

ACCESS CARROLL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Access Carroll, Inc. (a nonprofit organization) as of June 30, 2010 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. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe my audit provide a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2010 and the changes in its revenues, expenses, changes in net asset, functional expenses, and cash flows for the year then ended on the modified cash basis of accounting as described in Note 1.

Randall L. Snyder, CPA, LLC

Marriottsville, MD 21104
September 30, 2010

ACCESS CARROLL, INC.

**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS**

June 30, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents - Total Current Assets \$ 63,034

PROPERTY AND EQUIPMENT

-less accumulated depreciation of \$31,399 7,023

OTHER ASSETS

Security Deposit 2,281

Total Assets \$ 72,338

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll taxes withheld \$ 4,404
Obligation under capital lease 1,463
Total current liabilities 5,867

LONG TERM LIABILITIES

Obligation under capital lease 609

NET ASSETS

Unrestricted 5,545
Temporarily restricted 60,317
Permanently restricted -
65,862

Total Liabilities and Net Assets \$ 72,338

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, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Donations	\$ 21,084	\$ 83,520	\$ 104,604
Grants	213,495	-	213,495
Special events	49,018	-	49,018
Other income	1,790	-	1,790
Net assets released from restrictions (note 2)			
Satisfaction of purpose restrictions	42,190	(42,190)	-
Interest	347	-	347
	<u>327,924</u>	<u>41,330</u>	<u>369,254</u>
Expenses			
Program services	281,943	-	281,943
Management and general	21,547	-	21,547
Fundraising	44,258	-	44,258
	<u>347,748</u>	<u>-</u>	<u>347,748</u>
CHANGE IN NET ASSETS	(19,824)	41,330	21,506
Net assets - Beginning of year	<u>25,369</u>	<u>18,987</u>	<u>44,356</u>
Net assets - End of year	<u>\$ 5,545</u>	<u>\$ 60,317</u>	<u>\$ 65,862</u>

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2010

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 2,906	\$ -	\$ -	\$ 2,906
Cleaning, repairs and maintenance	874	97	-	971
Employee benefits	7,909	-	-	7,909
Insurance	1,510	647	-	2,157
Interest	243	27	-	270
Medical Supplies	6,527	-	-	6,527
Miscellaneous	6,109	679	-	6,788
Office/Postage	13,031	1,448	-	14,479
Parking	2,160	-	-	2,160
Payroll taxes	14,490	1,610	-	16,100
Pharmaceuticals	21,959	-	-	21,959
Professional fees	18,924	-	-	18,924
Salaries and wages	138,251	12,022	-	150,273
Special events/Capital campaign	-	-	44,258	44,258
Telephone	3,690	410	-	4,100
Utilities	3,922	436	-	4,358
Occupancy	31,277	3,475	-	34,752
Volunteer and staff appreciation	1,899	-	-	1,899
Depreciation and amortization	6,262	696	-	6,958
Total expenses	<u>\$ 281,943</u>	<u>\$ 21,547</u>	<u>\$ 44,258</u>	<u>\$ 347,748</u>

See accompanying notes to financial statements.

ACCESS CARROLL, INC.
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
For the Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Public Support and Revenue	\$ 369,254
Cash Paid to Vendors and Employees	<u>(341,067)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>28,187</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash Paid for Property and Equipment	<u>(1,124)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(1,124)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Additions to Obligation under Capital Lease	1,367
Payments on Obligation under Capital Lease	<u>(1,326)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>41</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 27,104

Cash at beginning of year 35,930

Cash at end of year \$ 63,034

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH

Change in net assets	\$ 21,506
Adjustments to Reconcile Net Cash Used in Operating Activities:	
Depreciation and amortization	6,958
Increase (Decrease) in Payroll Taxes Payable	<u>(277)</u>
	<u>6,681</u>

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES \$ 28,187

NON CASH ITEM

Addition to Obligation under Capital Lease \$ 1,367

See accompanying notes to financial statements.

ACCESS CARROLL, INC.

Notes to Financial Statements

June 30, 2010

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. The Organization is supported primarily through donor contributions, grants and fund-raising activities. Approximately 70% of the Organization's support came from grants. The Organization is exempt from federal and state income taxes.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive 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 on the accompanying financial statements.

Donations and Grants

Donations and grants that are restricted by the donor or grantor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the donation or grant is received. All other donor-restricted donations and grantor-restricted receipts are reported as increased in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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 these estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 expenditures on 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 temporarily restricted net assets to unrestricted net assets 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.

Financial Statement Presentation

The Organization reports information regarding its assets, liabilities, net assets, revenues and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

The Organization records contributions and sponsorships when they are received.

