

THE WALLACE MEDICAL CONCERN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2015 AND 2014

**THE WALLACE MEDICAL CONCERN
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Wallace Medical Concern
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of The Wallace Medical Concern, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 controls 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.

Board of Directors
The Wallace Medical Concern

Opinion

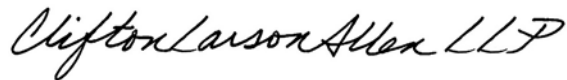
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Wallace Medical Concern as of June 30, 2015, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of The Wallace Medical Concern for the year ended June 30, 2014, were audited by other auditors whose report dated March 20, 2015 expressed an unmodified opinion on those statements. The 2014 summarized comparative information was derived from The Wallace Medical Concern's audited financial statements.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The schedules of functional expenses are the responsibility of management and were 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.



CliftonLarsonAllen LLP

Bellevue, Washington
March 24, 2016

THE WALLACE MEDICAL CONCERN
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2014)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 201,828	\$ 104,824
Grants and Contributions Receivable	54,491	88,061
Patient Service Fees Receivable, Net	413,026	146,791
Prepaid Expenses	23,444	35,190
Total Current Assets	692,789	374,866
FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS, NET		
	621,640	181,512
Total Assets	\$ 1,314,429	\$ 556,378
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 112,500	\$ 67,963
Accrued Payroll Liabilities	84,332	70,211
Line of Credit	100,674	14,674
Total Current Liabilities	297,506	152,848
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	834,170	213,338
Temporarily Restricted	182,753	190,192
Total Net Assets	1,016,923	403,530
Total Liabilities and Net Assets	\$ 1,314,429	\$ 556,378

See accompanying Notes to Financial Statements.

THE WALLACE MEDICAL CONCERN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	
REVENUES, GAINS AND OTHER SUPPORT				
Government Grants	\$ 1,166,163	\$ 26,400	\$ 1,192,563	\$ 1,085,201
Foundation Grants	126,328	127,000	253,328	266,214
Individual Contributions	66,460	5,000	71,460	143,517
Corporation Grants	105,148	15,000	120,148	136,074
In-Kind Contributions	160,656	-	160,656	170,237
Patient Service Fees	1,281,190	-	1,281,190	494,389
Interest Income	250	-	250	77
Net Decline in the Fair Value of Investments	(203)	-	(203)	-
Loss on Disposal of Fixed Assets	-	-	-	(23,573)
Other	207,859	-	207,859	35,227
Total Revenues and Gains	<u>3,113,851</u>	<u>173,400</u>	<u>3,287,251</u>	<u>2,307,363</u>
Net Assets Released from Restrictions	<u>180,839</u>	<u>(180,839)</u>	<u>-</u>	<u>-</u>
Total Revenue, Gains and Other Support	<u>3,294,690</u>	<u>(7,439)</u>	<u>3,287,251</u>	<u>2,307,363</u>
EXPENSES				
Program Services	2,350,963	-	2,350,963	1,850,646
Management and General	585,274	-	585,274	480,051
Fundraising	212,621	-	212,621	188,687
Total Expenses	<u>3,148,858</u>	<u>-</u>	<u>3,148,858</u>	<u>2,519,384</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSE	145,832	(7,439)	138,393	(212,021)
CAPITAL CONTRIBUTIONS	475,000	-	475,000	12,500
INCREASE (DECREASE) IN NET ASSETS	620,832	(7,439)	613,393	(199,521)
Net Assets - Beginning of Year	<u>213,338</u>	<u>190,192</u>	<u>403,530</u>	<u>603,051</u>
NET ASSETS - END OF YEAR	<u>\$ 834,170</u>	<u>\$ 182,753</u>	<u>\$ 1,016,923</u>	<u>\$ 403,530</u>

See accompanying Notes to Financial Statements.

