

**HEALTH CARE FOR ALL, INC.  
AND  
SUBSIDIARY**

**Consolidating Financial Statements**

**June 30, 2014**

# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

June 30, 2014

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## **Independent Auditors' Report**

To the Board of Directors  
Health Care for All, Inc. and Subsidiary  
Boston, Massachusetts

We have audited the accompanying consolidating financial statements of Health Care for All, Inc. and Subsidiary (nonprofit organizations), which comprise the consolidating statement of financial position as of June 30, 2014, and the related consolidating 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.

### **Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Health Law Advocates, Inc. (Subsidiary) were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of Health Care for All, Inc. and Subsidiary as of June 30, 2014, 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.

## HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

### Consolidating Statement of Financial Position

June 30, 2014

Assets	Health Care for All, Inc.			Health Law Advocates, Inc.			Eliminations	Consolidating Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
<b>Current assets:</b>								
Cash	\$ 509,696	\$ 64,125	\$ 573,821	\$ 1,131,326	\$ 228,802	\$ 1,360,128	\$ -	\$ 1,933,949
Accounts receivable	284,954	-	284,954	-	-	-	(12,819)	272,135
Grants and pledges receivable	23,200	17,500	40,700	6,503	394,148	400,651	-	441,351
Contract service receivable	-	-	-	91,459	-	91,459	(79,107)	12,352
Prepaid expenses	29,642	-	29,642	1,000	-	1,000	-	30,642
<b>Total current assets</b>	<b>847,492</b>	<b>81,625</b>	<b>929,117</b>	<b>1,230,288</b>	<b>622,950</b>	<b>1,853,238</b>	<b>(91,926)</b>	<b>2,690,429</b>
<b>Furniture and equipment, net</b>	<b>42,631</b>	<b>-</b>	<b>42,631</b>	<b>7,707</b>	<b>-</b>	<b>7,707</b>	<b>-</b>	<b>50,338</b>
<b>Total assets</b>	<b>\$ 890,123</b>	<b>\$ 81,625</b>	<b>\$ 971,748</b>	<b>\$ 1,237,995</b>	<b>\$ 622,950</b>	<b>\$ 1,860,945</b>	<b>\$ (91,926)</b>	<b>\$ 2,740,767</b>
<b>Liabilities and net assets</b>								
<b>Current liabilities:</b>								
Accounts payable and accrued expenses	\$ 183,614	\$ -	\$ 183,614	\$ 62,034	\$ -	\$ 62,034	\$ (91,926)	\$ 153,722
Deferred revenue	4,546	-	4,546	14,341	-	14,341	-	18,887
<b>Total current liabilities</b>	<b>188,160</b>	<b>-</b>	<b>188,160</b>	<b>76,375</b>	<b>-</b>	<b>76,375</b>	<b>(91,926)</b>	<b>172,609</b>
<b>Net assets:</b>								
Unrestricted:								
Operating	701,963	-	701,963	816,620	-	816,620	-	1,518,583
Board designated	-	-	-	345,000	-	345,000	-	345,000
Total unrestricted	701,963	-	701,963	1,161,620	-	1,161,620	-	1,863,583
Temporarily restricted	-	81,625	81,625	-	622,950	622,950	-	704,575
<b>Total net assets</b>	<b>701,963</b>	<b>81,625</b>	<b>783,588</b>	<b>1,161,620</b>	<b>622,950</b>	<b>1,784,570</b>	<b>-</b>	<b>2,568,158</b>
<b>Total liabilities and net assets</b>	<b>\$ 890,123</b>	<b>\$ 81,625</b>	<b>\$ 971,748</b>	<b>\$ 1,237,995</b>	<b>\$ 622,950</b>	<b>\$ 1,860,945</b>	<b>\$ (91,926)</b>	<b>\$ 2,740,767</b>

