

**ACCESS CARROLL, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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, 2012 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, 2012 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  
November 14, 2012

**ACCESS CARROLL, INC.**

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

June 30, 2012

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents - undesignated	\$	148,111
Cash and cash equivalents - designated		<u>124,362</u>
Total Current Assets		272,473

**PROPERTY AND EQUIPMENT**

-less accumulated depreciation of \$24,862		26,416
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**OTHER ASSETS**

Security Deposit		<u>2,281</u>
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Total Assets	\$	<u><u>301,170</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Payroll taxes withheld	\$	3,359
Obligation under capital lease		<u>3,600</u>
Total Current Liabilities		6,959

**NONCURRENT LIABILITIES**

Obligation under capital lease		13,800
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**NET ASSETS (DEFICIT)**

Unrestricted		156,049
Temporarily restricted		124,362
Permanently restricted		<u>-</u>
		<u>280,411</u>

Total Liabilities and Net Assets	\$	<u><u>301,170</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, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Donations	\$ 146,172	\$ 92,282	\$ 238,454
Grants	178,183	-	178,183
Special events	66,380	-	66,380
Other income	1,501	-	1,501
Net assets released from restrictions (note 5)			
Satisfaction of purpose restrictions	-	-	-
Interest	143	-	143
	<u>392,379</u>	<u>92,282</u>	<u>484,661</u>
<b>Expenses</b>			
Program services	211,833	-	211,833
Management and general	17,753	-	17,753
Fundraising	17,027	-	17,027
	<u>246,613</u>	<u>-</u>	<u>246,613</u>
<b>CHANGE IN NET ASSETS</b>	145,766	92,282	238,048
Net assets - Beginning of year	<u>10,283</u>	<u>32,080</u>	<u>42,363</u>
Net assets (Deficit) - End of year	<u>\$ 156,049</u>	<u>\$ 124,362</u>	<u>\$ 280,411</u>

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2012

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 4,136	\$ -	\$ -	\$ 4,136
Cleaning, repairs and maintenance	623	69	-	692
Employee benefits	4,558	-	-	4,558
Insurance	1,952	900	-	2,852
Interest	1,258	140	-	1,398
Medical Supplies	10,621	-	-	10,621
Miscellaneous	839	93	-	932
Office/Postage	24,504	2,723	-	27,227
Parking	1,260	-	-	1,260
Payroll taxes	8,825	981	-	9,806
Pharmaceuticals	1,189	-	-	1,189
Professional fees	16,009	-	-	16,009
Salaries and wages	86,412	7,514	-	93,926
Special events/Capital campaign	-	-	17,027	17,027
Staff development	2,598	289	-	2,887
Telephone	3,046	339	-	3,385
Utilities	2,638	293	-	2,931
Occupancy	35,825	3,981	-	39,806
Volunteer and staff appreciation	1,657	-	-	1,657
Depreciation and amortization	3,883	431	-	4,314
Total expenses	<u>\$ 211,833</u>	<u>\$ 17,753</u>	<u>\$ 17,027</u>	<u>\$ 246,613</u>

See accompanying notes to financial statements.

**ACCESS CARROLL, INC.**  
**STATEMENT OF CASH FLOWS**  
**MODIFIED CASH BASIS**  
For the Year Ended June 30, 2012

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Public Support and Revenue	\$ 484,661
Cash Paid to Vendors and Employees	<u>(244,354)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>240,307</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Property and Equipment	<u>(957)</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>(957)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on Obligation under Capital Lease	<u>(1,240)</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>(1,240)</u>
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 238,110
 Cash at beginning of year	 <u>34,363</u>
 Cash at end of year	 \$ <u><u>272,473</u></u>
 <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH</b>	
Change in net assets	\$ 238,048
Adjustments to Reconcile Net Cash Used in Operating Activities:	
Depreciation and amortization	4,314
Increase (Decrease) in Payroll Taxes Payable	<u>(2,055)</u>
	<u>2,259</u>
 <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	 \$ <u><u>240,307</u></u>
 <b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>	
Purchase of Property and Equipment under capital lease obligation	\$ <u><u>18,000</u></u>

See accompanying notes to financial statements.

## ACCESS CARROLL, INC.

### Notes to Financial Statements

June 30, 2012

#### 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 49% of the Organization's support came from donations and 37% from grants. 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*, for the years ending 2010, 2011, and 2012 are 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 and reported in the statement of revenues, expenses and changes in net assets as net assets released from restrictions.

##### 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 those estimates.



ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Cash Restricted to Purchase Property and Equipment

Cash restricted to purchase property and equipment is reported as Cash and cash equivalents – designated, has been restricted by donors and is not available for operating purposes

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 unrestricted expenditures or 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. Property and equipment purchased with grant funds are expensed.

Contributions

The Organization records contributions and sponsorships when they are received and are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor restrictions.

