

**ACCESS CARROLL, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Access Carroll, Inc.  
Westminster, Maryland

### Report on the Financial Statements

I have audited the accompanying financial statements of Access Carroll, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of June 30, 2015, and the related statements of revenues, expenses and changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows-modified cash basis 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Access Carroll, Inc. as of June 30, 2015 and its revenues and expenses and changes in net assets, functional expenses, and cash flows for the year then ended, in accordance with the basis of accounting as described in Note 1.

**Basis of Accounting**

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles accepted in the United States of America. My opinion is not modified with respect to that matter.

Randall X. Snyder, CPA, LLC

Marriottsville, MD 21104

November 6, 2015

**ACCESS CARROLL, INC.**

**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -  
MODIFIED CASH BASIS**

June 30, 2015

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents - undesignated	\$	53,954
Cash and cash equivalents - designated		<u>166,163</u>
Total Current Assets		220,117

**PROPERTY AND EQUIPMENT**

-less accumulated depreciation of \$28,667		<u>8,214</u>
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Total Assets	\$	<u><u>228,331</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Payroll taxes payable and withheld	\$	209
Obligation under capital lease		<u>3,600</u>
Total Current Liabilities		3,809

**NONCURRENT LIABILITIES**

Obligation under capital lease		<u>2,700</u>
Total Liabilities		6,509

**NET ASSETS**

Unrestricted		55,659
Temporarily restricted		<u>166,163</u>
Total Net Assets		<u><u>221,822</u></u>

Total Liabilities and Net Assets	\$	<u><u>228,331</u></u>
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See accompanying notes to financial statements.

**ACCESS CARROLL, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS - MODIFIED CASH BASIS**

For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Donations	\$ 41,525	\$ 77,717	\$ 119,242
Grants from non-federal agencies	570,653	-	570,653
Special events	35,162	-	35,162
Patient and other income	146,088	-	146,088
Net assets released from restrictions (note 5)			
Satisfaction of purpose restrictions	10,793	(10,793)	-
Interest	20	90	110
	<u>804,241</u>	<u>67,014</u>	<u>871,255</u>
<b>Expenses</b>			
Program services	768,203	-	768,203
Management and general	21,010	-	21,010
Fundraising	8,344	-	8,344
	<u>797,557</u>	<u>-</u>	<u>797,557</u>
<b>CHANGE IN NET ASSETS</b>	6,684	67,014	73,698
Net assets - Beginning of year	<u>48,975</u>	<u>99,149</u>	<u>148,124</u>
Net assets - End of year	<u>\$ 55,659</u>	<u>\$ 166,163</u>	<u>\$ 221,822</u>

See accompanying notes to financial statements.

**ACCESS CARROLL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**

For the Year Ended June 30, 2015

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 766	\$ -	\$ -	\$ 766
Cleaning, repairs and maintenance	5,302	589	-	5,891
Dental	76,570	-	-	76,570
Donor recognition	1,800	-	-	1,800
Electronic health records	42,175	-	-	42,175
Employee benefits	26,720	2,969	-	29,689
Insurance	8,937	993	-	9,930
Interest	302	34	-	336
Medical supplies	10,082	-	-	10,082
Miscellaneous	696	77	-	773
Office/Postage	12,911	1,435	-	14,346
Parking	4,975	553	-	5,528
Patient education/services	3,832	-	-	3,832
Payroll taxes	33,271	3,697	-	36,968
Pharmaceuticals	3,424	-	-	3,424
Professional fees	31,823	3,536	-	35,359
Salaries and wages	470,474	4,752	-	475,226
Special events/Capital campaign	10,773	-	8,344	19,117
Staff development	2,370	263	-	2,633
Telephone	7,114	791	-	7,905
Utilities	6,598	733	-	7,331
Volunteer and staff appreciation	1,993	-	-	1,993
Depreciation and amortization	5,295	588	-	5,883
Total expenses	<u>\$ 768,203</u>	<u>\$ 21,010</u>	<u>\$ 8,344</u>	<u>\$ 797,557</u>

See accompanying notes to financial statements.

**ACCESS CARROLL, INC.**  
**STATEMENT OF CASH FLOWS**  
**MODIFIED CASH BASIS**  
For the Year Ended June 30, 2015

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Public Support and Revenue	\$ 871,255
Cash Paid to Vendors and Employees	<u>(807,933)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>63,322</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on Obligation under Capital Lease	<u>(3,600)</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>(3,600)</u>
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 59,722
Cash at beginning of year	<u>160,395</u>
Cash at end of year	<u><u>\$ 220,117</u></u>
 <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	
Change in net assets	\$ 73,698
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities:	
Depreciation and amortization	5,883
Increase (Decrease) in Payroll Taxes Payable	<u>(16,259)</u>
	<u>(10,376)</u>
 <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	 \$ <u><u>63,322</u></u>

See accompanying notes to financial statements.



## ACCESS CARROLL, INC.

### Notes to Financial Statements

June 30, 2015

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

##### Organization, Nature of Activities and Income Taxes

Access Carroll, Inc. (Organization), a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation, was formed for the purpose of providing free health care to the uninsured in Carroll County, Maryland. The Organization has expanded their mission to providing free and reduced cost integrated medical and dental care to low-income Carroll County residents. The Organization is supported primarily through donor contributions, grants, patient fees and fundraising activities. Approximately 14% of the Organization's support came from donations, 65% from grants and 17% from patient fees. The Organization is exempt from federal and state income taxes.