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

**HEALTH CARE FOR ALL, INC. AND SUBSIDIARY**

**Consolidating Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2014**

	Health Care for All, Inc.			Health Law Advocates, Inc.			Eliminations	Consolidating Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
<b>Revenues:</b>								
Grants and contributions	\$ 453,306	\$ 245,000	\$ 698,306	\$ 42,675	\$ 647,500	\$ 690,175	\$ -	\$ 1,388,481
Special event, net	253,130	-	253,130	378,808	-	378,808	-	631,938
Contract service revenue	2,769,929	-	2,769,929	354,815	-	354,815	(334,053)	2,790,691
Other	11,588	-	11,588	-	-	-	(11,110)	478
Interest	1,706	-	1,706	2,877	-	2,877	-	4,583
Net assets released from restrictions	357,125	(357,125)	-	529,718	(529,718)	-	-	-
<b>Total revenues</b>	<b>3,846,784</b>	<b>(112,125)</b>	<b>3,734,659</b>	<b>1,308,893</b>	<b>117,782</b>	<b>1,426,675</b>	<b>(345,163)</b>	<b>4,816,171</b>
<b>Expenses:</b>								
Programs:								
Policy	157,091	-	157,091	-	-	-	-	157,091
Outreach and enrollment	2,400,412	-	2,400,412	-	-	-	(321,234)	2,079,178
Health reform campaign	618,318	-	618,318	-	-	-	-	618,318
Oral health	104,756	-	104,756	-	-	-	-	104,756
Legal services	-	-	-	823,747	-	823,747	-	823,747
General and administrative	121,197	-	121,197	211,435	-	211,435	(23,929)	308,703
Fundraising	367,990	-	367,990	84,561	-	84,561	-	452,551
<b>Total expenses</b>	<b>3,769,764</b>	<b>-</b>	<b>3,769,764</b>	<b>1,119,743</b>	<b>-</b>	<b>1,119,743</b>	<b>(345,163)</b>	<b>4,544,344</b>
<b>Changes in net assets</b>	<b>77,020</b>	<b>(112,125)</b>	<b>(35,105)</b>	<b>189,150</b>	<b>117,782</b>	<b>306,932</b>	<b>-</b>	<b>271,827</b>
<b>Net assets, beginning of year</b>	<b>624,943</b>	<b>193,750</b>	<b>818,693</b>	<b>972,470</b>	<b>505,168</b>	<b>1,477,638</b>	<b>-</b>	<b>2,296,331</b>
<b>Net assets, end of year</b>	<b>\$ 701,963</b>	<b>\$ 81,625</b>	<b>\$ 783,588</b>	<b>\$ 1,161,620</b>	<b>\$ 622,950</b>	<b>\$ 1,784,570</b>	<b>\$ -</b>	<b>\$ 2,568,158</b>

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

**HEALTH CARE FOR ALL, INC. AND SUBSIDIARY**

**Consolidating Statement of Cash Flows  
For the Year Ended June 30, 2014**

	Health Care for All, Inc.	Health Law Advocates, Inc.	Eliminations	Consolidating Total
<b>Cash flows provided by (used in) operating activities:</b>				
Changes in net assets	\$ (35,105)	\$ 306,932	\$ -	\$ 271,827
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities				
Depreciation	31,406	4,236	-	35,642
Changes in operating assets and liabilities:				
Accounts receivable	175,662	-	74,586	250,248
Grants and pledges receivable	28,370	(176,208)	-	(147,838)
Contract receivable	-	(41,117)	-	(41,117)
Prepaid expenses	6,343	-	-	6,343
Accounts payable	64,278	3,899	(74,586)	(6,409)
Refundable advances	4,546	-	-	4,546
Deferred revenue	-	(14,159)	-	(14,159)
<b>Net cash provided by (used in) operating activities</b>	<b>275,500</b>	<b>83,583</b>	<b>-</b>	<b>359,083</b>
<b>Cash flows used in investing activities:</b>				
Purchase of furniture and equipment	(36,699)	-	-	(36,699)
<b>Net cash used in investing activities</b>	<b>(36,699)</b>	<b>-</b>	<b>-</b>	<b>(36,699)</b>
<b>Cash flows provided by (used in) investing activities:</b>				
Advances in line of credit	100,000	-	-	100,000
Repayments on line of credit	(100,000)	-	-	(100,000)
<b>Net cash provided by (used in) investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>	<b>238,801</b>	<b>83,583</b>	<b>-</b>	<b>322,384</b>
<b>Cash, beginning of year</b>	<b>335,020</b>	<b>1,276,545</b>	<b>-</b>	<b>1,611,565</b>
<b>Cash, end of year</b>	<b>\$ 573,821</b>	<b>\$ 1,360,128</b>	<b>\$ -</b>	<b>\$ 1,933,949</b>

HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

Consolidating Statement of Functional Expenses  
For the Year Ended June 30, 2014

	Health Care for All, Inc.									Health Law Advocates, Inc.				Eliminations	Consolidating Total
	Policy	Outreach and Enrollment	Health Reform Campaign	Oral Health	Total Program Services	General and Administrative	Communications	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total		
<b>Personnel and related:</b>															
Salaries	\$ 75,413	\$ 683,128	\$ 337,122	\$ 57,434	\$ 1,153,097	\$ 283,508	\$ 85,058	\$ 192,675	\$ 1,714,338	\$ 530,512	\$ 109,284	\$ 53,862	\$ 693,658	\$ -	\$ 2,407,996
Employee benefits	11,947	107,114	52,247	9,281	180,589	44,441	13,620	30,124	268,774	76,557	15,770	7,773	100,100	-	368,874
Payroll taxes	5,866	53,130	26,214	4,469	89,679	23,584	6,637	14,965	134,865	45,935	9,462	4,664	60,061	-	194,926
Contracted services	-	43,313	700	-	44,013	168,060	-	-	212,073	-	-	-	-	-	212,073
Staff training	250	4,598	1,398	-	6,246	4,153	265	965	11,629	-	-	-	-	-	11,629
<b>Total personnel and related</b>	<b>93,476</b>	<b>891,283</b>	<b>417,681</b>	<b>71,184</b>	<b>1,473,624</b>	<b>523,746</b>	<b>105,580</b>	<b>238,729</b>	<b>2,341,679</b>	<b>653,004</b>	<b>134,516</b>	<b>66,299</b>	<b>853,819</b>	<b>-</b>	<b>3,195,498</b>
<b>Other:</b>															
Bad debt expense	-	-	-	-	-	-	-	-	-	-	14,400	-	14,400	-	14,400
Computer expenses	-	-	-	-	-	-	-	-	-	32,603	9,315	4,658	46,576	-	46,576
Depreciation	-	-	-	-	-	31,406	-	-	31,406	3,282	636	318	4,236	-	35,642
Dues and subscriptions	-	-	-	-	-	-	-	-	-	4,646	957	472	6,075	-	6,075
Insurance	-	-	-	-	-	-	-	-	-	9,113	1,877	925	11,915	-	11,915
Management fee	4,336	57,581	971	100	62,988	19,490	7,070	600	90,148	-	13,488	-	13,488	-	103,636
Meeting and events	879	24,444	1,149	-	26,472	7,697	-	2,992	37,161	-	-	-	-	-	37,161
Miscellaneous	-	-	-	-	-	-	-	-	-	7,029	1,450	715	9,194	-	9,194
Repairs and maintenance	-	8,994	3,459	-	12,453	9,984	-	388	22,825	-	-	-	-	-	22,825
Occupancy	-	-	-	-	-	197,577	-	-	197,577	78,707	16,214	7,990	102,911	-	300,488
Printing and postage	544	33,988	2,311	211	37,054	3,280	960	16,872	58,166	7,502	1,545	762	9,809	-	67,975
Professional fees	-	51,752	6,375	708	58,835	44,722	3,551	21,923	129,031	18,609	13,114	1,433	33,156	(12,819)	149,368
Subgrants	-	792,534	-	-	792,534	-	-	-	792,534	-	-	-	-	(321,234)	471,300
Supplies	21	2,516	599	233	3,369	2,804	190	1,295	7,658	1,482	2,323	200	4,005	-	11,663
Telephone	780	4,103	4,386	165	9,434	14,012	6,012	360	29,818	3,158	650	321	4,129	-	33,947
Travel	1,698	20,442	6,577	107	28,824	1,190	151	1,596	31,761	4,612	950	468	6,030	-	37,791
Administration allocation	42,821	396,654	135,223	24,790	599,488	(734,711)	51,988	83,235	-	-	-	-	-	-	-
Communications allocation	12,536	116,121	39,587	7,258	175,502	-	(175,502)	-	-	-	-	-	-	-	-
<b>Total other</b>	<b>63,615</b>	<b>1,509,129</b>	<b>200,637</b>	<b>33,572</b>	<b>1,806,953</b>	<b>(402,549)</b>	<b>(105,580)</b>	<b>129,261</b>	<b>1,428,085</b>	<b>170,743</b>	<b>76,919</b>	<b>18,262</b>	<b>265,924</b>	<b>(334,053)</b>	<b>1,359,956</b>
	<b>\$ 157,091</b>	<b>\$ 2,400,412</b>	<b>\$ 618,318</b>	<b>\$ 104,756</b>	<b>\$ 3,280,577</b>	<b>\$ 121,197</b>	<b>\$ -</b>	<b>\$ 367,990</b>	<b>\$ 3,769,764</b>	<b>\$ 823,747</b>	<b>\$ 211,435</b>	<b>\$ 84,561</b>	<b>\$ 1,119,743</b>	<b>\$ (334,053)</b>	<b>\$ 4,555,454</b>