THE WALLACE MEDICAL CONCERN
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receivable from Contributors, Clients and Others	\$ 2,652,251	\$ 2,111,067
Cash Paid to Employees and Suppliers	(2,638,859)	(2,270,274)
Interest Received	250	77
Net Cash Provided (Used) by Operating Activities	13,642	(159,130)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Furniture, Equipment, and Leasehold Improvements	(477,638)	(35,547)
Net Cash Used by Investing Activities	(477,638)	(35,547)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Capital Acquisitions	475,000	12,500
Proceeds from Draws on Line of Credit	86,000	14,674
Net Cash Provided by Financing Activities	561,000	27,174
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	97,004	(167,503)
Cash and Cash Equivalents - Beginning of Year	104,824	272,327
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 201,828	\$ 104,824
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 613,393	\$ (199,521)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	37,510	40,677
Loss on Disposal of Fixed Assets	-	23,573
Proceeds from Contributions Restricted for Capital Acquisitions	(475,000)	(12,500)
Net Changes in:		
Grants and Contributions Receivable	33,570	41,099
Patient Service Fees Receivable	(266,235)	(90,654)
Prepaid Expenses	11,746	(15,883)
Accounts Payable and Accrued Expenses	44,537	34,114
Accrued Payroll Liabilities	14,121	19,965
Total Adjustments	(599,751)	40,391
Net Cash Provided (Used) by Operating Activities	\$ 13,642	\$ (159,130)
Cash Paid for Interest	\$ 1,171	\$ 261

See accompanying Notes to Financial Statements.

**THE WALLACE MEDICAL CONCERN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 ORGANIZATION

Mission

The Wallace Medical Concern (WMC), an Oregon nonprofit corporation, provides an open door to exceptional health services and connections that support individuals and their families in healthy living.

Who We Serve

WMC serves individuals and families who face barriers to care throughout the Portland and Gresham metropolitan area.

History of Success

WMC has a 31-year record of providing medical services and has distinguished itself as a patient focused innovative health care organization. WMC became a Federally Qualified Health Center in June of 2012, allowing for expansion of services and implementation of primary care that offers a comprehensive medical home and continuity of care for patients and their families. WMC's increasing capacity to provide high-quality health services is the result of its success with attracting and maintaining skilled and committed medical professionals, its innovative partnerships, and the hiring of bilingual, bicultural care providers and clinic staff. WMC has provided health care services since 1984, and now provides urgent care at two clinic locations and a mobile medical clinic, as well as primary care at its main clinic in Rockwood. WMC also operates podiatric, dermatologic and chiropractic clinics, and has developed collaborative agreements with other providers and major health systems for referrals to other needed specialty care.

With bilingual staff, professional interpreter volunteers, and an emphasis on health literacy, health education, and prevention, WMC is able to provide culturally-appropriate care to non-English speaking patients. The Health Access Window at the Mexican Consulate offers health promotion and disease prevention assistance. The Mobile Medical Clinic and the new Rockwood Clinic located off the MAX line offer accessibility to those with limited transportation options.

The significant accounting policies followed by WMC are described below to enhance the usefulness of the financial statements to the reader.

**THE WALLACE MEDICAL CONCERN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

WMC has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958-605, *Revenue Recognition*, and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of WMC and changes therein are classified and reported as follows:

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

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may be met by actions of the organization and/or the passage of time. These balances represent the unexpended portion of externally restricted contributions and investment return to be used for specific programs and activities as directed by the donor.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Clinic. Generally, the donors of these assets permit the clinic to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2015, the clinic had no permanently restricted net assets.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents

For purposes of the financial statements, WMC considers all liquid investments having initial maturities of three months or less to be cash equivalents. At June 30, 2015, \$65,820 of the organization's cash balances were held in money market funds.

**THE WALLACE MEDICAL CONCERN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at net realizable value. Third-party contractual adjustments are made based on past experience. Receivables are reduced by an allowance for estimated uncollectible amounts and accounts deemed uncollectible are charged against this allowance.

Grants and Contributions

Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. All grants and contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributions of Capital Assets

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire equipment with such donor restrictions are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Furniture, Equipment, and Leasehold Improvements

Furniture and equipment with a carrying value of \$1,000 or more for the furniture and leasehold improvements of \$2,000 or more are capitalized and reported at cost, and at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally three to five years. Leasehold improvements are generally amortized over the lesser of ten years or the term of the lease.

In-Kind Contributions

In accordance with FASB ASC No. 958-605, *Revenue Recognition*, significant services received which create or enhance a non-financial asset or require specialized skills that WMC would have purchased if not donated are recognized in the statement of activities.

In-kind contributions of equipment and other materials and free use of facilities are recorded when there is an objective basis upon which to value the contributions where the contributions are an essential part of WMC's activities.

**THE WALLACE MEDICAL CONCERN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Service Fees

WMC has agreements with third-party payers that provide for payment at prospectively-determined rates for office visits and the other services provided, which are often different rates than WMC's established rates. Patient service fees are reported at the estimated net realizable amount to be received from third-party payers, including estimated retroactive adjustments under reimbursement and other agreements. Retroactive adjustments are made on an estimated basis in the period the related services have been rendered, and are adjusted in future periods as final settlements are determined.