Donated Services

The Organization receives a significant amount of donated services (unpaid volunteers, diagnostic services, etc.) who assist 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 to be \$1,011,530 for the year ended June 30, 2010. At June 30, 2010, no amounts have been recognized in the statement of revenue, expenses and changes in net assets because the criteria for recognition under SFAS No. 116 have not been satisfied and the financial statements are prepared on the modified cash basis of accounting.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

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, 2010, approximately 81% of the Organization's expenses related to program services, 6% to management and general and 13% 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. At times such amounts may be in excess of the FDIC insurance limits. At June 30, 2010, no amounts were in excess of the FDIC insurance limits. Currently, the Organization maintains cash accounts which are fully insured under the FDIC's temporary Transaction Account Guarantee Program, which is effective through December 31, 2010, unless extended by the FDIC.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>Life</u>	
Equipment	3-7 years	\$16,660
Furniture	5 years	10,300
Leasehold improvement-cabinets	5 years	2,547
Computer software	5 years	<u>8,915</u>
		38,422
Less – accumulated depreciation		<u>(31,399)</u>
		<u>\$ 7,023</u>

NOTE 4 – COMMITMENTS

The Organization has entered into a contract to evaluate a special campaign intended to raise \$1 million to help to expand the program, services and facilities of the Organization and to begin building an endowment to support future growth. The original contract in the amount of \$11,600 was revised to \$29,700. The Organization has received pledges of \$189,890 and collected \$113,370 of these pledges as of June 30, 2010.

The Organization has entered into a contract for the period of November 1, 2009 to October 31, 2010 for campaign counsel. The contract is in the amount of \$19,800.

As of June 30, 2010, the Organization spent \$51,638 under these contracts.

On June 24, 2010, the Organization received a commitment for funding from the Carroll County Commissioners for the period July 1, 2010 to June 30, 2011 in the amount of \$20,000.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 5 – RESTRICTIONS ON NET ASSETS

The restrictions on net assets as of June 30, 2010 are related to funds received under grants.

Temporarily restricted net assets available (deficit) for the following purposes or periods:

Capital Campaign	\$ <u>60,317</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restrictions accomplished:	
Capital Campaign	\$ 25,032
Other Miscellaneous Grants	<u>17,158</u>
Total restrictions released	\$ <u>42,190</u>

NOTE 6 – SUBSEQUENT EVENTS

On August 8, 2010, the Organization received grant award notification in the amount of \$300,000 from the Maryland Community Health Resources Commission to be payable over the grant period of March 1, 2011 to December 31, 2012.

On behalf of Access Carroll, Inc., the Carroll Hospital Center was awarded in July 2010 a \$700,000 bond bill from the Maryland Hospital Association for capital renovation at another location, which will expand medical and dental services for the uninsured, low-income resident of Carroll County.

On behalf of Access Carroll, Inc., the Carroll County Commissioners were awarded in September 2010 a Community Development Block Grant in the amount of \$404,500 for the capital renovation project.

NOTE 7 – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through September 30, 2010, the date that the financial statements were available to be issued.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 8 – LEASE COMMITMENTS

The Organization entered into a lease agreement (Wheeler Building) with the County Commissioners of Carroll County, Maryland beginning May 20, 2009 and ending May 20, 2034. The Organization may renew the lease for one extended term of five years. No rent is to be paid during the initial term. In lieu of rent, the Organization will make available quality primary health care for the uninsured citizens of Carroll County.

The Organization currently conducts its operations from a leased facility. The Organization entered into a non-cancelable 5 year operating lease commencing September 1, 2004 and expiring August 31, 2009. The monthly rent expenses increase 3% per annum. The tenant has the option to renew the lease for an additional five year period. The Organization renewed the lease for a period of one year commencing September 1, 2009 and ending October 31, 2010 at a rate of \$2,568 per month. Rent paid during the year ended June 30, 2010 was \$30,811. There is no unpaid rent for the year ended June 30, 2010.

Future minimum lease payments under the operating lease as of June 30, 2010 are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2011	\$10,270

The Organization leased a copier for a five year period commencing November 20, 2006 and ending November 20, 2011. The lease is recorded as a capital lease for financial statement purposes. The lease stipulates a monthly payment of \$92. On March 18, 2010 amended this lease which now stipulates a monthly payment of \$129 for the remaining 21 months of the lease. The copier is being depreciated over five years on a straight-line basis. Depreciation expense of the copier amounts to \$840 for the year ended June 30, 2010.

Future minimum lease payments under the capital lease as of June 30, 2010 are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2011	\$1,548
2012	<u>645</u>
	2,193
Less – amount representing interest	(21)
Net amount	<u>\$2,072</u>