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

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the consolidating 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2015, on our consideration of Health Care for All, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Health Care for All, Inc. and Subsidiary's internal control over financial reporting and compliance.

*Edelstein & Company LLP*

Boston, Massachusetts  
January 13, 2015



# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

## Notes to Financial Statements

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### 1. Organization Purpose

Health Care For All (“HCFA”) is a Massachusetts non-for-profit corporation founded in 1985. HCFA’s mission is to create a consumer-centered healthcare system that provides comprehensive, affordable, accessible, culturally-competent, high quality care and consumer education for everyone, especially the most vulnerable. HCFA works to achieve this as a leader in public policy, advocacy, education and direct service to consumers throughout Massachusetts.

HCFA’s core programs educate and engage consumers in health policy discussions, advocate for expanded access to - and improve the quality of - health care, and assist individuals and families in obtaining the care and coverage they need and deserve.

Health Law Advocates, Inc. (“HLA”) is a Massachusetts not-for-profit corporation founded in 1996. HLA provides free legal representation to eligible consumers who live or work in Massachusetts and seek access to health care. HLA fights for health care justice through representation of groups of consumers and communities and through education and outreach.

#### *Health Care for All’s Programs:*

##### Policy

##### Patient and Family Advisory Councils:

HCFA serves as the coordinating agency for the network of Patient and Family Advisory Councils (“PFACs”) that all acute care and rehabilitation hospitals in Massachusetts are required by law to maintain. PFACs are standing committees of current and former patients, their family members, hospital staff, and administrators that advocate for patient-centered care and pilot programs to boost efficiency, quality, and affordability in their local hospitals. HCFA serves as a resource to PFACs by collecting, synthesizing, and distributing PFACs’ self-reported data on activities and outcomes, and runs an annual conference at which PFAC members connect, brainstorm, and share challenges and best practices. HCFA also leads a statewide PFAC advisory committee with representatives from high-performing councils, and broadcasts a monthly webinar series spotlighting individual PFACs’ methods and successes.

##### Children’s Health Access Coalition (“CHAC”):

The Children’s Health Access Coalition (“CHAC”) is HCFA’s oldest standing coalition, and works to advance public policies that expand coverage of and access to health care services for children in Massachusetts.