WMC has a policy of providing care to uninsured self-pay patients who meet certain criteria under its policy at amounts less than its established rates, or without charge. However, all patients are requested to pay a minimum fee for each visit, although no patient is denied services because of an inability to pay. Since management does not expect payment for this care, the services that are discounted from the established rates are excluded from revenue.

For uninsured patients that do not qualify for discount WMC recognizes revenue on the basis of its standard rates for services provided. A significant portion of WMC's uninsured patients will be unable to pay for the services provided. Thus, WMC records a significant provision for bad debts related to uninsured patients in the period the services are provided. WMC also records a provision for doubtful accounts related to third-party payers for services provided.

Revenues from third-party payer agreements are subject to audit and retroactive adjustments. Retroactive adjustments are recorded at the time that such amounts can first be reasonably determined, which is normally upon notification by the paying entity. The Organization receives reimbursements from several sources including Medicaid, Medicare, and private insurers. Payments include reimbursed costs and fees for service charges at discounted rates.

A significant percentage of patient service revenue was for services provided to Medicaid and Medicare participants. Medicaid revenue represented approximately 54% and 33% of patient service revenue for the years ended June 30, 2015 and 2014, respectively. Medicare revenue represented approximately 2% and 1% of patient service revenue for the years ended June 30, 2015 and 2014, respectively. Medicaid receivables represented approximately 41% and 42% of net patient receivables at June 30, 2015 and 2014, respectively. Medicare receivables represented approximately 4% and 3% of net patient receivables at June 30, 2015 and 2014, respectively.

Grant Revenue

WMC receives support from various federal, state, and local government agencies. Grant receipts are subject to restrictions on the use of funds placed by the grantor. WMC administers these funds in accordance with the grantor guidelines. Grant revenue under cost reimbursement arrangements is recognized as expenses are incurred. Amounts incurred but not yet reimbursed are reported as grant receivables.

**THE WALLACE MEDICAL CONCERN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Marketing Expenses

Advertising and marketing costs are charged to expense as they are incurred.

Concentrations of Credit Risk

WMC's financial instruments consist primarily of cash and cash equivalents, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization's management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Income Taxes

WMC is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. In addition, WMC has been recognized as a public charity under Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code. Accordingly, no provision for income taxes is shown in the financial statements. Management evaluated WMC's tax positions and concluded that WMC had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of Topic 740 of the *Accounting Standards Codification*.

Excess (Deficit) Revenues Over Expense

The statements of activities and changes in net assets include excess (deficit) of revenue over expenses. Changes in unrestricted net assets which are excluded from this performance indicator, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, restricted contributions and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction were to be used for the purposes of acquiring such assets and the related releases).

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**THE WALLACE MEDICAL CONCERN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the WMC's financial statements for the year ended June 30, 2014, from which the summarized information was derived. In addition, certain reclassifications have been made to the prior year financial information to conform to the current year financial statement presentation.

Subsequent Events

Subsequent events have been evaluated by management through March 24, 2016, which is the date the financial statements were available to be issued.

NOTE 2 PATIENT SERVICE FEES RECEIVABLE

WMC reported patient service fees receivable as of June 30, as follows:

	<u>2015</u>	<u>2014</u>
Private Pay and Insurance Receivables	\$ 181,747	\$ 144,861
Less: Allowance for Uncollectible Receivables	118,932	92,635
Subtotal	62,815	52,226
PPS Wrap, NET	350,211	94,565
Total	<u>\$ 413,026</u>	<u>\$ 146,791</u>

NOTE 3 FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

As of June 30, a summary of furniture, equipment and leasehold improvements is as follows:

	<u>2015</u>	<u>2014</u>
Leasehold Improvements	\$ 191,193	\$ 191,192
Furniture and Equipment	80,607	77,970
Subtotal	271,800	269,162
Less: Accumulated Depreciation	125,160	87,650
Total	146,640	181,512
Construction in Progress	475,000	-
Furniture, Equipment, and Leasehold Improvements, Net	<u>\$ 621,640</u>	<u>\$ 181,512</u>

Total depreciation expense for the year ended June 30, 2015 and 2014 was \$37,510 and \$40,677, respectively.

