

ACCESS CARROLL, INC.
FINANCIAL STATEMENTS
JUNE 30, 2009

Randall L. Snyder, CPA

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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, 2009 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, 2009 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.



Marriottsville, MD 21104
October 7, 2009

ACCESS CARROLL, INC.

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

June 30, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	<u>35,930</u>
Total current assets		35,930

PROPERTY AND EQUIPMENT

-less accumulated depreciation of \$24,441		12,857
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OTHER ASSETS

Security Deposit		<u>2,281</u>
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Total Assets	\$	<u><u>51,068</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll taxes payable	\$	4,681
Obligation under capital lease		<u>840</u>
Total current liabilities		5,521

LONG TERM LIABILITIES

Obligation under capital lease		1,191
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NET ASSETS

Unrestricted		25,369
Temporarily restricted		18,987
Permanently restricted		<u>-</u>
		<u>44,356</u>

Total Liabilities and Net Assets	\$	<u><u>51,068</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, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Donations	\$ 79,544	\$ 23,850	\$ 103,394
Grants	12,000	127,123	139,123
Special events	27,809	-	27,809
Other income	1,100	-	1,100
Net assets released from restrictions (note 2)			
Satisfaction of purpose restrictions	222,679	(222,679)	-
Interest	1,447	-	1,447
	<u>344,579</u>	<u>(71,706)</u>	<u>272,873</u>
Expenses			
Program services	294,773	-	294,773
Management and general	19,484	-	19,484
Fundraising	30,493	-	30,493
	<u>344,750</u>	<u>-</u>	<u>344,750</u>
CHANGE IN NET ASSETS	(171)	(71,706)	(71,877)
Net assets - Beginning of year	<u>25,540</u>	<u>90,693</u>	<u>116,233</u>
Net assets - End of year	<u>\$ 25,369</u>	<u>\$ 18,987</u>	<u>\$ 44,356</u>

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2009

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 9,575	\$ -	\$ -	\$ 9,575
Cleaning, repairs and maintenance	1,206	134	-	1,340
Contracted services	6,738	-	-	6,738
Employee benefits	5,683	-	-	5,683
Insurance	1,735	743	-	2,478
Interest	227	25	-	252
Medical Supplies	3,664	-	-	3,664
Miscellaneous	4,029	448	-	4,477
Office/Postage	11,281	1,253	-	12,534
Parking	2,160	-	-	2,160
Payroll taxes	10,042	1,116	-	11,158
Pharmaceuticals	31,853	-	-	31,853
Professional fees	27,641	-	-	27,641
Salaries and wages	131,994	10,777	-	142,771
Special events/Capital campaign	-	-	30,493	30,493
Telephone	3,450	383	-	3,833
Utilities	2,077	231	-	2,308
Occupancy	31,369	3,486	-	34,855
Volunteer and staff appreciation	2,055	-	-	2,055
Depreciation and amortization	7,994	888	-	8,882
Total expenses	<u>\$ 294,773</u>	<u>\$ 19,484</u>	<u>\$ 30,493</u>	<u>\$ 344,750</u>

See accompanying notes to financial statements.

ACCESS CARROLL, INC.
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
For the Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Public Support and Revenue	\$ 272,873
Cash Paid to Vendors and Employees	<u>(336,301)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(63,428)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Obligation under Capital Lease	<u>(840)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>(840)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (64,268)

Cash at beginning of year 100,198

Cash at end of year \$ 35,930

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH

Change in net assets	\$ (71,877)
Adjustments to Reconcile Net Cash Used in Operating Activities:	
Depreciation and amortization	8,882
Increase in Payroll Taxes Payable	<u>(433)</u>
	8,449
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (63,428)</u></u>

See accompanying notes to financial statements.

ACCESS CARROLL, INC.

Notes to Financial Statements

June 30, 2009

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 Balances

The Organization maintains its cash balance with financial institutions located in Westminster, Maryland. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. Effective October 14, 2008 through December 31, 2009, the FDIC insurance limit is \$250,000.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 expenses. 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 \$868,117 for the year ended June 30, 2009. At June 30, 2009, 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, 2009

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, 2009, approximately 87% of the Organization's expenses related to program services, 6% 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. The Organization places its cash with high credit quality institutions. At times such amounts may be in excess of the FDIC insurance limits. At June 30, 2009, no amounts were in excess of the FDIC insurance limits. Effective October 14, 2008 through December 31, 2009, the FDIC insurance limit is \$250,000.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>Life</u>	
Equipment	3-7 years	\$15,536
Furniture	5 years	10,300
Leasehold improvement-cabinets	5 years	2,547
Computer software	5 years	<u>8,915</u>
		37,298
Less – accumulated depreciation		<u>(24,441)</u>
		<u>\$12,857</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. As of June 30, 2009, the Organization spent \$26,888.

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.

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2009

NOTE 5 – RESTRICTIONS ON NET ASSETS

The restrictions on net assets as of June 30, 2009 are related to funds received under grants.

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

CareFirst Blue Cross Blue Shield – Pharmaceuticals, specialty care and transportation	\$ 19,268
Capital Campaign	2,109
Quality Health Foundation grant – Medication coordinator/Medical director	(6,714)
Weinberg grant – general operations	<u>4,324</u>
	<u>\$ 18,987</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restriction accomplished:	
Community Asthma Education and Treatment Initiative grant	\$ 653
Capital Campaign	21,741
CareFirst Blue Cross Blue Shield grant	50,733
Carroll County Commissioners grant	27,548
Carroll County Health Department grant	3,353
Kaiser grant	1,735
MCHRC grant	9,464
Quality Health Foundation grant	44,967
Weinberg grant	<u>62,485</u>
Total restrictions released	<u>\$ 222,679</u>

ACCESS CARROLL, INC.

Notes to Financial Statements (Continued)

June 30, 2009

NOTE 6 – LEASE COMMITMENTS

The Organization entered into a lease agreement 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 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 \$2,645 per month. Rent paid during the year ended June 30, 2009 was \$30,736. There is no unpaid rent for the year ended June 30, 2009.

Future minimum lease payments under the operating lease as of June 30, 2009 are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2010	\$31,581
2011	10,578

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. 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, 2009.

Future minimum lease payments under the capital lease as of June 30, 2009 are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2010	\$1,104
2011	1,104
2012	<u>460</u>
	2,668
Less – amount representing interest	(637)
Net amount	<u>\$2,031</u>

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 7, 2009, the date that the financial statements were available to be issued.