The Organization has concluded that there are no significant tax positions that would require recognition in the financial statements. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they are filed.

##### Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under this basis, certain revenues and related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Organization has not recognized pledges receivable from donors, accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements.

##### Donations and Grants

Donations and grants that are restricted by the donor or grantor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the donation or grant is received. All other donor-restricted donations are reported as increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses and changes in net assets as net assets released from restrictions.

##### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ACCESS CARROLL, INC.**

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or estimated fair market value if donated. It is the Organization's policy to capitalize unrestricted expenditures or donated property and equipment in excess of \$500. Lesser amounts are expensed. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed using the straight-line method based on the estimated useful lives of the asset or the life of the lease for leasehold improvements. Computer software costs are amortized on the straight-line basis over five years. Property and equipment purchased with grant funds or restricted donations are expensed.

Contributions

The Organization records contributions and sponsorships when they are received and are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Donated Services

The Organization receives a significant amount of donated services and rent (unpaid volunteers, diagnostic services, occupancy, etc.) which assists in fund-raising, program activities and special events. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Management estimates the value of donated services and rent to be \$1,068,014 for the year ended June 30, 2015. At June 30, 2015, no amounts have been recognized in the statement of revenue, expenses and changes in net assets because the financial statements are prepared on the modified cash basis of accounting.

Advertising

The Organization's policy is to expense advertising cost as the costs are incurred and does not engage in direct response advertising. Total advertising cost amounted to \$766 for the year ended June 30, 2015.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial Statement Presentation

The Organization follows standards of accounting for not-for-profit organizations as described in the FASB Accounting Standards Codification (FASB ASC).

The accompanying financial statements have been prepared on the modified cash basis of accounting which is a basis of accounting other than generally accepted accounting principles in the United States of America. Net assets, revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted Net Assets** represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Organization in accordance with its bylaws.

**Temporarily Restricted Net Assets** represent resources available for use, but expendable only for those operating purposes specified by the donor. Resources of these net assets originate from contributions. Net assets are released from temporary restrictions as terms of the contributions are met.

**Permanently Restricted Net Assets** represent resources which are restricted indefinitely, such as endowments. The Organizations has no such assets as of June 30, 2015.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a natural basis in the statement of revenues, expenses and change in net assets. For the year ended June 30, 2015, approximately 96% of the Organization's expenses related to program services, 3% to management and general, and 1% to fundraising.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

The Organization's financial instruments that are exposed to concentrations of credit risk consist principally of cash and cash equivalents. At times such amounts may be in excess of the FDIC insurance limits, however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances for the year ended June 30, 2015. At June 30, 2015, no amounts were in excess of the FDIC insurance limits.

**ACCESS CARROLL, INC.**

**Notes to Financial Statements (Continued)**

June 30, 2015

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

Equipment	<u>Life</u> 3-7 years	\$ 34,881
Furniture	5 years	<u>2,000</u>
		36,881
Less – accumulated depreciation and amortization		<u>(28,667)</u>
		<u>\$ 8,214</u>

**NOTE 4 – COMMITMENTS**

The Organization has entered into a contract to evaluate a special campaign intended to raise \$1 million to help to expand the program, services and facilities of the Organization. The original contract in the amount of \$11,600 was revised to \$29,700. The Organization has received pledges of \$243,531 and collected \$233,131 of these pledges as of June 30, 2015. The special campaign for solicitations ceased as of June 30, 2013. Outstanding pledges of are due to be paid through the fiscal year ending June 30, 2016.

The Organization received \$150,000 in funds to be used for Phase II of the Capital Renovation Project.

The Organization has been approved for \$378,000 capital funding from the state of Maryland for the year ended June 30, 2016 as part of a capital renovation project of 4,200 square feet at the Organization's operating location. The capital renovation project is expected to be completed by May 2016.

**NOTE 5 – DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through November 4, 2015 the date that the financial statements were available to be issued.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2015

**NOTE 6 – RESTRICTIONS ON NET ASSETS**

The restrictions on net assets as of June 30, 2015 are related to funds received under the capital campaign.

Temporarily restricted net assets available for the following purposes or periods:

Capital Campaign	\$ <u>166,163</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restrictions accomplished:	
Capital Campaign	\$ <u>10,793</u>

**NOTE 7 – LEASE COMMITMENTS**

The Organization leased a copier for a five year period commencing March 2012 and ending March 2017. The lease is recorded as a capital lease for financial statement purposes. The capitalized cost included in Equipment is \$18,000 and accumulated depreciation as of June 30, 2015 is \$11,400. The lease stipulates a monthly payment of \$328. The copier is being depreciated over five years on a straight-line basis. Depreciation expense of the copier amounts to \$3,600 for the year ended June 30, 2015.

Future minimum lease payments under the capital lease as of June 30, 2015 are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2016	\$ 3,600
2017	<u>2,700</u>
	6,300
Less – amount representing interest	( <u>588</u> )
Net amount	\$ <u>5,712</u>

The Organization entered into a lease agreement dated July 8, 2011 and was amended May 1, 2014 (Distillery Building) with the County Commissioners of Carroll County, Maryland beginning July 1, 2011 and ending July 1, 2041 (30 years). The Organization may renew the lease for one extended term of five years. No rent is to be paid during the term. In lieu of rent, the Organization will make available quality primary health care, dental care and additional coordinated health care services for the uninsured, low-income residents of Carroll County, Maryland. The Organization moved its operations to the Distillery Building on December 1, 2012.