

*MECKLENBURG MEDICAL
ALLIANCE AND ENDOWMENT, INC.*

*FINANCIAL STATEMENTS
MAY 31, 2016*

Mecklenburg Medical Alliance and Endowment, Inc.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Mecklenburg Medical Alliance and Endowment, Inc.
Charlotte, North Carolina

We have reviewed the accompanying financial statements of Mecklenburg Medical Alliance and Endowment, Inc., ("the Organization" - a nonprofit corporation), which comprise the statement of financial position as of May 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

C. Dewitt Foard & Company, P.A.

August 3, 2016

Mecklenburg Medical Alliance and Endowment, Inc.**Statement of Financial Position****May 31, 2016**

ASSETS

Current Assets:

Cash and cash equivalents	\$	22,584
Marketable securities		1,652,283
Sales tax receivable		624
Prepaid expenses		832

Total Current Assets 1,676,323

TOTAL ASSETS \$ ***1,676,323***

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$	1,103
Deferred revenue		350

Total Liabilities 1,453

Net Assets:

Unrestricted net assets		1,674,786
Temporarily restricted		84

Total Net Assets 1,674,870

TOTAL LIABILITIES AND NET ASSETS \$ ***1,676,323***

Mecklenburg Medical Alliance and Endowment, Inc.**Statement of Activities****Year Ended May 31, 2016**

	Unrestricted	Temporarily Restricted	Totals
<u>REVENUES AND GAINS</u>			
Contributions	\$ 11,002	\$ -	\$ 11,002
Memberships	8,290	-	8,290
Meeting fees	3,743	-	3,743
Fundraising	3,260	-	3,260
Other income	1,170	-	1,170
Interest and dividend income	53,565	-	53,565
Net realized and unrealized gain on investments	(75,829)	-	(75,829)
<i>Total Revenues, Gains, and (Losses)</i>	<i>5,201</i>	<i>-</i>	<i>5,201</i>
<u>EXPENSES</u>			
Program	87,692	-	87,692
Management and general	29,133	-	29,133
Fundraising	6,269	-	6,269
<i>Total Expenses</i>	<i>123,094</i>	<i>-</i>	<i>123,094</i>
<i>CHANGE IN NET ASSETS</i>	<i>(117,893)</i>	<i>-</i>	<i>(117,893)</i>
<i>NET ASSETS, BEGINNING</i>	<i>1,792,679</i>	<i>84</i>	<i>1,792,763</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 1,674,786</i>	<i>\$ 84</i>	<i>\$ 1,674,870</i>

Mecklenburg Medical Alliance and Endowment, Inc.**Statement of Functional Expenses****Year Ended May 31, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
<u>EXPENSES</u>				
Grants disbursed	\$ 70,000	\$ -	\$ -	\$ 70,000
Investment fees	-	13,875	-	13,875
Contract services	8,319	2,561	185	11,065
Meetings	1,941	1,941	1,941	5,823
Website services	1,820	1,820	1,819	5,459
Accounting	-	4,500	-	4,500
Other health projects	3,616	-	-	3,616
Occupancy	1,034	1,034	1,034	3,102
Insurance	-	1,992	-	1,992
Printing	525	524	525	1,574
Miscellaneous	268	267	268	803
Bank service fees	-	399	-	399
Marketing	-	-	328	328
Office supplies	98	99	99	296
Postage	71	71	70	212
Licenses and permits	-	50	-	50
<u>TOTAL EXPENSES</u>	\$ 87,692	\$ 29,133	\$ 6,269	\$ 123,094

Mecklenburg Medical Alliance and Endowment, Inc.**Statement of Cash Flows****Year Ended May 31, 2016**

OPERATING ACTIVITIES

Change in net assets	\$ (117,893)
Adjustments to reconcile changes in net assets to cash flows from operating activities:	
Realized and unrealized loss on fair value of marketable securities	75,829
Decrease in operating assets:	
Sales tax receivable	315
Prepaid expenses	45
Increase in operating liabilities:	
Accounts payable and accrued expenses	634
Deferred revenue	350
<i>Cash Flows from Operating Activities</i>	<i>(40,720)</i>

INVESTING ACTIVITIES

Purchases of marketable securities	(1,773,318)
Proceeds from sale and maturities of investments	1,761,604
<i>Cash Flows from Investing Activities</i>	<i>(11,714)</i>

NET CHANGE IN CASH AND CASH EQUIVALENTS	(52,434)
CASH AND CASH EQUIVALENTS, BEGINNING	75,018
CASH AND CASH EQUIVALENTS, ENDING	\$ 22,584

Mecklenburg Medical Alliance and Endowment, Inc.

Notes to Financial Statements

May 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Mecklenburg Medical Alliance and Endowment, Inc., (the “Organization”) is a nonprofit North Carolina corporation formed on April 8, 1983, and assists in providing financial aid to support health related charitable, scientific and educational programs in Mecklenburg County.

Basis of presentation

The accompanying 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. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are from unrestricted contributions and income and are available for use as designated by the Board of Directors, including current operating expenses.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and report in the statement of activities as net assets released from restriction.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. At May 31, 2016, the Organization had no permanently restricted net assets and accordingly, these financial statements do not reflect any activity related to that class of net assets.

Contributions

The Organization reports gifts of cash and other assets as temporarily restricted revenue if they are received with donor stipulations that limit the use of the donated assets. However, restricted contributions whose restrictions are accomplished in the same accounting period are recorded as unrestricted.

Cash and cash equivalents

Cash consists of cash on hand and cash in checking and investment deposit accounts.

Investments

The Organization carries investments in marketable securities with readily determinable fair values at the fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Mecklenburg Medical Alliance and Endowment, Inc.

Notes to Financial Statements

May 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. During the year, the Organization recorded no contributed services or donated goods.

Federal income tax status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Functional allocation of expenses

Expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – FAIR VALUE MEASUREMENTS

Current accounting standards require fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's investments are classified as Level 1 assets.

Mecklenburg Medical Alliance and Endowment, Inc.

Notes to Financial Statements

May 31, 2016

NOTE C – INVESTMENTS

Investments

Investments are reported at fair value in accordance with generally accepted accounting principles. Investments consist of the following as of May 31, 2016:

Equities	\$	983,040
Fixed income		479,982
Bond funds		100,395
Other funds		49,217
Equity funds		39,649
		<hr/>
TOTAL	\$	<u>1,652,283</u>

NOTE D – RESTRICTED NET ASSETS

Temporarily restricted net assets as of May 31, 2016, are comprised of cash and consist of a purpose restricted donation related to Lucky Hearts for \$84.

NOTE E – GRANTS

The Organization's By-Laws provide the Board of Directors shall distribute in each fiscal year an amount equal to five percent of the average of the fair market value of their investment fund account for the investment fund's three previous fiscal years. If advisable due to substantial investment market place and economic changes, the Board of Directors shall have the discretion to modify the five percent distribution rate as it deems necessary. For the year ended May 31, 2016, the Board of Directors approved four percent due to market performance.

NOTE F – CONCENTRATIONS OF RISK

Investments

Investments are insured by the Securities Investor Protection Corporation up to \$500,000. The Organization invests in a variety of investments, which are subject to fluctuations in market values and expose the Organization to a certain degree of investment risk.

Geographic area

The Organization operates in a small geographic area and, is therefore sensitive to changes in the local economy.

Mecklenburg Medical Alliance and Endowment, Inc.

Notes to Financial Statements

May 31, 2016

NOTE G - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the review report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.