

THE OUTREACH CLINIC, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

THE OUTREACH CLINIC, INC.
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FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of The Outreach Clinic, Inc.

Qualified Opinion

We have audited the accompanying financial statements of The Outreach Clinic, Inc. (the "Organization", a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We did not obtain sufficient appropriate audit evidence about the amount recognized for the valuation of inventory because no accounting controls are exercised over inventory valuation prior to the initial entry of such contributions in the accounting records. We are unable to obtain sufficient appropriate audit evidence about inventory valuation by other auditing procedures.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.

Hamilton & Associates CPA, LLC

Brandon, FL
December 22, 2021

THE OUTREACH CLINIC, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

| ASSETS | 2020 |
|-----------------------------------|------------|
| Current assets | |
| Cash and cash equivalents | \$ 163,203 |
| Prepaid expenses | 2,738 |
| Inventory | 12,184 |
| Total current assets | 178,125 |
| Property and equipment, net | 3,574 |
| Total Assets | 181,699 |
| LIABILITIES AND NET ASSETS | |
| Liabilities | |
| Accounts payable | 5,997 |
| Net assets | |
| Without donor restrictions | 175,702 |
| Total net assets | 175,702 |
| Total liabilities and net assets | \$ 181,699 |

THE OUTREACH CLINIC, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Change in net assets without donor restrictions

| | 2020 |
|--|------------|
| REVENUE | |
| Contributions | \$ 101,135 |
| Grants | 111,513 |
| Events | 11,200 |
| Contributed medical services | 166,365 |
| In-kind rental income | 33,200 |
| Other program fees | 5,472 |
| Total revenue without donor restrictions | 428,885 |
| EXPENSES | |
| <i>Program services</i> | |
| Operations | 367,295 |
| <i>Support services</i> | |
| Management and general | 17,010 |
| Fundraising and development | 7,776 |
| Total support services | 24,786 |
| Total expenses | 392,081 |
| Net increase in net assets without donor restrictions before other revenue and expenses | 36,804 |
| OTHER REVENUE AND EXPENSES | |
| Interest income | 132 |
| Total other revenue and expenses | 132 |
| Net increase in net assets without donor restrictions | 36,936 |
| TOTAL CHANGE IN NET ASSETS | 36,936 |
| NET ASSETS, beginning of year | 138,766 |
| NET ASSETS, end of year | \$ 175,702 |

THE OUTREACH CLINIC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Program Services | Support Services | | Total Support Services | Total |
|-----------------------------|---------------------|---------------------------|-----------------------------------|------------------------------|-------------------|
| | Operations | Management and General | Fundraising and Development | | |
| In kind medical services | \$ 166,365 | \$ - | \$ - | \$ - | \$ 166,365 |
| Medical services | 10,467 | - | - | - | 10,467 |
| Pharmaceuticals purchased | 2,369 | - | - | - | 2,369 |
| Advertising | 539 | - | - | - | 539 |
| Bank charges | - | 111 | - | 111 | 111 |
| Depreciation | 468 | - | - | - | 468 |
| Derby event expenses | - | - | 2,354 | 2,354 | 2,354 |
| Dues and subscriptions | 3,215 | - | - | - | 3,215 |
| Information technology | 19,589 | - | - | - | 19,589 |
| Insurance | 4,759 | 759 | - | 759 | 5,518 |
| Licenses | 441 | - | - | - | 441 |
| Office expenses | 7,151 | 795 | - | 795 | 7,946 |
| Pharmaceuticals distributed | 10,979 | - | - | - | 10,979 |
| Professional fees | 4,700 | - | - | - | 4,700 |
| In-kind rent | 29,880 | 3,320 | - | 3,320 | 33,200 |
| Repairs and maintenance | 3,352 | - | - | - | 3,352 |
| Salaries and benefits | 92,172 | 10,844 | 5,422 | 16,266 | 108,438 |
| Training and development | 212 | - | - | - | 212 |
| Utilities | 10,636 | 1,182 | - | 1,182 | 11,818 |
| Total expenses | <u>\$ 367,295</u> | <u>\$ 17,010</u> | <u>\$ 7,776</u> | <u>\$ 24,786</u> | <u>\$ 392,081</u> |

THE OUTREACH CLINIC, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | 2020 |
|---|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ 36,936 |
| Depreciation expense | 468 |
| <i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i> | |
| Decrease (increase) in: | |
| Prepaid expenses | (2,738) |
| Inventory | 10,979 |
| Decrease in: | |
| Accounts payable and accrued expenses | 3,623 |
| Net cash provided by operating activities | 49,268 |
| Net increase in cash and cash equivalents | 49,268 |
| CASH AND CASH EQUIVALENTS, beginning of year | 113,935 |
| CASH AND CASH EQUIVALENTS, end of year | \$ 163,203 |

THE OUTREACH CLINIC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION

Nature of Organization

The Outreach Clinic (the Organization) is a community-based organization that has been providing quality health care for free to uninsured individuals living in east Hillsborough County since April 1989. The clinic uses a network of volunteers as well as collaborative partnerships to provide comprehensive medical care for patients who qualify for services at the clinic. Each year, the clinic provides for over 1,600 medical visits at the clinic and over 600 office visits to specialist outside the clinic. In addition, the Organization provides over 2,000 free prescription medications, 1,700 social service screenings, 2500 lab tests, 450 radiological procedures, and 100 well women exams each year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Organization reports information regarding the financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Revenue Recognition

The Organization recognizes revenues when earned. Local government and public grants are recorded as support when performance occurs under the terms of the grant agreements.