##### Affordable Care Today!! (“ACT”):

The ACT!! Coalition is a broad-based coalition of community and advocacy organizations, labor unions, and provider groups that works to increase access to health care for Massachusetts residents and ensure that Massachusetts implements the Affordable care Act (“ACA”) in a way that strengthens the state’s health reform success.

##### Massachusetts Alliance to Support Heroes (“MASH”):

HCFA launched MASH to address core issues confronting Massachusetts’ veterans and their families, including persistent uninsurance, difficulty understanding and utilizing military and civilian health benefits, and delays and knowledge gaps among civilian health providers and Veterans Affairs. MASH aims to bring mental, behavioral, medical, dental, and social service providers together to bring greater ease of access and higher quality care to veterans and families in need.

# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

## Notes to Financial Statements

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### 1. Organization Purpose (continued)

#### *Health Care for All's Programs: (continued)*

##### **Outreach and Enrollment**

###### Consumer Assistance and Enrollment:

HCFA's primary vehicle for providing assistance to Massachusetts consumers is its HelpLine, a toll-free telephone, voicemail and email service available to all Massachusetts' consumers. Counselors are experts in all facets of Massachusetts health care coverage and possess in-depth knowledge of the complex rules regarding coverage options available. HCFA maintains a strong working relationship with the agencies administering Massachusetts' subsidized coverage programs, and provides technical assistance to other enrollment specialists when complex and/or medically urgent cases arise. The HelpLine assists over 35,000 callers annually and serves consumers in English, Spanish and Portuguese, with an emphasis on low-income, immigrant, and senior-age consumers, as well as individuals living with chronic illness and/or disabilities.

###### Community Outreach, Education, and Organizing:

HCFA outreach and organizing staff work to educate individuals in communities throughout the state where rates of uninsurance are highest, with an emphasis on reaching residents whose income and/or immigrant status qualifies them for public benefits. HCFA educates Spanish and Portuguese-speaking consumers through extensive ethnic media campaigns, and disseminates information through events-based education and door-to-door canvassing, including a campaign that reached 57,000 households directly with information about coverage options available to them. HCFA's outreach serves as a mechanism for promoting the HelpLine, and for recruiting health care consumers personally affected by health system shortcomings to participate in public education and advocacy campaigns.

##### **Health Reform Campaign**

###### Campaign for Better Care Coalition ("CBC"):

The CBC is an expansive coalition that is actively engaged in the implementation, monitoring, evaluation, and improvement of Massachusetts's Chapter 224 health care payment and delivery reform legislation. HCFA and the CBC advise the agencies responsible for promulgating the provisions of the law, submit written and oral testimony on all draft standards and regulations, and serve as the consumer advocate on the boards and commissions formed under Chapter 224.

###### Patient Confidence:

HCFA develops and promotes the use of tools to help consumers improve their "patient confidence," which can broadly be defined as the ability to comprehend health care information, make informed health care decisions, manage chronic and acute health issues, and work collaboratively with providers to maintain optimal health. HCFA works with leaders in the field of health care payment and delivery reform, as well as community-based health care providers, on public education campaigns that advance evidence-based patient engagement measures and lead to expanded patient confidence.

##### **Oral Health**

###### Oral Health Advocacy Task Force (OHAT):

The Oral Health Advocacy Taskforce ("OHAT") is a statewide coalition of consumers, advocates, health care professionals, academics, and insurers focused on securing state funding for comprehensive dental benefits for adults in the MassHealth program. After 2010 budget cuts decimated MassHealth's adult dental coverage, the OHAT has been successful in incrementally restoring a number of benefits each year.

# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

## Notes to Financial Statements

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### 1. Organization Purpose (continued)

#### *Health Law Advocates' Programs:*

As a public interest law firm, HLA provides free legal representation to those seeking access to health care justice through representation of groups of consumers and communities and through education and outreach. Through its Children's Mental Health Project, HLA has expanded access of mental health services to children in lower income Massachusetts families. HLA's Dental Health Access Project has included landmark class-action litigation that has improved oral health care for hundreds of thousands of children living in low-income households.

### 2. Summary of Significant Accounting Policies

#### *Basis of Consolidation*

HCFA is the sole member of HLA and approves appointment of members the Board of Directors of HLA. Due to the degree of control, these consolidating financial statements include the accounts of HCFA and HLA. Accounts and transactions between the two have been eliminated. Health Care for All, Inc. and Subsidiary are referred to as "the Organizations" in these financial statements, unless otherwise indicated.

#### *Financial Statement Presentation*

In order to ensure the observance of limitations and restrictions placed on the use of resources available to the Organizations, the Organizations determine the classification of their net assets and their revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions.

The net assets of the Organizations are reported in three categories as follows:

1. Unrestricted net assets represent the portion of expendable resources available for support of the Organization's general operations.
2. Temporarily restricted net assets represent resources restricted by donors for a specific period or purpose.
3. Permanently restricted net assets represent the principal invested which cannot be expended. Income on these invested endowment funds is utilized in accordance with the donors' stipulations. The Organizations had no permanently restricted net assets as of June 30, 2014 or for the year then ended.

#### *Cash*

Cash consists of checking and savings accounts at banks and money market accounts.

#### *Revenues*

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

## Notes to Financial Statements

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### 2. Summary of Significant Accounting Policies (continued)

#### *Revenues (continued)*

Grants and pledges receivable representing promises to give that are expected to be collected within one year are recorded at their face value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are due to be received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contract service revenues are recognized when services are performed and costs are incurred. Refundable advances consist of payments received prior to the performance of the service. Also included in contract service revenues are grants from state and federal cost sharing and reimbursement agreements which are recognized as expenses are incurred.

Special events revenues are reported net of direct donor benefits.

Other revenue consist of management service fees for shared administrative services.

From time to time HLA represents consumers in lawsuits on a contingency basis. In the event of a favorable outcome, HLA is generally entitled to a percentage of the award or settlement as a fee. Due to the uncertainty of the outcome of the lawsuits, revenue is recorded only when the court issues a favorable ruling.

#### *Furniture and Equipment*

Furniture and equipment are stated at cost. Expenditures for maintenance, repairs, and renewals are charged to expense when incurred, whereas major additions in excess of \$1,000 are capitalized. Provisions for depreciation are made using the straight-line method over the estimated useful life of the asset. The estimated useful lives are as follows:

Furniture	5 years
Equipment	3 – 5 years

#### *Functional Allocation of Expenses*

The costs of operating the various programs of the Organizations have been detailed in the consolidating statements of functional expenses and summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain indirect costs have been allocated among programs and supporting services benefited.

#### *Income Taxes*

HCFA and HLA operate as publicly supported tax-exempt organizations pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, are exempt from federal income taxes on related income. The Organizations are also exempt from Massachusetts income tax under Massachusetts General Law 180.

# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

## Notes to Financial Statements

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### 2. Summary of Significant Accounting Policies (continued)

#### *Income Taxes (continued)*

HCFA and HLA have evaluated the tax positions taken on returns for open years and those expected to be taken on returns for the year ended June 30, 2014. It is management's belief that such tax positions are more likely than not to be sustained upon examination by tax authorities. Accordingly, no liability for uncertain tax positions has been reflected in these financial statements. Returns for tax years beginning with those filed for the year ended June 30, 2011 are open to examination.

#### *Use of Estimates and Subsequent Events*

The preparation of 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.

HCFA and HLA's management has evaluated the effect which subsequent events may have on these financial statements. Management's evaluation was completed on January 13, 2015, the date these financial statements became available to be issued. Subsequent to the statement of financial position date, HCFA and HLA entered into sublease agreements for new shared office space in Boston, Massachusetts through September 2024, as discussed in Note 11.