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 \$1,096,596 for the year ended June 30, 2012. At June 30, 2012, no amounts have been recognized in the statement of revenue, expenses and changes in net assets because the criteria for recognition as contributed services and the financial statements are prepared on the modified cash basis of accounting.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial Statement Presentation

The Organization follows standards of accounting for not-for-profit organizations as described in the FASB Accounting Standards Codification (FASB ASC).

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 these net assets originate from gifts and grants. Net assets are 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, 2012.

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, 2012, approximately 86% of the Organization's expenses related to program services, 7% to management and general and 7% 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 and cash equivalents. At times such amounts may be in excess of the FDIC insurance limits, however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that not significant concentration of credit risk exists with respect to these cash balances for the year ended June 30, 2012. At June 30, 2012, no amounts were in excess of the FDIC insurance limits.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2012

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

Equipment	<u>Life</u> 3-7 years	\$35,431
Furniture	5 years	10,300
Leasehold improvement-cabinets	5 years	<u>2,547</u>
		51,278
Less – accumulated depreciation and amortization		<u>(24,862)</u>
		<u>\$ 26,416</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 \$242,501 and collected \$124,362 of these pledges as of June 30, 2012.

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, 2012, the Organization spent \$61,537 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. A grant modification was requested June 15, 2012 and approved June 28, 2012 reducing the grant to a potential total of \$208,000 with an extended program end dated of December 31, 2013 to be used to provide dental clinic services. No funds have been received under this grant as of June 30, 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.

During the year ended June 30, 2012 the Organization's capital committee and construction team reviewed construction documents and grant requirements for the bid project and subsequent release of construction bids. The Organization awarded the bid project, renovations to the Distillery Lane property commenced and the occupancy of the new facility is expected before the end of 2012. The Organization's services will be expanded to include dental care and additional coordinated health care services.

**ACCESS CARROLL, INC.**

**Notes to Financial Statements (Continued)**

June 30, 2012

**NOTE 4 – COMMITMENTS (Continued)**

The Organization entered into an agreement with the United Way of Central Maryland, Inc. (UWCM) whereby a grant agreement was subsequently executed for the period July 1, 2012 through June 30, 2013 in the amount of \$30,000 or \$2,500 per month with the shared goal of focusing on the health and human care needs of the central Maryland community.

**NOTE 5 – RESTRICTIONS ON NET ASSETS**

The restrictions on net assets as of June 30, 2012 are related to funds received under the capital campaign.

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

Capital Campaign	\$ <u>124,362</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>0</u>

**NOTE 6 – SUBSEQUENT EVENTS**

On July 18, 2012 the Organization executed a State of Maryland Capital Projects grant agreement in the amount of \$500,000 and provided supporting documentation of matching fund certification of the approved bond bill amount of \$500,000.

On October 17, 2012 the Organization executed a State of Maryland Capital Projects Grant Agreement in the amount of \$500,000 to assist in the relocation, construction and renovation of space for the Access Carroll program.

**NOTE 7 – DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through November 14, 2012 the date that the financial statements were available to be issued.

**NOTE 8 – LEASE COMMITMENTS**

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 executed a lease renewal and first amendment for a period of one year commencing September 1, 2009 and ending October 31, 2010 at a rate of \$2,645 per month. The organization executed a second amendment for the period of November 1, 2010 to April 30, 2011 at a

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 8 – LEASE COMMITMENTS (Continued)

rate of \$2,750 per month. The Organization executed a third amendment for the period May 1, 2011 to October 31, 2011 at a rate of \$2,750 per month. The Organization executed a fourth amendment for the period November 1, 2011 to April 30, 2012 at a rate of \$2,850 per month. The Organization executed a fifth amendment for the period May 1, 2012 to October 31, 2012 at a rate of \$2,850 per month. The lease has been extended on a month to month basis at \$2,850 per month. Rent paid during the year ended June 30, 2012 was \$27,702.

Future minimum lease payments under the operating lease as of June 30, 2012 are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2013	\$11,400

The Organization leased a copier for a five year period commencing March 2012 and ending March 2017. The lease is recorded as a capital lease for financial statement purposes. The lease stipulates a monthly payment of \$328. The copier is being depreciated over five years on a straight-line basis. Depreciation expense of the copier amounts to \$600 for the year ended June 30, 2012.

Future minimum lease payments under the capital lease as of June 30, 2012 are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2013	\$3,600
2014	3,600
2015	3,600
2016	3,600
2017	3,000
Less – amount representing interest	(1,624)
Net amount	<u>\$15,776</u>

The Organization entered into a lease agreement (Wheeler Building) with the 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. During the year ended June 30, 2012, the Commissioners of Carroll County, Maryland decided that the lease agreement will not be honored, the Organization will not move to the Wheeler building, and that the Commissioners of Carroll County, Maryland may sell the Wheeler Building.

The Organization entered into a lease agreement dated July 8, 2011 (Distillery Building) with the County Commissioners of Carroll County, Maryland beginning July 1, 2011 and ending in seventeen (17) years. 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, dental care and additional coordinated health care services for the uninsured, low-income residents of Carroll County, Maryland.