

CLINICAL OUTCOMES GROUP, INC.
(A Non-Profit Corporation)
POTTSVILLE, PENNSYLVANIA
DECEMBER 31, 2014

CLINICAL OUTCOMES GROUP, INC.

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*We Want to Help
Our Clients Achieve
What They Want in Life
and Have Fun Doing It.*

L. SAMUEL DEEGAN, P.C.
Certified Public Accountant
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Clinical Outcomes Group, Inc.
Pottsville, Pennsylvania

We have audited the accompanying statement of financial position of Clinical Outcomes Group, Inc. (a non-profit organization) as of December 31, 2014, and the related statements of unrestricted revenues, expenses and other changes in unrestricted net assets, functional expenses, and cash flows for the year then ended, and the 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 of material misstatement.


An audit also involves performing procedures to obtain 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 appropriateness of accounting policies used and the reasonableness of significant estimates made by the management, as well as evaluating the overall financial statement presentation.

Business Development Specialists
Member: American Institute of Certified Public Accountants
Member: Pennsylvania Institute of Certified Public Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clinical Outcomes Group, Inc. as of December 31, 2014 and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "L. Samuel Deegan".

L. Samuel Deegan
Certified Public Accountant
Pottsville, Pennsylvania
June 30, 2015

**CLINICAL OUTCOMES GROUP, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014**

ASSETS	
CURRENT ASSETS	
CASH	\$ 495,207
GRANT CONTRACTS RECEIVABLE	305,259
PREPAID EXPENSES	2,813
TOTAL CURRENT ASSETS	<u>803,279</u>
EQUIPMENT	
OFFICE EQUIPMENT	42,726
LESS: ACCUMULATED DEPRECIATION	(42,726)
NET EQUIPMENT	<u>-</u>
TOTAL ASSETS	<u><u>\$ 803,279</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	\$ 40,381
ACCRUED EXPENSES	92,325
TOTAL CURRENT LIABILITIES	<u>132,706</u>
TOTAL LIABILITIES	<u><u>132,706</u></u>
NET ASSETS	
UNRESTRICTED	<u>670,573</u>
TOTAL NET ASSETS	<u>670,573</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 803,279</u></u>

See Notes to Financial Statements

CLINICAL OUTCOMES GROUP, INC.
STATEMENT OF UNRESTRICTED REVENUES, EXPENSES AND
CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

UNRESTRICTED REVENUE, GAINS AND	
OTHER SUPPORT	
SUPPORT	
PROGRAM SERVICE FEES AND GRANTS	\$ 1,481,216
CONTRIBUTIONS	1,305
TOTAL SUPPORT	1,482,521
REVENUE	
REGISTRATION FEES	2,590
OTHER INCOME	150
INTEREST EARNED	583
TOTAL REVENUE	3,323
TOTAL UNRESTRICTED REVENUE, GAINS AND	
OTHER SUPPORT	1,485,844
EXPENSES	
PROGRAM SERVICES	1,246,471
SPECIAL EVENTS	-
MANAGEMENT AND GENERAL	246,949
TOTAL EXPENSES	1,493,420
CHANGE IN NET ASSETS	(7,576)
NET ASSETS AT BEGINNING OF YEAR	678,149
NET ASSETS AT END OF YEAR	\$ 670,573

See Notes to Financial Statements

CLINICAL OUTCOMES GROUP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	PROGRAM SERVICES	FUND RAISING	MANAGEMENT AND GENERAL	TOTAL
SALARIES	622,801	\$ -	\$ 200,770	\$ 823,571
PAYROLL TAXES	72,867	-	15,287	88,154
EMPLOYEE BENEFITS	15,212	-	1,257	16,469
SUBS CONTRACTORS, CONSULTANTS	206,013	-	-	206,013
INSURANCE	12,675	-	2,237	14,912
TRAINING	3,256	-	575	3,831
TRAVEL	1,293	-	-	1,293
DONATED PUBLIC SERVICE ADS	21,572	-	-	21,572
PROMOTIONAL ITEMS	-	-	-	-
POSTAGE	5,965	-	8	5,973
PUBLICATION EXPENSES	-	-	-	-
LEGAL & ACCOUNTING FEES	8,797	-	1,553	10,350
OFFICE EXPENSES	52,994	-	9,352	62,346
PROGRAM EXPENSES	54,619	-	-	54,619
EDUCATIONAL MATERIALS	1,742	-	-	1,742
RENT	53,550	-	9,450	63,000
DONATED SPACE	35,375	-	-	35,375
DONATED STAFF TIME	-	-	-	-
MEMBERSHIP	2,420	-	-	2,420
MAINTENANCE & REPAIRS	2,026	-	358	2,384
UTILITIES	23,493	-	4,146	27,639
DEPRECIATION	751	-	133	884
INTEREST	-	-	-	-
MILEAGE REIMBURSEMENT	29,772	-	-	29,772
TECHNOLOGY EXPENSES	10,345	-	1,826	12,170
MISCELLANEOUS	8,931	-	-	8,931
TOTAL	\$ 1,246,470	\$ -	\$ 246,949	\$ 1,493,420

CLINICAL OUTCOMES GROUP, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from:	\$
Program Service Fees	1,517,368
Special Events	150

Payments for Expenses:	
Compensation and Related Expenses	(899,678)
Payments Made to Vendors	(544,768)

