

**ACCESS CARROLL, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Randall L. Snyder, CPA, LLC**  
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## INDEPENDENT AUDITOR'S REPORT

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

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, 2019, 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, 2019 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 in the United States of America. My opinion is not modified with respect to that matter.

*Randall X. Snyder, CPA, LLC*

Marriottsville, MD 21104  
February 7, 2020

**ACCESS CARROLL, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -**  
**MODIFIED CASH BASIS**

June 30, 2019

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents - undesignated - Total Current Assets \$ 78,824

**PROPERTY AND EQUIPMENT**

-less accumulated depreciation and amortization of \$52,629 5,928

Total Assets \$ 84,752

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Payroll taxes payable and withheld \$ 198

Obligation under capital lease 1,400

Total Current Liabilities 1,598

**NET ASSETS (DEFICIT)**

Without donor restrictions (deficit) 83,154

Total Net Assets (Deficit) 83,154

Total Liabilities and Net Assets \$ 84,752

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, 2019

	<b>Total</b>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>	
<b>Revenues</b>	
Donations	\$ 38,947
Grants	1,028,790
Special events	51,366
Patient and other income	706,086
Interest	10
Total Revenues Without Donor Restrictions	1,825,199
<b>Expenses</b>	
Program services	1,591,960
Management and general	31,200
Fundraising	8,760
Total Expenses Without Donor Restrictions	1,631,920
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>	193,279
Net assets - Beginning of year	(110,125)
Net assets - End of year	\$ 83,154

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2019

<b>Total</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Advertising	\$ 801	\$ -	\$ -	\$ 801
Cleaning, repairs and maintenance	15,786	1,754	-	17,540
Contractual-Health Department Staff	318,730	-	-	318,730
Dental	83,493	-	-	83,493
Donor recognition	1,346	-	-	1,346
Electronic health records	71,880	-	-	71,880
Employee benefits	27,264	3,029	-	30,293
Insurance	25,050	2,783	-	27,833
Interest	3,046	338	-	3,384
Medical supplies/Lab fees	28,176	-	-	28,176
Miscellaneous	67	8	-	75
Office/Postage	14,272	1,586	-	15,858
Parking	6,219	691	-	6,910
Patient education/services	194	-	-	194
Payroll taxes	61,159	6,795	-	67,954
Pharmaceuticals	6,882	-	-	6,882
Professional fees	19,726	2,192	-	21,918
Salaries and wages	878,295	8,872	-	887,167
Special events	-	-	8,760	8,760
Staff development	6,687	743	-	7,430
Telephone	7,510	834	-	8,344
Utilities	10,618	1,180	-	11,798
Volunteer and staff appreciation	1,202	-	-	1,202
Depreciation and amortization	3,557	395	-	3,952
<b>Total expenses</b>	<b>\$ 1,591,960</b>	<b>\$ 31,200</b>	<b>\$ 8,760</b>	<b>\$ 1,631,920</b>

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2019

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Public Support and Revenue	\$ 1,825,199
Cash Paid to Vendors and Employees	<u>(1,740,769)</u>

**NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES** 84,430

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on Loans Payable	(54,291)
Payments on Obligation under Capital Lease	<u>(8,400)</u>

**NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES** (62,691)

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 21,739

Cash and cash equivalents at beginning of year 57,085

Cash and cash equivalents at end of year \$ 78,824

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Increase (Decrease) in Net Assets Without Donor Restrictions	\$ 193,279
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities:	
Depreciation and amortization	3,952
Increase (Decrease) in Payroll Taxes Payable and withheld	(1)
Increase (Decrease) in Due to Carroll County Health Department	<u>(112,800)</u>
	<u>(108,849)</u>

**NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES** \$ 84,430

Supplemental Disclosure

Cash paid for Interest	\$ <u>3,384</u>
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Cash paid for Income Taxes	\$ <u><u>0</u></u>
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See accompanying notes to financial statements.



## ACCESS CARROLL, INC.

### Notes to Financial Statements

June 30, 2019

#### 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 5% of the Organization's support came from donations and fund raisers, 56% from grants and 39% 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 2017, 2018, and 2019 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 net assets without donor restrictions 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 net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor 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, 2019

#### 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 net assets with donor restrictions to net assets without donor restrictions 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 net assets with donor restrictions or net assets without donor restrictions 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 \$1,473,106 for the year ended June 30, 2019. At June 30, 2019, 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 \$801 for the year ended June 30, 2019.

