations.

These Street Medicine Teams are comprised of physicians, scribes, pack logistics, pharmacy, vitals, social services, outreach and peacekeeper professionals who treat the most vulnerable populations during weekly rounds in Pershing Park and Alameda Park. Through the nearly 100% volunteer model the Organization provides medical care to populations who would not ordinarily access appropriate primary care. These clinics are always on the same day at the same time, giving the clients a sense of consistency and dependability. This is a cost-effective model whereby the volunteer medical teams screen, diagnose, record and treat disease and illnesses in the early stages so that medical problems do not accelerate to a point where the only remedy is to use emergency medical care systems such as hospital emergency rooms. These volunteer medical teams assess, treat, and refer based on each unique encounter to the appropriate medical facility and to agencies providing social services or housing.

Every Wednesday the Organization holds a clinic in Pershing Park. In addition to the clinic in the park, two teams are deployed to do street rounds. These smaller teams consist of a doctor, a nurse or EMT, a scribe, a packs/logistics volunteer, a peacekeeper and an outreach volunteer. One team walks down State Street while the other walks down the beach. Both teams are dedicated to providing health care to patients they encounter directly where it is needed, whether that is a bench, a park, or along the beach. Every Thursday the Organization also holds a clinic in Alameda Park.

DOCTORS WITHOUT WALLS
NOTES TO FINANCIAL STATEMENTS

NOTE 2: CORE PROGRAMS (Continued)

The Women's Free Homeless Clinic is a free women's health clinic sponsored by Transition House. Women are offered free services including medical care, gynecological services, podiatry, health education, counseling, lunch, showers, laundry, & companionship. The clinic takes place the second, third and fourth Friday of every month from 10am to 2pm at Transition House. Free round-trip transportation is provided from various locations.

The Companion Care program helps homeless individuals deal with acute health care situations by matching them with a volunteer who escorts them to medical appointments, helps them navigate the health care system, and assists them in understanding their doctor's assessment and treatment plan.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. The financial activity of the Organization is classified into net asset categories as follows:

Net Assets Without Donor Restrictions are net assets and activities which represent the portion of expendable funds available to support general operations. These net assets are received without donor-imposed restrictions. A portion of these net assets may be designated by the Board of Directors for specific purposes. Restricted contributions that are received and used in the same period are recorded as net assets without donor restrictions.

Net Assets With Donor Restrictions are net assets, contributions and other increases of funds temporarily subject to donor-imposed restrictions. The restrictions are temporary in that they are expected to expire with the passage of time or be satisfied and removed by actions of the Organization that fulfill donor stipulations. The Organization has not received any net assets that are permanent in nature and must therefore be maintained in perpetuity.

Basis of Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis.

DOCTORS WITHOUT WALLS
NOTES TO FINANCIAL STATEMENTS

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, including demand deposits and money market accounts.

Pledges Receivable

Unconditional promises to give (pledges) are recorded as contribution income and as receivable at the time the pledge is made. Long-term pledges are discounted to present value using a discount rate commensurate with the risk involved. An allowance for uncollectible pledges is estimated by management based on such factors as prior collection history, type of contribution and the nature of the fund-raising activity.

Property and Equipment

The Organization records property and equipment at cost if purchased or at fair market value at time of contribution if donated and depreciates these assets using the straight-line method over their estimated useful lives. Buildings and improvements are depreciated over periods of 30 to 40 years, while furniture and equipment are depreciated over 5 years. Assets with a cost of \$1,000 or more and useful life of more than one year are capitalized.

Contributions

Contributions and other inflows of funds are recognized as the funds are received or the donor has made an unconditional promise to give. Contributions with donor-imposed restrictions are recorded as increases in net assets with donor restrictions and are then reclassified as net assets without donor restrictions when the restrictions have been satisfied.

Donated Services

The Organization relies heavily on volunteers to perform services for its programs. For services provided by volunteer licensed professionals, the Organization uses the estimated market rates the professionals would have charged to record the value of donated services. All other volunteer services that do not meet specified criteria for recognition as income and expense, have not been included in the Statement of Activities.

Donated Goods

The Organization receives donated goods for use in its various programs and records these donations at their estimated fair market value.

DOCTORS WITHOUT WALLS
NOTES TO FINANCIAL STATEMENTS

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

The Organization has been granted tax exempt status by the Internal Revenue Service and the Franchise Tax Board under section 501(c)(3) and 23071d, respectively, and therefore no provision for income taxes has been recorded. The Organization is not considered a private foundation.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized by function in the Statement of Functional Expenses. Direct costs are charged directly to the appropriate program. Joint costs such as insurance, rent and facility maintenance are allocated by using the direct costs of each program. The allocations are based on current data.

NOTE 4: RECIEVABLES

Management believes that all contract and pledges receivables are fully collectible; therefore no allowance for uncollectible amounts has been recorded.

NOTE 5: PROPERTY AND EQUIPMENT

The Organization's investment in property and equipment at December 31, 2018 and 2017 consisted of the following:

| | | |
|--------------------------------|---------------|---------------|
| | <u>2018</u> | <u>2017</u> |
| Furniture and office equipment | 5,418 | 3,329 |
| Office equipment | 1,150 | 1,150 |
| Vehicles | <u>56,024</u> | <u>56,024</u> |
| Total | 62,592 | 60,503 |
| Less accumulated depreciation | <u>(418)</u> | <u>(114)</u> |
| Total | <u>62,174</u> | <u>60,389</u> |

DOCTORS WITHOUT WALLS
NOTES TO FINANCIAL STATEMENTS

NOTE 6: ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Significant estimates used in preparing these financial statements include:

- Depreciable lives
- Allocation of certain expenses by function
- Value of in-kind contributions
- Allowance for uncollectible pledges receivable

It is at least reasonably possible that the significant estimates used will change within the next year.

NOTE 7: CONCENTRATION OF RISK

Contributions are primarily received from donors in Santa Barbara County.

NOTE 8: IN KIND CONTRIBUTIONS

The Organization receives contributed professional services for counseling and other program activities, as well as contributed supplies and other goods. Management's estimates of in-kind contributions recorded in the financial statements for the years ended December 31, 2018 and 2017 are as follows:

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|------------------|-------------------|
| Professional services | \$ 72,800 | \$ - |
| Donated media and advertising | - | 113,995 |
| Goods for special events | - | 51,209* |
| Other goods | <u>8,481</u> | <u>-</u> |
| Total | <u>\$ 81,281</u> | <u>\$ 165,204</u> |

*Note that these in-kind contributions are recorded on the special events line on the Statement of Activities and not with other in-kind contributions.

DOCTORS WITHOUT WALLS
NOTES TO FINANCIAL STATEMENTS

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

The Organization had net assets with donor-imposed restrictions that are temporary in nature of \$128,468 and \$175,453, at December 31, 2018 and 2017, respectively. The restrictions were made by donors as to the period of time which the funds are intended to be used.

NOTE 10: LIQUIDITY

The Organization has \$275,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$170,000, and pledge receivables of \$105,000. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The contribution receivables are subject to implied time restrictions but are expected to be collected within one year. The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expense, which are, on average, approximately \$59,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2019, which is the date that the financial statements were issued. Management has determined that no other subsequent events requiring disclosure or significantly impacting disclosure have occurred.