	73,072
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CASH FLOWS FROM INVESTING ACTIVITIES

Net Investment Earnings and Purchases	583
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Net Cash Provided by Investing Activities	583
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CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of Loan to Shareholders	-
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Net Cash Provided by Financing Activities	-
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Net Decrease in Cash and Cash Equivalent	73,655
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Cash and Cash Equivalent - Beginning of Year	421,552
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Cash and Cash Equivalent - End of Year	\$ 495,207
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RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Change in Net Assets	\$ (7,576)
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Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	884

Change in Operating Assets and Liabilities:

Decrease (Increase) In:	
Accounts Receivables	32,257
(Decrease) Increase In:	
Accrued Expenses & Payables	48,090

Net Cash Used by Operating Activities	\$ 73,655
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CLINICAL OUTCOMES GROUP, INC.
(A Nonprofit Corporation)
Notes to Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Clinical Outcomes Group, Inc. (COGI) is a private, not-for-profit corporation exempt from federal income tax under 501(c)(3) of the Internal Revenue Code of 1954. The Organization is designed to provide accessible and innovative public health and social services. COGI provides programs and services focusing on tobacco cessation, prevention and education; drug and alcohol services including: outpatient, intensive outpatient, case coordination, and medication assisted therapy, and abuse intervention services.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as cash on hand, demand deposits, and temporary cash investments with a maturity of one year or less.

As of December 31, 2014 of the \$495,207 deposited in financial institutions, \$164,159 was uninsured and uncollateralized by FDIC and \$329,129 is covered by FDIC insurance. Federal Deposit Insurance Corporation limits coverage to \$250,000 per account holder.

Basis of Presentation

Financial statement presentation follows the recommendations of the, Financial Statements of Not-for-Profit Organizations the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

CLINICAL OUTCOMES GROUP, INC.
(A Nonprofit Corporation)
Notes to Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost with depreciation provided using the MACRS method over the estimated useful lives of the various assets in amounts sufficient to relate these assets to operations.

Equipment/furnishings	5 years
Improvements	30 years

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activity and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE B - REVENUES

Program Service Fees

Revenue from grants and program service fees is recognized in the period that the grants specify and related expenses are incurred.

Program service fees in the amount of \$1,481,216 were recorded on the accrual basis during 2014. Funds were disbursed to COGI using the cost reimbursement method. Funding organizations include: Community Care Behavioral Health Organization, Health Promotion Council, the Pennsylvania Department of Health, the Pottsville Emergency Management Service, the Schuylkill County Drug and Alcohol Program, PA Department of Public Welfare, PCCD (Pennsylvania Commission on Crime and Delinquency), Integrated Behavioral Health (IBH), Temple University, and privately paying clients.

Registration fees in the amount of \$2,590 were received and Abuse Intervention Clients.

CLINICAL OUTCOMES GROUP, INC.
(A Nonprofit Corporation)
Notes to Financial Statements
December 31, 2014

NOTE B – REVENUES – (CONT'D)

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

NOTE C - INCOME TAXES

The Corporation has been determined to be exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Consequently, no provision has been made in the accompanying financial statements for income taxes.

NOTE D – DONATED MATERIALS, EQUIPMENT AND SERVICES

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt. Donated materials in the amount of \$491 and expenses for donated space in the amount of \$35,375 have been recorded during 2014. Use of computer equipment donated during the year totaled \$1,200. Other donated indirect costs totaling \$3,455 were also recorded during the current year.

Donated services are recognized as contributions in if they enhance nonfinancial assets or (b) require specialized skills and are performed by people with those skills, and (c) would otherwise be purchased by the Organization. Donated services of \$21,472 for public service announcements were recorded during 2014. Donated consultant's services totaling \$12,486 were also recorded during 2014.

All donated materials; services and space are recorded and consumed in relation to the abstinence program.

CLINICAL OUTCOMES GROUP, INC.
(A Nonprofit Corporation)
Notes to Financial Statements
December 31, 2014

NOTE E – LEASES

The Organization leases office space under an agreement that commenced on December 1, 2012 for a term of five years terminating on October 31, 2017.

The total minimum rental commitments as of December 31, 2014, due in future years, are as follows:

Year Ended December 31,	
2015	\$63,400
2016	\$65,400
2017	\$65,400
2018	\$65,400
2019	\$65,400

Total rent expense for the year ended December 31, 2014, totaled \$63,000.

NOTE F – ACCOUNTS RECEIVABLES

Accounts receivable are stated at unpaid balances. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. No provision for uncollectible accounts has been recorded in 2014.

NOTE G – IRA

A simple IRA is available to all regular employees immediately upon employment. Employees may contribute pre-tax earnings to their retirement plan as permitted by current law and tax limits. The Organization matches employee contributions at the rate permitted by current law and the limits of the IRA, currently 3% of wages. Cash contributions to the plan during the year ended December 31, 2014 aggregated \$17,794.

NOTE H – LITIGATION

The Organization is a defendant in a legal action involving a former employee. While the final outcome cannot be determined at this time, management is of the opinion that the ultimate liability, if any, will be covered by the insurance policy in effect at the time of the lawsuit. A \$500 deductible has been paid. No progress was made on this case during 2014.

NOTE I – SUBSEQUENT EVENTS

Management has considered subsequent events through June 30, 2015, the date of this report.