

**THE CHANDA PLAN FOUNDATION**

**(A Colorado Non-Profit Corporation)**

**Financial Statements**

**December 31, 2017 and 2016**



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Chanda Plan Foundation,

We have audited the accompanying financial statements of The Chanda Plan Foundation (a Colorado non-profit corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the years 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.

### Auditor's 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 auditor's 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 financial statements referred to above present fairly, in all material respects, the financial position of The Chanda Plan Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Bivins & Bunyak CPAs PLLC*

Bivins & Bunyak, CPAs, PLLC  
Denver, Colorado

April 30, 2018

**THE CHANDA PLAN FOUNDATION**  
**(A Colorado Non-Profit Corporation)**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

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**ASSETS**

<b>CURRENT ASSETS</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Cash	\$ 68,850	\$ 102,907
Cash - Rental Property	7,183	3,164
Cash - Restricted	275,423	533,068
Investments	184,549	173,728
Inventory	-	1,299
Due from Related Party	2,211	-
<b>Total Current Assets</b>	<u>538,216</u>	<u>814,166</u>
<b>PROPERTY AND EQUIPMENT - AT COST</b>		
Building and Improvements	2,143,310	1,221,343
Land	209,065	209,065
Furniture and Equipment	7,642	10,338
Loan Fees	10,669	10,669
	<u>2,370,686</u>	<u>1,451,415</u>
Less: Accumulated Depreciation and Amortization	<u>(57,640)</u>	<u>(21,071)</u>
<b>Property and Equipment - Net</b>	<u>2,313,046</u>	<u>1,430,344</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,851,262</u>	<u>\$ 2,244,510</u>

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

**THE CHANDA PLAN FOUNDATION**  
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**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

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**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Programs Payable	\$ 53,147	\$ 109,550
Real Estate Taxes Payable	29,090	32,570
Other Accrued Liabilities	-	1,500
Line-of-Credit Payable	99,230	-
Notes Payable - Due Within One Year	35,635	33,104
<b>Total Current Liabilities</b>	<u>217,102</u>	<u>176,724</u>
 <b>LONG-TERM LIABILITIES</b>		
Notes Payable - Due After One Year	560,314	614,434
Rental Deposits	10,500	9,000
<b>Total Long-Term Liabilities</b>	<u>570,814</u>	<u>623,434</u>
<b>Total Liabilities</b>	<u>787,916</u>	<u>800,158</u>
 <b>NET ASSETS</b>		
Net Assets Without Restrictions	1,622,923	1,223,352
Board Designated Funds	165,000	165,000
Net Assets With Donor Restrictions	275,423	56,000
<b>Total Net Assets</b>	<u>2,063,346</u>	<u>1,444,352</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$ 2,851,262</u>	 <u>\$ 2,244,510</u>

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

**THE CHANDA PLAN FOUNDATION**  
**(A Colorado Non-Profit Corporation)**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

<b>SUPPORT, REVENUES, AND GAINS</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Contributions	\$ 903,714	\$ 1,109,973
Events	297,366	328,897
Foundations and Grants	106,000	70,318
Program Fees	13,193	17,359
In-Kind Donations	331,364	10,800
Rental Income	70,020	76,765
Other Income	<u>66</u>	<u>140</u>
<b>Total Support, Revenues, and Gains</b>	<u>1,721,723</u>	<u>1,614,252</u>
 <b>FUNCTIONAL EXPENSES</b>		
Program Expenses	607,319	533,436
Management and General Expenses	270,445	74,180
Fundraising Expenses	<u>194,032</u>	<u>121,481</u>
<b>Total Functional Expenses</b>	<u>1,071,796</u>	<u>729,097</u>
 <b>INCOME FROM ACTIVITIES</b>	<u>649,927</u>	<u>885,155</u>
 <b>OTHER INCOME (EXPENSE)</b>		
Investment Income	12,898	7,764
Investment (Expense)	(1,997)	(1,929)
Rental (Expense)	(42,091)	(91,199)
Gain on Disposal of Assets	<u>257</u>	<u>-</u>
<b>Total Other Income (Expense) - Net</b>	<u>(30,933)</u>	<u>(85,364)</u>
 <b>CHANGE IN NET ASSETS</b>	618,994	799,791
 <b>NET ASSETS - BEGINNING OF YEAR</b>	1,223,352	429,561
 <b>LESS: CHANGE IN NET ASSETS</b>		
<b>RESTRICTED</b>	<u>(219,423)</u>	<u>(6,000)</u>
 <b>NET ASSETS - END OF YEAR - UNRESTRICTED</b>	<u>\$ 1,622,923</u>	<u>\$ 1,223,352</u>