## ACCESS CARROLL, INC.

### Notes to Financial Statements (Continued)

June 30, 2019

#### 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:

**Net Assets Without Donor Restrictions** 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.

**Net Assets With Donor Restrictions** represent resources available for use, but expendable only for those operating purposes specified by the donor or are restricted indefinitely, such as endowments. Resources of these net assets originate from contributions. Net assets are released from restrictions as terms of the contributions are met. The Organization has no such assets as of June 30, 2019.

##### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied as determined by management. 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, 2019, approximately 97% of the Organization's expenses related to program services, 2% 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, 2019. At June 30, 2019, no amounts were in excess of the FDIC insurance limits.

**ACCESS CARROLL, INC.**

**Notes to Financial Statements (Continued)**

June 30, 2019

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Equipment	<u>Life</u> 3-7 years	\$ 56,557
Furniture	5 years	<u>2,000</u>
		58,557
Less – accumulated depreciation and amortization		<u>( 52,629)</u>
		<u>\$ 5,928</u>

**NOTE 4 – DATE OF MANAGEMENT’S REVIEW**

Management has evaluated subsequent events through February 7, 2020, the date that the financial statements were available to be issued.

**NOTE 5 – COMMITMENTS AND SUBSEQUENT EVENTS**

A presentation and request for a comprehensive financial support package was made to the Carroll Hospital Foundation on November 13, 2018, which was approved. Funds will be distributed through Carroll Hospital.

Carroll Hospital is to form a financial support team to assist the executive director of the Organization with the preparation of financial statistics, etc. for all boards of directors, Carroll Hospital; Carroll Hospital Foundation; and Access Carroll, Inc.

The Organization successfully submitted an application for Joint Commission Accreditation as required by the Maryland Department of Behavioral Health service providers in 2018. A successful accreditation survey was achieved on December 13 and 14, 2018. Final letters of accreditation status for Ambulatory Health (Medical and Dental) and Behavioral Health was received in February 2019 and is valid for a period of three years, at which time another onsite survey will be required.

The Organization is evaluating the need to establish a program of Medical Respite within the Distillery Building from which it operates as a part of its mission.

The Organization and Carroll Hospital executed a grant agreement January 1, 2019 to support the otherwise uncompensated costs incurred by the Organization in providing comprehensive preventive and primary health services at the Organization’s clinic. The grant for the year July 1, 2018 to June 30, 2019 is in the amount of \$904,000. The grant amounts for the period July 1, 2019 through June 30, 2021 are in the amount of \$736,000 per year. The grants are generally without restrictions or conditions of any kind except as previously stated.

**ACCESS CARROLL, INC.**

**Notes to Financial Statements (Continued)**

June 30, 2019

**NOTE 5 – COMMITMENTS AND SUBSEQUENT EVENTS (Continued)**

The Organization and CareFirst BlueCross BlueShield executed a grant agreement for the period July 1, 2019 to June 30, 2022 in the amount of \$326,750 in regards to behavioral health expansion.

The Organization executed an agreement for video conferencing services for the period of November 14, 2019 to November 13, 2022 in the amount of \$18,000.

The Organization executed a lease agreement for copier equipment on August 18, 2019 for 60 months in the amount of \$754 per month.

**NOTE 6 – LEASE COMMITMENTS**

The Organization leased a copier for a three-year period commencing September 2016 and ending August 2019. The lease is recorded as a capital lease for financial statement purposes. The capitalized cost included in Equipment is \$22,800 and accumulated depreciation as of June 30, 2017 is \$6,333. The lease stipulates a monthly payment of \$735. The copier is being depreciated over three years on a straight-line basis. Depreciation expense of the copier amounts to \$6,587 for the year ended June 30, 2018.

Future minimum lease payments under the capital lease as of June 30, 2019 are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2020	\$ 1,470
Less – amount representing interest	( 70)
Net amount	<u>\$ 1,400</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 (County) 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. The lease agreement was amended July 9, 2019, whereby the County shall pay all charges for water, sewer, gas and electricity used by the Tenant on the leased premises.

**ACCESS CARROLL, INC.**

**Notes to Financial Statements (Continued)**

June 30, 2019

**NOTE 7 – INTEGRATED CARE AGREEMENT WITH CARROLL COUNTY HEALTH DEPARTMENT**

The Organization initiated a process of behavioral health billing whereby the Organization would collect all the billings and the Organization would earn ten percent as revenue and the Carroll County Health Department would earn ninety percent as revenue. The Organization records its ten percent earned revenue as income and the ninety percent collected and owed to the Carroll County Health Department as a liability Due to Carroll County Health Department.

**NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization's financial assets as of the statement of assets, liabilities and net assets – modified cash basis are available for general use within one year of the statement of assets, liabilities and net assets – modified cash basis date. As part of the Organization's liquidity management, cash is generally maintained in an operating checking account.