**THE WALLACE MEDICAL CONCERN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 IN-KIND CONTRIBUTIONS

WMC's in-kind contributions for the years ended June 30 are summarized as follows:

Program Services:	2015	2014
Medical Staff	\$ 125,226	\$ 145,737
Free Use of Medical Office Space	6,300	6,300
Supplies	1,830	-
Total Program Services	<u>133,356</u>	<u>152,037</u>
Fundraising:		
Free Use of Office Space	27,300	18,200
Total	<u>\$ 160,656</u>	<u>\$ 170,237</u>

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	2015	2014
Dental Health and Education	\$ 131,251	\$ 56,587
Ventanilla Del Salute	14,889	23,218
Healthwork Base Camp	11,372	-
Seeing Clearly	10,779	-
Diabetes Prevention and Treatment	8,118	50,376
Patient Support Fund	6,344	-
FamilyCare Project	-	18,750
Health Literacy	-	41,261
Total Temporarily Restricted Net Assets	<u>\$ 182,753</u>	<u>\$ 190,192</u>

NOTE 6 OPERATING LEASES

WMC leases certain office space and equipment under noncancelable lease agreements expiring on various dates through December of 2019. At June 30, 2015, WMC's approximate minimum rental commitments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 78,064
2017	78,256
2018	78,858
2019	80,436
Total	<u>\$ 315,614</u>

Rent expense for these leases totaled \$88,805 and \$80,964 for the years ended June 30, 2015 and 2014, respectively.

**THE WALLACE MEDICAL CONCERN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 LINE OF CREDIT

WMC maintains a line of credit for up to \$195,000, bearing interest at 1.5%, over the prime rate as quoted in *The Wall Street Journal*, then rounded to the nearest .125%, but with a floor of 4.75%. The line matures on December 5, 2015, and is secured by all organizational inventory, chattel paper, accounts, equipment, and general intangible assets. At June 30, 2015 and 2014, \$100,674 and \$14,674, respectively was outstanding under this agreement. Interest expense from the line of credit that was incurred during the fiscal years ended June 30, 2015 and 2014 was \$1,171 and \$261, respectively.

NOTE 8 RETIREMENT PLAN

WMC sponsors a defined contribution retirement savings plan established under Section 401(k) of the Internal Revenue Code. Eligible employees may make voluntary contributions to the plan on a pre-tax basis up to the maximum amount allowed by law. Employee contributions to the plan vest as accrued. WMC may make discretionary contributions to the plan. During the years ended June 30, 2015 and 2014, WMC elected to match employee contributions to the plan up to 2% of gross wages; such contributions totaled \$25,168 and \$19,586, respectively.

NOTE 9 CONTINGENCIES

Certain amounts received or receivable under WMC's contracts with the U.S. Department of Health and Human Services and Multnomah County, Oregon are subject to audit and adjustment by the contracting agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the organization's general operating funds. In the opinion of WMC's management, any adjustments that might result from such audits would not be material to the organization's overall financial statements.

**THE WALLACE MEDICAL CONCERN
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	2015				2014
	Program Services	Management and General	Fundraising	Total	
Salaries and Related Expenses	\$ 1,603,066	\$ 403,214	\$ 122,139	\$ 2,128,419	\$ 1,652,975
Professional Service Fees	372,385	145,664	40,118	558,167	457,580
Volunteer Management	10,691	876	-	11,567	13,408
Clinical and Pharmaceutical Supplies	115,414	-	-	115,414	78,263
Occupancy	13,136	82,006	27,647	122,789	109,871
Office Supplies	6,830	11,952	37	18,819	12,213
Postage and Delivery	2,271	2,269	66	4,606	4,979
Printing and Copying	978	1,148	5,381	7,507	12,220
Community Education Materials	8,233	1,885	-	10,118	8,415
Training and Meetings	15,679	11,440	15	27,134	26,577
Telecommunications	7,601	17,933	1,440	26,974	23,706
Travel Expenses	6,692	3,547	17	10,256	8,285
Event Expenses	1,206	2,582	760	4,548	3,450
Advertising Expense	154	-	-	154	3,633
Small Equipment	24,905	766	863	26,534	22,200
Insurance	1,722	18,755	-	20,477	17,945
Recruitment	225	339	-	564	3,989
Depreciation	4,689	32,821	-	37,510	40,677
Other	3,713	13,322	266	17,301	18,998
Total Expenses before Allocation of Indirect Costs	2,199,590	750,519	198,749	3,148,858	2,519,384
Allocation of Indirect Costs	151,373	(165,245)	13,872	-	-
Total Expenses	<u>\$ 2,350,963</u>	<u>\$ 585,274</u>	<u>\$ 212,621</u>	<u>\$ 3,148,858</u>	<u>\$ 2,519,384</u>