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

**THE CHANDA PLAN FOUNDATION**  
**(A Colorado Non-Profit Corporation)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Change in Unrestricted Net Assets	\$ 618,994	\$ 799,791
Non-Cash Items Included in Change in Unrestricted Net Assets:		
Depreciation and Amortization	43,418	11,847
(Gain) on Disposal of Assets	(257)	-
(Gain) Loss on Investments	11,892	(3,909)
(Increase) Decrease in Assets		
Inventory	1,299	1,243
Due from Related Party	(2,211)	15,560
Increase (Decrease) in Liabilities		
Programs Payable	(56,403)	53,984
Other Accrued Liabilities	(1,500)	-
Real Estate Taxes Payable	(3,480)	15,000
Income Taxes Payable	-	(415)
Deposits Payable	1,500	(1,850)
<b>Net Cash Provided by Operating Activities</b>	<b><u>613,252</u></b>	<b><u>891,251</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Marketable Equity Securities - Net	(22,713)	(1,883)
Proceeds from Sale of Fixed Assets	1,570	-
Purchase of Property and Equipment	(927,433)	(384,932)
<b>Net Cash (Used in) Investing Activities</b>	<b><u>(948,576)</u></b>	<b><u>(386,815)</u></b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (Repayment of) Line-of-Credit - Net	99,230	-
Proceeds from (Repayment of) Notes Payable - Net	(51,589)	(31,712)
<b>Net Cash Provided By (Used in) Financing Activities</b>	<b><u>47,641</u></b>	<b><u>(31,712)</u></b>
 <b>NET INCREASE (DECREASE) IN CASH</b>	<b>(287,683)</b>	<b>472,724</b>
 <b>CASH - BEGINNING OF YEAR</b>	<b><u>639,139</u></b>	<b><u>166,415</u></b>
 <b>CASH - END OF YEAR</b>	<b><u>\$ 351,456</u></b>	<b><u>\$ 639,139</u></b>
 <b><u>SUPPLEMENTAL INFORMATION:</u></b>		
Interest Paid	<b><u>\$ 36,440</u></b>	<b><u>\$ 32,171</u></b>

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

**THE CHANDA PLAN FOUNDATION**  
**(A Colorado Non-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total Expenses	Total Expenses (2016)
Advertising and Marketing	\$ -	\$ 50,719	\$ 2,795	\$ 53,514	\$ 42,315
Bank and Merchant Fees	-	5,406	6,773	12,179	6,637
Capital Campaign Expenses	-	152,944	-	152,944	38,000
Depreciation and Amortization	-	31,712	-	31,712	1,729
Dues and Subscriptions	-	5,760	-	5,760	3,807
Events	-	-	33,794	33,794	27,758
Insurance	-	11,895	-	11,895	10,265
Interest Expense	-	22,037	-	22,037	-
Office Expenses	-	470	717	1,187	3,600
Payroll Taxes	2,472	5,636	1,779	9,887	10,947
Salaries and Benefits	77,022	32,577	23,455	133,054	136,481
Printing	698	7,046	-	7,744	4,453
Professional Fees	-	67,631	77,463	145,094	82,791
Programs and Direct Services	289,453	-	-	289,453	333,982
Property Management	-	5,906	-	5,906	-
Rent	-	1,400	-	1,400	8,500
Repairs and Maintenance	-	15,316	-	15,316	-
Telephone and Utilities	-	15,799	-	15,799	5,450
Training	-	789	-	789	758
Travel	-	-	-	-	824
Allocated Administrative Expenses	123,574	(162,598)	39,024	-	-
In-Kind Donation Expense	114,100	-	8,232	122,332	10,800
<b>Total Functional Expenses</b>	<b><u>\$ 607,319</u></b>	<b><u>\$ 270,445</u></b>	<b><u>\$ 194,032</u></b>	<b><u>\$ 1,071,796</u></b>	<b><u>\$ 729,097</u></b>

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



**THE CHANDA PLAN FOUNDATION**  
**(A Colorado Non-Profit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

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**1 History and Summary of Significant Accounting Policies.**

**Nature of Operations.** The Chanda Plan Foundation (the Organization), was incorporated April 4, 2006 in the State of Colorado as a non-profit corporation. The mission of the Chanda Plan Foundation is to provide access to integrative therapy, primary care, and other complementary services to improve health outcomes and reduce healthcare costs for persons with physical disabilities.

**Method of Accounting.** The financial statements have been prepared using the accrual basis of accounting whereby income is recorded when earned and expenses as incurred.

