

ACCESS CARROLL, INC.
FINANCIAL STATEMENTS
JUNE 30, 2020

Randall L. Snyder, CPA, LLC

ACCESS CARROLL, INC.
FINANCIAL STATEMENTS
JUNE 30, 2020

Randall L. Snyder, CPA, LLC
12395 Old Frederick Road
Marriottsville, MD 21104
Phone (410) 442-2002

Table of Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis	3
Statement of Revenues, Expenses and Change in Net Assets - Modified Cash Basis	4
Statement of Functional Expenses – Modified Cash Basis	5
Statement of Cash Flows - Modified Cash Basis	6
Notes to Financial Statements	7-13

RANDALL L. SNYDER, CPA, LLC

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

12395 OLD FREDERICK ROAD
MARRIOTTSVILLE, MARYLAND 21104

PHONE 410-442-2002

EMAIL RANDALLSNYDERCPA@COMCAST.NET

CELL 443-745-4269

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, 2020, 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, 2020 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 S. Snyder, CPA, LLC

Marriottsville, MD 21104
June 11, 2021

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

June 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents - undesignated \$ 143,130

PROPERTY AND EQUIPMENT

-less accumulated depreciation and amortization of \$24,955 45,796

Total Assets \$ 188,926

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll taxes payable and withheld \$ 875

Obligation under capital lease 8,580

Total Current Liabilities 9,455

NONCURRENT LIABILITIES

Obligation under capital lease 27,885

Total Noncurrent Liabilities 27,885

NET ASSETS (DEFICIT)

Without donor restrictions (Deficit) 151,586

Total Liabilities and Net Assets \$ 188,926

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, 2020

	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:	
Revenues	
Donations	\$ 39,848
Grants	1,213,695
Special events	41,409
Patient and other income	621,319
HVAC Settlement	50,000
Interest	19
Total Revenues Without Donor Restrictions	1,966,290
Expenses	
Program services	1,848,466
Management and general	41,986
Fundraising	7,406
Total Expenses Without Donor Restrictions	1,897,858
INCREASE (DECREASE) IN NET ASSETS	68,432
Net assets - Beginning of year	83,154
Net assets - End of year	\$ 151,586

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 830	\$ -	\$ -	\$ 830
Cleaning, repairs and maintenance	25,171	2,797	-	27,968
Contractual-Health Dept Staff	188,520	-	-	188,520
Dental	68,224	-	-	68,224
Donor recognition	599	-	-	599
Electronic health records	84,291	-	-	84,291
Employee benefits	33,626	3,736	-	37,362
Insurance	34,177	3,797	-	37,974
Interest	379	42	-	421
Medical supplies/Lab fees	25,865	-	-	25,865
Miscellaneous	519	58	-	577
Office/Postage	19,955	2,217	-	22,172
Parking	6,405	712	-	7,117
Patient education/services	559	-	-	559
Payroll taxes	103,258	11,473	-	114,731
Pharmaceuticals	4,699	-	-	4,699
Professional fees	14,631	1,626	-	16,257
Salaries and wages	1,205,647	12,178	-	1,217,825
Special events/Fundraising	-	-	7,406	7,406
Staff development	4,385	487	-	4,872
Telephone	7,572	841	-	8,413
Utilities	2,553	284	-	2,837
Volunteer and staff appreciation	963	-	-	963
Depreciation and amortization	15,638	1,738	-	17,376
Total expenses	<u>\$ 1,848,466</u>	<u>\$ 41,986</u>	<u>\$ 7,406</u>	<u>\$ 1,897,858</u>

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Public Support and Revenue	\$ 1,966,290
Cash Paid to Vendors and Employees	(1,879,805)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>86,485</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in Property and Equipment	(14,344)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(14,344)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Obligation under Capital Lease	(7,835)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(7,835)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of year	<u>78,824</u>
Cash and cash equivalents at end of year	\$ <u><u>143,130</u></u>

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

Increase (Decrease) in Net Assets	\$ 68,432
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities:	
Depreciation and amortization	17,376
Increase (Decrease) in Payroll taxes payable and withheld	677
	<u>18,053</u>

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Supplemental Disclosure	
Cash paid for Interest	\$ 421
Cash paid for Income Taxes	\$ -

See accompanying notes to financial statements.

ACCESS CARROLL, INC.

Notes to Financial Statements

June 30, 2020

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 7% of the Organization's support came from donations and fund raisers, 62% from grants and CARES Act and 31% 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 2018, 2019, and 2020 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, 2020

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 \$2,500. 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.

Grants

The Organization occasionally receives grants from grantors including state agencies. As the grants are not reciprocal exchange transactions, they are recorded as contributions. There are generally conditions associated with the grants. When grants have a cost reimbursement billing arrangement, revenue is recognized when received since the Organization reports on the modified cash basis of accounting.

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 \$1,382,973 for the year ended June 30, 2020. At June 30, 2020, 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.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$830 for the year ended June 30, 2020.

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, 2020.

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, 2020, 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, 2020. At June 30, 2020, no amounts were in excess of the FDIC insurance limits.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2020

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Equipment	<u>Life</u> 3-7 years	\$ 68,751
Furniture	5 years	<u>2,000</u>
		70,751
Less – accumulated depreciation and amortization		<u>(24,955)</u>
		<u>\$ 45,796</u>

NOTE 4 – NET ASSETS

Net Assets with Donor Restrictions

The Organization expended all funds in regards to the Paycheck Protection Program (PPP) Loan – Grant as of and for the year ended June 30, 2020 and therefore there are no net assets with donor restrictions as of June 30, 2020.

