



YEARS ENDED  
JUNE 30, 2022 AND 2021



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

*ACCESS CARROLL, INC.*

YEARS ENDED JUNE 30, 2022 AND 2021

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## Independent Auditor's Report

Board of Directors  
Access Carroll, Inc.  
Westminster, Maryland

### **Opinion**

We have audited the financial statements of Access Carroll, Inc., which comprise the statements of assets, liabilities and net assets -modified cash basis as of June 30, 2022 and 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 years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities and net assets of Access Carroll, Inc. as of June 30, 2022 and 2021, and its revenue and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Access Carroll, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of 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.

## Responsibilities of Management 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, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Access Carroll, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Access Carroll, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

*Brown Schultz Steidman & Fritz*

Westminster, Maryland  
September 20, 2023

***ACCESS CARROLL, INC.***

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS  
JUNE 30, 2022 AND 2021

	ASSETS	
	2022	2021
Current assets, cash and cash equivalents	<u>\$ 31,723</u>	<u>\$ 21,823</u>
Property and equipment:		
Leasehold improvements	1,629,781	1,629,781
Furniture and fixtures	16,906	16,906
Medical equipment	220,384	220,384
Office equipment	173,694	173,694
Computers and technology	115,510	115,510
Construction in progress	<u>4,125</u>	<u>4,125</u>
	2,160,400	2,160,400
Less accumulated depreciation	<u>756,952</u>	<u>686,876</u>
Total property and equipment	<u>1,403,448</u>	<u>1,473,524</u>
Total assets	<u><u>\$ 1,435,171</u></u>	<u><u>\$ 1,495,347</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current liabilities:		
Payroll tax liabilities	\$ 17,445	\$ 1,406
Line of credit	70,000	
Current portion of obligation under finance lease	<u>8,580</u>	<u>8,580</u>
Total current liabilities	96,025	9,986
Long-term liabilities, obligation under finance lease	<u>10,725</u>	<u>19,305</u>
Total liabilities	<u>106,750</u>	<u>29,291</u>
Net assets:		
Without donor restrictions	1,328,421	1,437,563
With donor restrictions	<u>28,493</u>	<u>28,493</u>
Total net assets	<u>1,328,421</u>	<u>1,466,056</u>
Total liabilities and net assets	<u><u>\$ 1,435,171</u></u>	<u><u>\$ 1,495,347</u></u>

See notes to financial statements.

***ACCESS CARROLL, INC.***

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Revenue and support:</b>						
Contributions	\$ 80,839		\$ 80,839	\$ 97,305		\$ 97,305
Grants	1,158,694		1,158,694	1,084,599	\$ 28,493	1,113,092
Patient and other income	904,885		904,885	710,787		710,787
Interest income	7		7	10		10
Special events	2,000		2,000			
Release of restrictions	28,493	\$ (28,493)	-			
<b>Total revenue and support</b>	<b>2,174,918</b>	<b>(28,493)</b>	<b>2,146,425</b>	<b>1,892,701</b>	<b>28,493</b>	<b>1,921,194</b>
<b>Expenses:</b>						
Program services	2,212,123		2,212,123	2,055,942		2,055,942
Management and general	64,466		64,466	67,984		67,984
Fundraising	7,471		7,471	475		475
<b>Total expenses</b>	<b>2,284,060</b>		<b>2,284,060</b>	<b>2,124,401</b>		<b>2,124,401</b>
<b>Change in net assets</b>	<b>(109,142)</b>	<b>(28,493)</b>	<b>(137,635)</b>	<b>(231,700)</b>	<b>28,493</b>	<b>(203,207)</b>
<b>Net assets:</b>						
Beginning of year	1,437,563	28,493	1,466,056	1,669,263		1,669,263
<b>End of year</b>	<b>\$ 1,328,421</b>	<b>\$ -</b>	<b>\$ 1,328,421</b>	<b>\$ 1,437,563</b>	<b>\$ 28,493</b>	<b>\$ 1,466,056</b>

See notes to financial statements.

*ACCESS CARROLL, INC.*

STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2022

	Program services	Supporting services		Totals
		Management and general	Fundraising	
<b>Functional expenses:</b>				
Advertising	\$ 712			\$ 712
Cleaning, repairs and maintenance	13,302	\$ 1,478		14,780
Contractual, Health Department staff	140,055			140,055
Dental	72,158			72,158
Depreciation	50,536	19,540		70,076
Donor recognition	117			117
Electronic health records	81,241			81,241
Employee benefits	32,933	862		33,795
Insurance	53,251	51		53,302
Interest	2,578	183	\$ 48	2,809
Medical supplies/lab fees	8,239			8,239
Miscellaneous		289		289
Office/postage	5,745	11,794	1,081	18,620
Parking	7,188			7,188
Patient education/services	733			733
Payroll taxes	118,143	1,320	502	119,965
Pharmaceuticals	7,051			7,051
Professional fees	17,386	5,355		22,741
Salaries and wages	1,589,897	16,595	5,840	1,612,332
Staff development	65	4,153		4,218
Telephone	10,793	1,199		11,992
Volunteer and staff appreciation		1,647		1,647
<b>Total functional expenses</b>	<b>\$ 2,212,123</b>	<b>\$ 64,466</b>	<b>\$ 7,471</b>	<b>\$ 2,284,060</b>

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	
<b>Functional expenses:</b>				
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
<b>Total functional expenses</b>	<b>\$ 2,055,942</b>	<b>\$ 67,984</b>	<b>\$ 475</b>	<b>\$ 2,124,401</b>

See notes to financial statements.