**Financial Statement Presentation.** The financial statements of the Organization follow the guidance for Not-for-Profit Entities in Topic 958 of the Accounting Standards Codification (the “ASC”) issued by the Financial Accounting Standards Board. Under Topic 958, a not-for-profit entity is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without restrictions.

**Support and Revenue.** Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit or specify the use of the donated assets, whether by time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the stated purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets without restrictions. Contributions received with restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without restrictions.

Non-monetary donations of goods and services are accepted and recorded at their fair value when received. Donated services are recorded at their fair value in the period received, provided that such services either create or enhance non-financial assets or are considered to be professional services which the Organization would otherwise be required to purchase. Donated fixed assets are recorded at fair value when received and reflected in these financial statements as contribution revenue and an addition to fixed assets.

**Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**THE CHANDA PLAN FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

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**1 History and Summary of Significant Accounting Policies. (Cont'd.)**

**Investments.** Investments are recorded in accordance with FASB ASC 958-320-50. Investments in equity and debt securities that have readily determinable fair values are recorded at quoted market prices. Investments in certificates of deposit are valued at cost plus accrued interest.

The Organization has invested certain funds in certificates of deposit, money market funds and mutual funds, which are classified as available for sale for financial statement presentation purposes. Accordingly, these investments are reported on these financial statements at fair value, and all realized and unrealized gains and losses are included in current period earnings.

**Fair Value Measurements.** The Organization has adopted FASB ASC 820-10, which provides entities the option to measure many financial instruments and certain other items at fair value. Entities that choose the fair value option will recognize unrealized gains and losses on items for which the fair value option was elected in earnings at each subsequent reporting date.

The fair value of financial instruments including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate the carrying values, principally because of the short maturity of those items. The fair value of notes payable approximates the carrying value, principally because of the maturity dates of the notes and the current terms applicable to each item.

The Organization reports its fair value measures for investment securities using a fair value hierarchy defined by Generally Accepted Accounting Principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GAAP are:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, inputs supported by little or no market activity).

**THE CHANDA PLAN FOUNDATION**  
**(A Colorado Non-Profit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

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**1 History and Summary of Significant Accounting Policies. (Cont'd.)**

**Cash and Cash Equivalents.** The Organization considers all checking, savings and money market accounts, as well as highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents for purposes of the Statement of Cash Flows.

**Property and Equipment.** Capital assets are defined by the Organization as assets with an initial cost exceeding \$1,000 and an estimated useful life greater than one year. Property and equipment are stated at cost. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the term of the related lease. Maintenance and repairs are charged to operations as incurred and major improvements are capitalized. Property and equipment are recorded at cost and depreciated on the straight line basis over the following estimated useful lives:

Building and Improvements	39 years
Furniture and Fixtures	5-7 years
Intangible Assets	15 years

**Concentration of Credit Risk.** Financial instruments that potentially subject the Organization to credit risk consist primarily of the following:

**Cash.** The Organization holds its cash with financial institutions where these balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor. From time to time, the Organization may maintain cash balances in a financial institution in excess of the FDIC insured limit.

**Income Taxes.** The Organization is a non-profit corporation as described in section 501(c)(3) of the Internal Revenue Code and is thus exempt from federal and state income taxes on income which is directly related to its organizational purpose. As of December 31, 2017, the Organization had no tax liability on income not directly related to its organizational purpose.

The Organization can be subjected to routine audits for a period of up to three years from the time of filing for federal taxes and for a period of up to four years for the state. There are currently no audits for any tax periods in progress and management believes the Organization is no longer subject to tax examination for years prior to December 31, 2014 for federal income taxes and for years prior to December 31, 2013 for state purposes.

**Inventory.** Inventory is recorded at cost and accounted for primarily on the First-In-First-Out method of accounting.

**Functional Expenses.** The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the programs and support services benefited based on management's estimate of employee hours devoted to each function.

**THE CHANDA PLAN FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

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**1 History and Summary of Significant Accounting Policies. (Cont'd.)**

**Advertising Expenses.** Advertising costs are expensed as they are incurred. Total advertising cost for the years ended December 31, 2017 and 2016 was \$53,514 and \$42,315, respectively.

**Subsequent Events.** In preparing its financial statements, the Organization has evaluated subsequent events through April 30, 2018, the date the financial statements were available to be issued. Management has not identified any material subsequent events that require reporting or disclosure.

**Support and Revenue.** A large number of people have contributed significant amounts of time to the activities of the Organization. However, these financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of Topic 9587 of the ASC.