Net Assets Released from Restrictions

The Organization expended all funds in regards to the Paycheck Protection Program (PPP) Loan – Grant during the year ended June 30, 2020 and therefore, net assets released from restrictions amounted to \$218,790 and are reported as unrestricted.

NOTE 5 – DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through June 11, 2021, the date that the financial statements were available to be issued.

NOTE 6 – 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 were received in February 2019 and are valid for a period of three years, at which time another onsite survey will be required.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2020

NOTE 6 – COMMITMENTS AND SUBSEQUENT EVENTS (Continued)

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, 2019 to June 30, 2020 is in the amount of \$736,000. 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.

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 states that July 1, 2020 is a tentative start date with the University of Maryland Schools of Dentistry and Medicine on a contract for oral surgery residents.

The Organization is pursuing a Business Operations Manager position supported by an in-kind gift from Carroll Hospital Life Bridge Health.

The Joint Commission Accreditation self-survey assessment should occur in November or December 2020.

NOTE 7 – LEASE COMMITMENTS

The Organization leased a copier for a three-year period commencing August 18, 2019 and ending July 2024. The lease is recorded as a capital lease for financial statement purposes. The capitalized cost included in Equipment is \$42,900 and accumulated depreciation as of June 30, 2020 is \$8,580. The lease stipulates a monthly payment of \$754. The copier is being depreciated over five years on a straight-line basis. Depreciation expense of the copier amounts to \$8,580 for the year ended June 30, 2020.

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>
2021	\$ 9,048
2022	9,048
2023	9,048
2024	9,048
2025	<u>2,262</u>
	38,454
Less – amount representing interest	<u>(1,989)</u>
Net amount	<u>\$36,465</u>

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2020

NOTE 7 – LEASE COMMITMENTS (Continued)

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 of the leased premises.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets per 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.

NOTE 9 – SUBSEQUENT EVENTS AND CONTINGENCY

Subsequent to June 30, 2020, on August 13, 2020, the Organization modified an agreement with the Carroll County Health Department whereby the Organization pays an annual cost of sub-let staff with the agreement being reviewed annually. The agreement states that the Organization is to pay \$191,671 for the period July 1, 2020 to June 30, 2021.

Subsequent to June 30, 2020, the Organization changed its capitalization policy for Property and Equipment from \$500 to \$2,500.

On March 9, 2021, Access Carroll, Inc. was informed by BB&T Truist Bank that Access Carroll, Inc. had complied with the requirements of full loan forgiveness and the Small Business Association (SBA) approved the Paycheck Protection Program (PPP) loan forgiveness application in the amount of \$218,790, with no remaining balance due.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2020

NOTE 9 – SUBSEQUENT EVENTS AND CONTINGENCY (Continued)

The Organization is subject to numerous laws and regulations of federal, state and local governments. The Organization's compliance with these laws and regulations can be subject to periodic governmental review and interpretation, which can result in regulatory action unknown or unasserted at this time. Management is aware of a certain asserted legal claim arising in the ordinary course of business. After consultation with legal counsel, it is management's opinion that the ultimate resolution of this claim will not have a material adverse effect on the Organization's financial position. The spread of a novel strain of coronavirus (COVID-19) has caused significant business disruptions in the United States beginning February 2020. The economic impact of the business disruptions caused by COVID-19 is uncertain, but as of now, has not resulted in a significant effect on the Organization's operations and financial performance. The extent of any effects these disruptions may have on the operations and financial performance of the Organization will depend on future developments, including impacts on the operations of the Organization, which cannot be determined.

NOTE 10 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN – GRANT

On March 27, 2020, Congress passed a \$2 Trillion stimulus bill, the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides significant tax and non-tax stimulus to individuals and businesses.

On April 18, 2020, Access Carroll, Inc. obtained a promissory note in the amount of \$218,790 with BB&T Truist Bank under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP), which was established by the CARES Act. The loan was eligible for forgiveness pursuant to the terms and conditions of the CARES Act, which minimally requires that (1) the loan proceeds be used to cover eligible expenses, which include payroll costs, mortgage interest, rent and utilities, and (2) the number of employees and compensation levels are generally maintained. The portion of the loan that is not forgiven interest at 1.0% and is due in monthly payments over a period of five years. In October 2020, the SBA extended the deferral period for loan repayments to either (1) the date that the SBA remits Access Carroll's loan forgiveness amount to the lender or (2) if Access Carroll does not apply for loan forgiveness, 10 months after the end of the loan forgiveness covered period.

Access Carroll, Inc. has elected to account for the forgivable portion of the loan as a conditional grant in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Accordingly, Access Carroll, Inc. recorded the initial receipt of the PPP loan as a refundable advance and will recognize grant revenue once the conditions are met or explicitly waived. Access Carroll, Inc. has maintained the necessary employee and compensation levels for the loan forgiveness, and all funds were spent on eligible expenses during the year ended June 30, 2020, Access Carroll, Inc. recognized the full amount of \$218,790, which is included in as conditional grant revenue on the accompanying statement of revenues, expenses and changes in nets assets – modified cash basis.