



YEAR ENDED JUNE 30, 2021



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

ACCESS CARROLL, INC.

YEAR ENDED JUNE 30, 2021

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Independent Auditor's Report

Board of Directors
Access Carroll, Inc.
Westminster, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Access Carroll, Inc., which comprise the statement of assets, liabilities and net assets -modified cash basis as of June 30, 2021 and the related statements of revenues, expenses and change 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 as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the 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

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 assets, liabilities and net assets of Access Carroll, Inc. as of June 30, 2021, and its revenues and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the June 30, 2020 net assets without donor restrictions have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Basis of Accounting

We 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 accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Brown Schultz Steindler & Fritz

Westminster, Maryland
October 24, 2022

ACCESS CARROLL, INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
JUNE 30, 2021

ASSETS

Current assets, cash and cash equivalents	\$ 21,823
Property and equipment:	
Leasehold improvements	1,629,781
Furniture and fixtures	16,906
Medical equipment	220,384
Office equipment	173,694
Computers and technology	115,510
Construction in progress	4,125
	<u>2,160,400</u>
Less accumulated depreciation	<u>686,876</u>
Total property and equipment	<u>1,473,524</u>
Total assets	<u><u>\$ 1,495,347</u></u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Current liabilities:	
Payroll tax liabilities	\$ 1,406
Current portion of obligation under capital lease	8,580
	<u>9,986</u>
Total current liabilities	9,986
Long-term liabilities, obligation under capital lease	<u>19,305</u>
Total liabilities	<u>29,291</u>
Net assets:	
Without donor restrictions	1,437,563
With donor restrictions	28,493
	<u>1,466,056</u>
Total net assets	<u>1,466,056</u>
Total liabilities and net assets	<u><u>\$ 1,495,347</u></u>

See notes to financial statements.

ACCESS CARROLL, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS – MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 97,305		\$ 97,305
Grants	1,084,599	\$ 28,493	1,113,092
Patient and other income	710,787		710,787
Interest income	10		10
	<u>1,892,701</u>	<u>28,493</u>	<u>1,921,194</u>
Total revenue and support			
	<u>1,892,701</u>	<u>28,493</u>	<u>1,921,194</u>
Expenses:			
Program services	2,055,942		2,055,942
Management and general	67,984		67,984
Fundraising	475		475
	<u>2,124,401</u>		<u>2,124,401</u>
Total expenses			
	<u>2,124,401</u>		<u>2,124,401</u>
Change in net assets	(231,700)	28,493	(203,207)
Net assets:			
Beginning of year, as restated	1,669,263	-	1,669,263
	<u>1,669,263</u>	<u>-</u>	<u>1,669,263</u>
End of year	\$ 1,437,563	\$ 28,493	\$ 1,466,056
	<u>\$ 1,437,563</u>	<u>\$ 28,493</u>	<u>\$ 1,466,056</u>

See notes to financial statements.

ACCESS CARROLL, INC.

STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2021

	Program services	Supporting services		Totals
		Management and general	Fundraising	
Functional expenses:				
Advertising	\$ 221			\$ 221
Cleaning, repairs and maintenance	7,079	\$ 787		7,866
Contractual, Health Department staff	215,418			215,418
Dental	40,037			40,037
Depreciation	57,142	19,819		76,961
Electronic health records	65,455			65,455
Employee benefits	37,944	279		38,223
Insurance	40,742	45		40,787
Interest	421	47		468
Medical supplies/lab fees	14,726			14,726
Miscellaneous	145	96		241
Office/postage	10,273	11,038	\$ 475	21,786
Parking	6,226			6,226
Patient education/services	2,521			2,521
Payroll taxes	106,808	1,122		107,930
Pharmaceuticals	2,433			2,433
Professional fees	8,591	12,270		20,861
Salaries and wages	1,429,629	14,741		1,444,370
Staff development	2,241	349		2,590
Telephone	7,890	877		8,767
Volunteer and staff appreciation		6,514		6,514
Total functional expenses	\$ 2,055,942	\$ 67,984	\$ 475	\$ 2,124,401

See notes to financial statements.