**Accounts Receivable.** Receivables are recorded when invoices are issued. Receivables are written off when they are determined to be uncollectible. No allowance for doubtful accounts was required at December 31, 2017 and 2016, as all receivables were considered to be collectible.

**2 Property and Equipment.**

A summary of the investment in property and equipment as of December 31, 2017 and 2016, net of accumulated depreciation, is as follows:

	<u>2017</u>	<u>2016</u>
Building and Improvements	\$ 2,089,548	\$ 1,210,570
Land	209,065	209,065
Furniture and Equipment	5,246	811
Loan Fees	<u>9,187</u>	<u>9,898</u>
	<u>\$ 2,313,046</u>	<u>\$ 1,430,344</u>

Depreciation and amortization expense for the years ended December 31, 2017 and 2016 was \$43,418 and \$11,846, respectively.

**3 Investments.**

The Organization's investment securities are held for an indefinite period and are classified as available for sale. Unrealized and realized gains and (losses), dividends, capital gain distributions and interest, net of fees, on the sale of investment securities totaled \$12,898 and \$7,764, respectively, and are included in the accompanying statements of activities for the years ended December 31, 2017 and 2016.

**THE CHANDA PLAN FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

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**3 Investments.** (Cont'd.)

The cost, fair value, and accumulated realized and unrealized losses of the investments are as follows:

Investments at December 31, 2017, are as follows:

	<u>Cost</u>	<u>Fair Value (Level 1)</u>	<u>Realized and Unrealized Gain</u>
Mutual Funds	\$ 170,195	\$ 182,087	\$ 11,892
Cash	<u>2,462</u>	<u>2,462</u>	<u>-</u>
Total	<u>\$ 172,657</u>	<u>\$ 184,549</u>	<u>\$ 11,892</u>

Investments at December 31, 2016, are as follows:

	<u>Cost</u>	<u>Fair Value (Level 1)</u>	<u>Realized and Unrealized Gain</u>
Mutual Funds	\$ 167,749	\$ 168,504	\$ 755
Cash	<u>5,224</u>	<u>5,224</u>	<u>-</u>
Total	<u>\$ 172,973</u>	<u>\$ 173,728</u>	<u>\$ 755</u>

Generally accepted accounting principles provide the definition of fair value for financial reporting, establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and require disclosure about the use of fair value measurements. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 inputs consist of unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

**4 Income Taxes.**

On April 4, 2006, the Organization was granted tax-exempt status under provisions of the Internal Revenue Code Section 501(c)(3). Income tax may be payable on unrelated business income, if any, earned during the year. Income tax expense of \$-0- was incurred for both years ending December 31, 2017 and 2016.

**THE CHANDA PLAN FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

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**5 Note Payable.**

Bank Note, payable in monthly installments of including interest at 4.8%, due December of 2030, secured by a building.

	2017	2016
	\$ 595,949	\$ 647,538
Less: Current Maturities Included in Current Liabilities	35,635	33,104
Notes Payable – Due After One Year	\$ 560,314	\$ 614,434

The following is a schedule of the estimated future maturities of notes payable for the years ending December 31:

2018	\$ 35,635
2019	37,408
2020	39,199
2021	41,221
2022 and Beyond	442,486
	\$ 595,949

**6 Concentrations.**

During the years ended December 31, 2017 and 2016, the Organization received \$561,319 and \$949,568 in donations from six donors and five donors, respectively. These donations amounted to approximately 31% and 60% of total revenue and support for the respective years.

**7 Retirement Plan.**

The Organization has established a 401(k) Retirement Account Plan (the “Plan”) for its employees. The Organization is the administrator of the Plan. All employees are eligible to participate in the Plan, provided they are employed at the Organization for one year and are employed full-time. Under the Plan, eligible employees may elect to have their pre-tax compensation reduced by a percentage or fixed dollar amount, not to exceed amounts allowed by IRS limits. The Organization matches the employee’s contributions up to 3% of each employee’s eligible compensation for the year. All contributions to the Plan vest immediately. For the years ended December 31, 2017 and 2016, the Organization paid \$2,748 and \$1,550, respectively, in matching contributions.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

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**8 Related Party Transactions.**

On September 15, 2016, the Chanda Center for Health (CCFH) was created to carry out the mission of the Organization. CCFH is a separate entity for legal and tax purposes and provides certain services on behalf of the Organization. The Board of Directors that oversees the Organization also oversees CCFH. CCFH provides services that include massage, acupuncture, chiropractic care, adaptive yoga, counseling, and care coordination. The Organization provides funding for programs and operations of the CCFH. Because of the transactions between the two organizations there is a Due From Related Party in the amount of \$2,211 as of December 31, 2017.