***ACCESS CARROLL, INC.***

**STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Inflows:		
Cash received for patient services	\$ 904,885	\$ 710,787
Cash received from:		
Contributions and grants	1,239,533	1,210,397
Special events	2,000	
Interest and dividends received	7	10
	<u>2,146,425</u>	<u>1,921,194</u>
Outflows:		
Operating expenses paid	598,843	602,602
Cash paid to employees	1,596,293	1,422,589
Interest paid	2,809	468
	<u>2,197,945</u>	<u>2,025,659</u>
<b>Net cash used in operating activities</b>	<b>(51,520)</b>	<b>(104,465)</b>
<b>Cash flows used in investing activities, outflows, purchase of property and equipment</b>		<u><b>(8,262)</b></u>
<b>Cash flows from financing activities:</b>		
Inflows, proceeds from line of credit	70,000	
Outflows, payments on obligations under finance lease	8,580	8,580
<b>Net cash provided by (used in) financing activities</b>	<b>61,420</b>	<b>(8,580)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,900</b>	<b>(121,307)</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>21,823</u>	<u>143,130</u>
<b>End of year</b>	<u><b>\$ 31,723</b></u>	<u><b>\$ 21,823</b></u>

See notes to financial statements.

## ***ACCESS CARROLL, INC.***

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 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 \$2,500 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 YEARS ENDED JUNE 30, 2022 AND 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 YEARS ENDED JUNE 30, 2022 AND 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.

#### **2. Concentrations:**

The Organization maintains its cash deposits in financial institutions 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, 2022. As of June 30, 2022, 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 years ended June 30, 2022 and 2021, contributions received from Carroll Hospital, A LifeBridge Health Center, accounted for approximately 34% and 38%, respectively, 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 \$298,350 and \$350,000 in the years ended June 30, 2022 and 2021, respectively, that are not recorded in the financial statements.

The Organization also received a large portion of its funding from the State of Maryland through the Carroll County Health Department for the year ended June 30, 2022. Contributions made up 14% of revenue and support received by the Organization for the year ended June 30, 2022.

*ACCESS CARROLL, INC.*

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

**3. Financial assets and liquidity resources:**

The Organization's financial assets available within one year of June 30, 2022 and 2021 for general expenditures were as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	<u>\$ 31,723</u>	<u>\$ 21,823</u>
Less those unavailable for general expenditures within one year, due to donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>                    </u>	<u>28,493</u>
	<u><u>\$ 31,723</u></u>	<u><u>\$ (6,670)</u></u>

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. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization maintains a \$100,000 line of credit to utilize for general expenditures as the need arises (See Note 6).

**4. Net assets with donor restrictions:**

Net assets with donor restrictions are available for COVID-19 related behavioral health costs and total \$0 and \$28,493 at June 30, 2022 and 2021, respectively.

## *ACCESS CARROLL, INC.*

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### 5. Leases:

The Organization leases a copier under a finance 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 \$24,310 and a net carrying value of \$18,590 at June 30, 2022. Future minimum lease payments under the finance lease agreement are as follows for the years ending June 30:

2023	\$ 9,048
2024	9,048
2025	<u>2,262</u>
Total minimum lease payments	20,358
Less: amounts representing interest	<u>1,053</u>
Present value of net minimum lease payments	19,305
Less: current portion	<u>8,580</u>
Long-term portion of finance lease	<u><u>\$ 10,725</u></u>

A thirty-year lease was entered into in 2011 with the County Commissioners of Carroll County, Maryland (the County) for the use of space, including utilities, within the Barrel House Building located at 10 Distillery Drive, Westminster, Maryland. The lease may be renewed for additional terms should the parties agree. Both parties agreed that there is no monetary consideration for this lease; rather the facility is provided by the County in consideration of the services provided to the community by the Organization.

#### 6. Line of credit:

The Organization maintains a \$100,000 unsecured line of credit that matures in April 2023. As of June 30, 2022 and 2021, the amount available was \$30,000 and \$100,000, respectively. Interest is based on 2.19 percentage points over the prime rate with a minimum rate of 5.44%. The interest rate at June 30, 2022 was 6.94%. Interest expense was \$2,341 and \$236 for the years ended June 30, 2022 and 2021, respectively.

#### 7. Subsequent events:

The Organization was eligible for the Employee Retention Credit (ERC) under the CARES Act. In July 2023, the Organization received \$406,626 for 2021 Form 941 Employer Quarterly Federal Tax Return refund payments, including interest, for the quarters ended March 31, 2021 and June 30, 2021.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 20, 2023, the date the financial statements were available to be issued.