



**YEARS ENDED
JUNE 30, 2023 AND 2022**



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ACCESS CARROLL, INC.

YEARS ENDED JUNE 30, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.



Westminster, Maryland
July 26, 2024

ACCESS CARROLL, INC.STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
JUNE 30, 2023 AND 2022

ASSETS			
		2023	2022
		<u>2023</u>	<u>2022</u>
Current assets, cash and cash equivalents		\$ 35,655	\$ 31,723
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		171,447	173,694
Computers and technology		105,806	115,510
Construction in progress		4,125	4,125
		<u>2,148,449</u>	<u>2,160,400</u>
Less accumulated depreciation		<u>814,820</u>	<u>756,952</u>
Total property and equipment		<u>1,333,629</u>	<u>1,403,448</u>
Total assets		<u>\$ 1,369,284</u>	<u>\$ 1,435,171</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Current liabilities:			
Payroll tax liabilities		\$ 16,167	\$ 17,445
Line of credit			70,000
Current portion of obligation under finance lease		8,580	8,580
Total current liabilities		24,747	96,025
Long-term liabilities, obligation under finance lease		1,430	10,725
Total liabilities		26,177	106,750
Total net assets without donor restrictions		<u>1,343,107</u>	<u>1,328,421</u>
Total liabilities and net assets		<u>\$ 1,369,284</u>	<u>\$ 1,435,171</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, 2023 AND 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and support:						
Contributions	\$ 221,725		\$ 221,725	\$ 80,839		\$ 80,839
Grants	977,070		977,070	1,158,694		1,158,694
Patient and other income	872,202		872,202	904,885		904,885
Interest income	20		20	7		7
Special events	43,825		43,825	2,000		2,000
Release of restrictions				28,493	\$ (28,493)	-
Total revenue and support	2,114,842		2,114,842	2,174,918	(28,493)	2,146,425
Expenses and losses:						
Expenses:						
Program services	2,012,833		2,012,833	2,212,123		2,212,123
Management and general	64,807		64,807	64,466		64,466
Fundraising	22,302		22,302	7,471		7,471
Total expenses	2,099,942		2,099,942	2,284,060		2,284,060
Losses, loss on disposal of assets	214		214			
Total expenses and losses	2,100,156		2,100,156	2,284,060		2,284,060
Change in net assets	14,686		14,686	(109,142)	(28,493)	(137,635)
Net assets:						
Beginning of year	1,328,421		1,328,421	1,437,563	28,493	1,466,056
End of year	\$ 1,343,107		\$ 1,343,107	\$ 1,328,421	\$ -	\$ 1,328,421

See notes to financial statements.

ACCESS CARROLL, INC.STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2023

		Supporting services		
	Program services	Management and general	Fundraising	Totals
Functional expenses:				
Advertising	\$ 49		\$ 681	\$ 730
Cleaning, repairs and maintenance	10,184	\$ 1,132		11,316
Dental	112,387			112,387
Depreciation	54,535	15,070		69,605
Donor recognition	138			138
Electronic health records	69,531			69,531
Employee benefits	32,950	959		33,909
Insurance	52,374	44		52,418
Interest	5,933	531	386	6,850
Medical supplies/lab fees	40,894			40,894
Miscellaneous		264	520	784
Office/postage	4,865	9,499	701	15,065
Parking	3,584			3,584
Patient education/services	3,162			3,162
Payroll taxes	116,265	1,206	975	118,446
Pharmaceuticals	1,355			1,355
Professional fees	11,458	12,344	6,575	30,377
Salaries and wages	1,481,323	15,500	12,464	1,509,287
Staff development	60	3,645		3,705
Telephone	11,786	1,310		13,096
Volunteer and staff appreciation		3,303		3,303
Total functional expenses	\$ 2,012,833	\$ 64,807	\$ 22,302	\$ 2,099,942

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	
Functional expenses:				
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
Total functional expenses	\$ 2,212,123	\$ 64,466	\$ 7,471	\$ 2,284,060

See notes to financial statements.

