

ACCESS CARROLL, INC.
FINANCIAL STATEMENTS
JUNE 30, 2011

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Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Assets, Liabilities and Net Assets- Modified Cash Basis	2
Statement of Revenues, Expenses and Change In Net Assets – Modified Cash Basis	3
Statement of Functional Expenses - Modified Cash Basis	4
Statement of Cash Flows - Modified Cash Basis	5
Notes to Financial Statements	6-10

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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, 2011 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, 2011 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, 2011

ACCESS CARROLL, INC.

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

June 30, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents - undesignated	\$	2,283
Cash and cash equivalents - designated		32,080
Total Current Assets		

PROPERTY AND EQUIPMENT

-less accumulated depreciation of \$33,664		11,773
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OTHER ASSETS

Security Deposit		<u>2,281</u>
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Total Assets	\$	<u><u>48,417</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll taxes withheld	\$	5,414
Obligation under capital lease		<u>640</u>
Total Current Liabilities		6,054

NET ASSETS (DEFICIT)

Unrestricted		10,283
Temporarily restricted		32,080
Permanently restricted		<u>-</u>
		<u>42,363</u>

Total Liabilities and Net Assets	\$	<u><u>48,417</u></u>
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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, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Donations	\$ 48,479	\$ 124,663	\$ 173,142
Grants	82,033	-	82,033
Special events	61,977	-	61,977
Other income	1,748	-	1,748
Net assets released from restrictions (note 5)			
Satisfaction of purpose restrictions	152,900	(152,900)	-
Interest	119	-	119
	<u>347,256</u>	<u>(28,237)</u>	<u>319,019</u>
Expenses			
Program services	227,320	-	227,320
Management and general	19,041	-	19,041
Fundraising	96,157	-	96,157
	<u>342,518</u>	<u>-</u>	<u>342,518</u>
CHANGE IN NET ASSETS	4,738	(28,237)	(23,499)
Net assets - Beginning of year	<u>5,545</u>	<u>60,317</u>	<u>65,862</u>
Net assets (Deficit) - End of year	<u>\$ 10,283</u>	<u>\$ 32,080</u>	<u>\$ 42,363</u>

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2011

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 655	\$ -	\$ -	\$ 655
Cleaning, repairs and maintenance	368	41	-	409
Employee benefits	7,863	-	-	7,863
Insurance	2,100	900	-	3,000
Interest	314	35	-	349
Medical Supplies	2,882	-	-	2,882
Miscellaneous	885	98	-	983
Office/Postage	14,348	1,594	-	15,942
Parking	1,755	-	-	1,755
Payroll taxes	11,501	1,278	-	12,779
Pharmaceuticals	10,615	-	-	10,615
Professional fees	10,293	-	-	10,293
Salaries and wages	122,440	10,647	-	133,087
Special events/Capital campaign	-	-	96,157	96,157
Telephone	3,362	374	-	3,736
Utilities	2,514	280	-	2,794
Occupancy	29,679	3,298	-	32,977
Volunteer and staff appreciation	1,282	-	-	1,282
Depreciation and amortization	4,464	496	-	4,960
Total expenses	<u>\$ 227,320</u>	<u>\$ 19,041</u>	<u>\$ 96,157</u>	<u>\$ 342,518</u>

See accompanying notes to financial statements.

ACCESS CARROLL, INC.
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Public Support and Revenue	\$ 319,019
Cash Paid to Vendors and Employees	<u>(336,548)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(17,529)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash Paid for Property and Equipment	<u>(9,710)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(9,710)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Obligation under Capital Lease	<u>(1,432)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(1,432)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (28,671)

Cash at beginning of year 63,034

Cash at end of year \$ 34,363

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH

Change in net assets	\$ (23,499)
Adjustments to Reconcile Net Cash Used in Operating Activities:	
Depreciation and amortization	4,960
Increase (Decrease) in Payroll Taxes Payable	<u>1,010</u>
	<u>5,970</u>

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES \$ (17,529)

See accompanying notes to financial statements.

ACCESS CARROLL, INC.

Notes to Financial Statements

June 30, 2011

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 54% of the Organization's support came from donations. 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*, is 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 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, 2011

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 follows standards of accounting for not-for-profit organizations as described in the American Institute of Certified Public Accountants' "Audit Guide for Not-for-Profit Organizations".

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 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:

Unrestricted Net Assets 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.

Temporarily Restricted Net Assets represent resources available for use, but expendable only for those operating purposes specified by the donor. Resources of this fund originate from gifts and grants. Net assets released from temporary restrictions as terms of the gift or grant are met.

Permanently Restricted Net Assets represent resources which are restricted indefinitely, such as endowments. The Organizations has no such assets as of June 30, 2011.

Contributions

The Organization records contributions and sponsorships when they are received.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$1,055,934 for the year ended June 30, 2011. At June 30, 2011, 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.

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, 2011, approximately 66% of the Organization's expenses related to program services, 6% to management and general and 28% 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, 2011, no amounts were in excess of the FDIC insurance limits.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Equipment	<u>Life</u> 3-7 years	\$23,675
Furniture	5 years	10,300
Leasehold improvement-cabinets	5 years	2,547
Computer software	5 years	<u>8,915</u>
		45,437
Less – accumulated depreciation		<u>(33,664)</u>
		<u>\$ 11,773</u>

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2011

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, 2011.

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, 2011, the Organization spent \$51,638 under these contracts.

On August 9, 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. No funds have been received under this grant as of June 30, 2011.

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 5 – RESTRICTIONS ON NET ASSETS

The restrictions on net assets as of June 30, 2011 are related to funds received under the capital campaign.

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

Capital Campaign	<u>\$ 32,080</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	<u>\$ 152,900</u>

NOTE 6 – SUBSEQUENT EVENTS

On July 8, 2011, the Organization executed a lease agreement with the Carroll County Commissioners and Carroll Hospital Center for a medical clinic in Westminster, Maryland for a 17 year term beginning July 1, 2011. No rent is to be paid during the initial term of the lease. In lieu of rent, the Organization will make available quality primary health care for the qualifying citizens of Carroll County.