### 3. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and a corresponding reserve based on its assessment of the current status of individual accounts. Balances that were still outstanding after management had used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. As of June 30, 2014, no bad debt reserves were deemed necessary.

### 4. Grants and Pledges Receivable

Grants and pledges receivable for the year ending June 30, 2014 are due as follows:

	<u>HCFA</u>	<u>HLA</u>
Receivable in less than one year	<u>\$ 40,700</u>	<u>\$ 400,651</u>

At June 30, 2014, HCFA had approximately \$1,351,000 available from grants from the Commonwealth of Massachusetts which have not be recognized as assets in the statements of financial position until such time as HCFA performs the services.

# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

## Notes to Financial Statements

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### 5. Property and Equipment

Property and equipment consisted of the following for the year ending June 30, 2014:

	<u>HCFA</u>	<u>HLA</u>
Furniture	\$ 7,416	\$ 7,021
Equipment	213,617	19,920
	<u>221,033</u>	<u>26,941</u>
Less: accumulated depreciation	(178,402)	(19,234)
	<u><u>\$ 42,631</u></u>	<u><u>\$ 7,707</u></u>

### 6. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30, 2014:

	<u>HCFA</u>	<u>HLA</u>
Policy	\$ 25,000	\$ -
Oral health	-	-
Outreach and enrollment	19,583	-
Health reform	37,042	-
Parment fellowship	-	6,667
Children's mental health program	-	450,320
Other programs	-	165,963
	<u><u>\$ 81,625</u></u>	<u><u>\$ 622,950</u></u>

Net assets released from restriction during the year ended June 30, 2014:

	<u>HCFA</u>	<u>HLA</u>
Policy	\$ 25,000	\$ -
Oral health	40,000	-
Outreach and enrollment	40,417	-
Health reform	246,708	-
Children's mental health program	-	380,771
Other programs	5,000	148,947
	<u><u>\$ 357,125</u></u>	<u><u>\$ 529,718</u></u>

# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

## Notes to Financial Statements

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### 7. Line of Credit

HCFA has available a \$175,000 line of credit with a bank. Borrowings under the line are due on demand, and interest is payable monthly at prime rate (3.25%). The line of credit is secured by all assets of HCFA. As of June 30, 2014, there was no outstanding balance under this agreement.

HLA has a \$50,000 line of credit with a bank. Borrowings under the line are due on demand and interest is payable monthly at the bank's base lending rate (5.25%). The line is unsecured and is renewed annually. As of June 30, 2014, there were no outstanding borrowings under the line.

### 8. Leases

HCFA sublets office space in Boston, Massachusetts under an agreement that expires on September 30, 2014. Rent expense was \$166,426 for the year ended June 30, 2014, and is reported as occupancy in the accompanying statements of functional expenses. HLA sublets office space in Boston, Massachusetts under an agreement that expires on September 30, 2014. Rent expense was \$88,173 for the year ended June 30, 2014, and is reported in occupancy in the accompanying statements of functional expenses.

Future minimum annual lease payments under the subleases are as follows:

	<u>HCFA</u>	<u>HLA</u>
2015	\$ 54,096	\$ 16,996

### 9. Employee Benefit Plan

HCFA and HLA maintain a qualified salary reduction plan for all eligible employees, and it may contribute up to 5% of each employee's annual salary. For the year ended June 30, 2014, HCFA's and HLA's contributions were as follows:

	<u>HCFA</u>	<u>HLA</u>
	\$ 65,248	\$ 24,889

### 10. Concentration of Credit Risk

HCFA and HLA maintain their cash balances at various Massachusetts banks. The Federal Deposit Insurance Corporation insures balances up to \$250,000. At certain times during the year, cash balances exceed the insured amounts. Management monitors on a regular basis, the financial condition of the financial institutions, along with their balances, to keep this potential risk to a minimum. At June 30, 2014, no account balances exceeded \$250,000.