ACCESS CARROLL, INC.

STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:

Inflows:

Cash received for patient services	\$ 710,787
Receipts from contributions and grants	1,210,397
Interest and dividends received	10

1,921,194

Outflows:

Operating expenses paid	602,602
Cash paid to employees	1,422,589
Interest paid	468

2,025,659

Net cash used by operating activities **(104,465)**

**Cash flows used by investing activities,
outflows, purchase of property and equipment** **(8,262)**

**Cash flows used by financing activities,
outflows, payments on obligations under capital lease** **(8,580)**

Net decrease in cash and cash equivalents **(121,307)**

Cash and cash equivalents:

Beginning of year 143,130

End of year **\$ 21,823**

See notes to financial statements.

ACCESS CARROLL, INC.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

1. Nature of business and summary of significant accounting policies:

Nature of activities:

Access Carroll, Inc. (the Organization) is a nonprofit organization that provides free and reduced integrated medical and dental care to uninsured and low-income residents of Carroll County, Maryland. The Organization is supported primarily through donor contributions, grants and patient fees.

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 accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Organization has not recognized promises to give from donors, accounts payable to vendors, gifts in kind and their related effects on the change in net assets in the accompanying financial statements.

Cash and cash equivalents:

For purposes of these statements, the Organization considers all unrestricted highly liquid instruments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and equipment:

The Organization capitalizes property and equipment at cost when cost is greater than \$500 and the useful life is greater than one year. Property and equipment are depreciated over their estimated useful lives using the straight-line method as follows:

Leasehold improvements	15-39 years
Furniture and fixtures	7 years
Medical equipment	5-7 years
Office equipment	5-7 years
Computers and technology	5 years

ACCESS CARROLL, INC.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

1. Nature of business and summary of significant accounting policies (continued):

Net assets:

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Without donor restrictions:

Net assets without donor restrictions are resources that are currently available for support of the Organization's operations and are not subject to donor-imposed restrictions.

With donor restrictions:

Net assets with donor restrictions are resources that may be utilized only in accordance with the restricted purpose established by the donor. The restriction may require the passage of time or the occurrence of a specific event to trigger the release of the restriction. The Organization considers all contributions and grants that are designated to a particular program to be transferred to net assets without donor restrictions when the terms of the restrictions have been met.

Revenue recognition:

Contributions and grants are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All contributions and grants are considered to be available for use without donor restrictions unless specifically restricted by the donor. All donor-restricted contributions and grants received that are designated for future periods or for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. If the restrictions expire in the fiscal year in which the contributions are recognized, contributions that are restricted by the donor are reported as increases in net assets without donor restrictions.

The Organization also generates revenue through providing dental, medical and behavioral health services. Fees for these services are collected from third-party payers and patients depending on the patient's insurance coverage, family size, family income and type and number of services required to provide care. Patient and other income is recognized in the statement of revenues, expenses and changes in net assets – modified cash basis as received and without donor restrictions.

ACCESS CARROLL, INC.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

1. Nature of business and summary of significant accounting policies (continued):

Functional expenses:

The costs of providing the various programs, supporting services and other activities have been summarized on a functional basis in the statement of revenues, expenses and change in net assets – modified cash basis. The statement of functional expenses – modified cash basis presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Tax-exempt status:

Access Carroll, Inc. is incorporated under the laws of the State of Maryland as a nonprofit organization. Access Carroll, Inc. has elected under provisions of Internal Revenue Code Section 501(c)(3) and state income tax statutes to be excluded from taxes on exempt function income. Therefore, no provision is made for taxes on income.