ACCESS CARROLL, INC.**STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Inflows:		
Cash received for patient services	\$ 872,202	\$ 904,885
Cash received from:		
Contributions and grants	1,198,795	1,239,533
Special events	43,825	2,000
Interest received	<u>20</u>	<u>7</u>
	<u>2,114,842</u>	<u>2,146,425</u>
Outflows:		
Operating expenses paid	514,200	598,843
Cash paid to employees	1,510,565	1,596,293
Interest paid	<u>6,850</u>	<u>2,809</u>
	<u>2,031,615</u>	<u>2,197,945</u>
Net cash provided by (used in) operating activities	<u>83,227</u>	<u>(51,520)</u>
Cash flows from financing activities:		
Inflows, proceeds from line of credit	<u>15,000</u>	<u>70,000</u>
Outflows:		
Payments on obligations under finance lease	9,295	8,580
Repayment of line of credit	<u>85,000</u>	
	<u>94,295</u>	<u>8,580</u>
Net cash provided by (used in) financing activities	<u>(79,295)</u>	<u>61,420</u>
Net increase in cash and cash equivalents	3,932	9,900
Cash and cash equivalents:		
Beginning of year	<u>31,723</u>	<u>21,823</u>
End of year	<u>\$ 35,655</u>	<u>\$ 31,723</u>

See notes to financial statements.

ACCESS CARROLL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

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:

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

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.

ACCESS CARROLL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

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

Net assets:

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.

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.

ACCESS CARROLL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

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, 2023. As of June 30, 2023, 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, 2023 and 2022, contributions received from Carroll Hospital, A LifeBridge Health Center, accounted for approximately 39% and 34%, 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 \$321,757 and \$298,350 in the years ended June 30, 2023 and 2022, respectively, that are not recorded in the financial statements.

The Organization also received a portion of its funding from the State of Maryland through the Carroll County Health Department. Contributions made up 5% and 14% of revenue and support received by the Organization for the years ended June 30, 2023 and 2022, respectively.

3. Financial assets and liquidity resources:

The Organization's financial assets as of June 30, 2023 and 2022 consisted of cash and cash equivalents of \$35,655 and \$31,723, respectively, all of which is available for 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.

4. 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 asset and liability related to the finance lease and the associated financial statement line items were as follows for the years ended June 30, 2023 and 2022:

Lease-related asset and liability	Financial statement line items	2023	2022
Right-of-use asset, finance lease	Property and equipment: office equipment, net of accumulated depreciation of \$32,890 and \$24,310, at June 30, 2023 and 2022, respectively	<u>\$ 10,010</u>	<u>\$ 18,590</u>
Lease liability:			
Finance lease	Current liabilities: finance lease	\$ 8,580	\$ 8,580
	Long-term liabilities: finance lease	<u>1,430</u>	<u>10,725</u>
Total lease liability		<u>\$ 10,010</u>	<u>\$ 19,305</u>

ACCESS CARROLL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

4. Leases (continued):

The components of lease cost and the associated financial statement line items were as follows for the years ended June 30, 2023 and 2022:

<u>Lease-related expenses</u>	<u>Financial statement line items</u>	<u>2023</u>	<u>2022</u>
Depreciation of right-of-use asset	Depreciation expense	\$ 8,580	\$ 8,580
Interest on lease liability	Interest expense	<u>508</u>	<u>468</u>
Total finance lease costs		<u>\$ 9,088</u>	<u>\$ 9,048</u>

The future lease liability under financing leases are as follows for the years ended June 30:

2024	\$ 9,048
2025	<u>2,262</u>
Total minimum lease payments	11,310
Less: amounts representing interest	<u>1,300</u>
Present value of net minimum lease payments	10,010
Less: current portion	<u>8,580</u>
Long-term portion of finance lease	<u>\$ 1,430</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 considerations of the services provided to the community by the Organization.

5. Line of credit:

The Organization maintained a \$100,000 unsecured line of credit that matured in April 2023. The line of credit was not renewed. Interest expense was \$6,342 and \$2,341 for the years ended June 30, 2023 and 2022, respectively.

6. 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 July 26, 2024, the date the financial statements were available to be issued.