As of June 30, 2014, one grantor of HCFA comprised 19% of HCFA's consolidating pledges and accounts receivable.

During the year ended June 30, 2014, state government grants comprised 42% of HCFA's consolidating revenues.

# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

## Notes to Financial Statements

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### 11. Subsequent Event

In September 2014, HCFA and HLA entered into 10-year sublease agreements for new office space in Boston, Massachusetts, commencing on October 1, 2014, which provide for HCFA's and HLA to occupy 5,445 and 3,150 square feet, respectively. HCFA's and HLA's base annual rent is initially set at approximately \$13,309 and \$7,700 per month, respectively. HCFA's and HLA's total base rent payable over the lease period is \$1,901,964 and \$1,100,487, respectively.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To all Board of Directors  
Health Care for All, Inc. and Subsidiary  
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating financial statements of Health Care for All, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidating statement of financial position as of June 30, 2014 and the related consolidating statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 13, 2015. The financial statements of Health Law Advocates, Inc. (Subsidiary) were not audited in accordance with Government Auditing standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Health Care for All, Inc.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Health Care for All, Inc. and Subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of Health Care for All, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that there is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies, in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Health Care for All, Inc. and Subsidiary's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Edelstein & Company LLP*

Boston, Massachusetts  
January 13, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
Health Care for All, Inc. and Subsidiary  
Boston, Massachusetts

We have audited Health Care for All, Inc. and Subsidiary's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Health Care for All, Inc. and Subsidiary's major federal programs for the year ended June 30, 2014. Health Care for All, Inc. and Subsidiary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Health Care for All, Inc. and Subsidiary's basic financial statements include the operations of Health Law Advocates, Inc. (the Subsidiary), which was not a recipient of any federal awards during the year ended June 30, 2014. Our compliance testing, described below did not include the operations of the subsidiary because it was either not a direct recipient nor was it a sub recipient of federal awards.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Health Care for All, Inc. and Subsidiary's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Health Care for All, Inc. and Subsidiaries compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination of Health Care for All, Inc. and Subsidiary's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Health Care for All, Inc. and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control over Compliance

Management of Health Care for All, Inc. and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Health Care for All, Inc. and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for that purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Health Care for All, Inc. and Subsidiary's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Edelstein & Company LLP*

Boston, Massachusetts  
January 13, 2015

# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

## Supplementary Schedule of Expenditures of Federal Awards – Not-For-Profit Organizations For the Year Ended June 30, 2014

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<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services:</b>		
Pass-through programs from:		
The Massachusetts Executive Office of Health and Human Services Consumer Assistance Program Grants	93.519	\$ 156,496
The Commonwealth of Massachusetts Commonwealth Health Insurance State Planning and Establishment of Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	2,002,641
The Massachusetts Agency for Healthcare Research and Quality - Children's Health Insurance Program Reauthorization Act	93.535	<u>289,784</u>
<b>Total expenditures of federal awards</b>		<u><u>\$ 2,448,921</u></u>

### NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Health Care for All, Inc. and Subsidiary under programs of the federal government for the year ended June 30, 2014. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Not-For-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Health Care for All, Inc. and Subsidiary, it is not intended to and does not present the financial position, changes in net assets or cash flows of Health Care for All, Inc. and Subsidiary.

### NOTE 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grants numbers were not assigned by pass-through agencies.

# HEALTH CARE FOR ALL, INC. AND SUBSIDIARY

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2014

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### SUMMARY OF AUDITORS' RESULTS

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#### Financial Statements

Type of auditors' report issued: Unmodified

#### Internal Control over Financial Reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

#### Federal Awards:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 510(a) of OMB Circular A-133? No

#### Identification of Major Programs:

##### CFDA Number(s)

##### Name of Federal Program or Cluster

93.525

State Planning and Establishment of Grants for ACA Exchanges

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Prior audit findings: None

Health Care for All, Inc. and Subsidiary did not qualify as a low-risk auditee.