Use of estimates:

Management uses estimates and assumptions in preparing the financial statements in accordance with the modified cash basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

New Financial Accounting Standards Board (FASB) pronouncement:

FASB has issued the following pronouncement prior to the year ended June 30, 2021 and through the date the financial statements were available to be issued that has an effective date that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following standard may have on the financial statements of the Organization:

FASB Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, will be effective for the Organization as of July 1, 2021. The objective of this standard is to improve transparency by requiring lessees to recognize a lease liability for the obligation to make lease payments and an associated right-of-use asset measured at the present value of the lease payments for leases with a term of more than 12 months. Organizations will also be required to improve the usefulness of information provided to financial statement users through qualitative and quantitative disclosures.

ACCESS CARROLL, INC.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

2. Concentrations:

The Organization maintains its cash deposits in a financial institution located in Westminster, Maryland. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the year ended June 30, 2021. As of June 30, 2021, the Organization had no amounts in excess of insured limits.

The Organization depends on receiving contributions from Carroll Hospital, A LifeBridge Health Center, for a significant portion of their support each year. For the year ended June 30, 2021, contributions received from Carroll Hospital, A LifeBridge Health Center, accounted for approximately 38% of the Organization's total revenue and support. In addition, Carroll Hospital, A LifeBridge Health Center, also contributed salary and benefits in the amount of \$350,000 in the year ended June 30, 2021 that are not recorded in the financial statements.

3. Error correction:

Net assets without donor restrictions as of July 1, 2020 has been restated to reflect the correction of errors on prior years' financial statements. Historically, fixed assets purchased with grant funding were expensed instead of capitalized. Fixed asset purchases of \$7,719 were expensed related to the year ended June 30, 2020. Additionally, \$21,250 was recorded as payroll tax expense in the prior year in error. The funds were held for payment on July 2, 2020. Had these errors not occurred, net income for the year ended June 30, 2020 would have increased \$28,969. The cumulative adjustment to beginning net assets is as follows for the year ended June 30, 2021:

Net assets at the beginning of the year, as previously reported	<u>\$ 151,586</u>
Prior-period adjustments:	
Error in expensing fixed assets purchased with grant funding, net of accumulated depreciation	1,496,427
Error in expensing 2021 payroll expenses in 2020	<u>21,250</u>
Total prior-period adjustments	<u>1,517,677</u>
Net assets at beginning of year, as restated	<u><u>\$ 1,669,263</u></u>

ACCESS CARROLL, INC.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

4. Financial assets and liquidity resources:

The Organization is partially supported by restricted contributions. Because a donor's restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As of June 30, 2021, the Organization has \$21,823 of cash available within one year for general expenditure. Financial assets of \$28,493 are unavailable for general expenditure due to donor-imposed time or purpose restrictions. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To address any liquidity needs that arise, the Organization maintains a \$100,000 line of credit which is available to draw on for general expenditures.

5. Net assets with donor restrictions:

Net assets with donor restrictions are available for COVID-19 related behavioral health costs and total \$28,493 at June 30, 2021.

6. Capital lease:

The Organization leases a copier under a capital lease that expires in August 2024 and will automatically renew unless terminated by either party. The total cost of the equipment is \$42,900 with ending accumulated depreciation of \$15,731 and a net carrying value of \$27,169 at June 30, 2021.

Future minimum lease payments under the capital lease agreement are as follows for the years ending June 30:

2022	\$ 9,048
2023	9,048
2024	9,048
2025	<u>2,262</u>
Total minimum lease payments	29,406
Less amounts representing interest	<u>1,521</u>
Present value of net minimum lease payments	27,885
Less current portion	<u>8,580</u>
Long-term portion of capital lease	<u><u>\$ 19,305</u></u>

ACCESS CARROLL, INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

7. Line of credit:

The Organization maintains a \$100,000 unsecured line of credit that matures in April 2023. As of June 30, 2021, the entire line was available. The interest rate at June 30, 2021 was 5.44%.

8. Risks and uncertainties:

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization's mission and financial results will depend on future developments, including the duration and spread of the outbreak and the related impact on donor confidence and spending, all of which are highly uncertain.

9. Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 24, 2022, the date the financial statements were available to be issued.