All contribution and grants are considered to be without donor restriction unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as net assets with donor restrictions that increase that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as increases in net assets without donor restrictions.

THE OUTREACH CLINIC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with original maturities of ninety days or less to be cash equivalents. The Organization maintains cash balances and certificates of deposit at a financial institution, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Risk

Financial instruments which potentially subject the Organization to concentrations of risk consist principally of cash and cash equivalents in excess of FDIC limits. Accounts are maintained at institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020, the Organization's cash and equivalents does not exceed the insured limit.

Liquidity and Availability of Resources

At December 31, 2020, financial assets, and liquidity resources consisting of cash and equivalents in the amount of \$163,203 were available within one year for general expenditure, such as operating expenses.

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged.

Grant and Contracts Revenues

The Organization receives grants and contracts which can be characterized as either "continuous period" or "cost reimbursable". Support from continuous period grants or contracts is recognized on a straight-line basis over the grant or contract period. Funding received from cost-reimbursable grants or contract is recognized as support to the extent that eligible costs are incurred during the grant or contract period.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimate of fair value of certain instruments. The Organization's significant financial instruments are cash and cash equivalents, grants and contracts receivable, and other current assets and liabilities. For these financial instruments, carrying value approximate fair value due to the short-term nature of these instruments.

THE OUTREACH CLINIC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Allocation of Expenses

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses for each year presented. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, or clients served. For the year ended December 31, 2020, all expenses which were allocated were done so on the basis of estimates of time and effort.

Inventory Valuation

Inventory as consists of pharmaceuticals, which are valued using the average wholesale price (AWP). Pharmaceuticals donated from the Prescription Assistance Program (PAP) were valued at average wholesale price (AWP) and pharmaceuticals remaining in inventory purchased from RITCHIE and other pharmaceuticals donated from other sources were valued at AWP.

Purchased pharmaceuticals are reflected as an expense in the financial statements at cost when purchased.

Contributed Services

Contributions of services are recognized if the services received (a) create or enhance capital assets, or (b) are provided by entities that normally provide those services for compensation and are substantially the same services normally purchased by the Organization.

During the year ended December 31, 2020, the value of contributed services meeting the requirements for recognition in the financial statements was material and has been recorded at \$359,791. These specialized medical services include skills provided by nurse practitioners, nurses, pharmacists, physician assistants, and physicians are reported as In-Kind Medical Services in the schedule of functional expenses and donated medical services in the statement of activities. Specialized medical services are valued from costing data provided by the State of Florida.

Property and Equipment

Property and equipment are stated at cost. When assets are retired or otherwise disposed of, the cost and the accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets.

In-Kind Donations

In-kind contributions of services, materials, or facilities that meet the recording criteria as defined by accounting guidance are recorded at their estimated fair market value on the date of donation. Such contributions are recorded as in-kind contributions and a corresponding expense on the statement of activities.

The Organization receives donated services from a variety of unpaid volunteers. Volunteers provide numerous support services. No amounts have been recognized in the accompanying statement of activities because criteria for recognition of such volunteer efforts have not been satisfied.

THE OUTREACH CLINIC, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In-Kind Donations – continued

The Organization leases office space from Hillsborough County at a nominal annual rate of \$1. The financial statements include an in-kind contribution of \$33,200, which represents management’s estimate of the fair market value to rent the premises.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC); therefore, no provision for income taxes has been made in these statements. The Organization follows the provisions of ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which requires recognition and disclosure of uncertain tax positions in the financial statements. The Organization’s management believes that it has appropriate support for any tax positions taken and that it has no material uncertain tax positions. Accordingly, it will not recognize any liability for uncertain tax benefits. For the year ended December 31, 2020, the Organization did not recognize any interest or penalties in the financial statements

Tax years 2017-2020 remain open to examination by the taxing jurisdictions which the Organization is subject to, and these periods have not been extended beyond the applicable statute of limitations.

Date of Management’s Review

The Organization has evaluated events and transactions occurring subsequent to December 31, 2020, as of December 22, 2021, which is the date the financial statements were available to be issued. Subsequent events occurring after December 22, 2021, have not been evaluated by management.

NOTE 3 – PROPERTY AND EQUIPMENT

The Organization’s property and equipment at December 31, 2020 consists of the following:

| | |
|-----------------------------|-----------------|
| | <u>2020</u> |
| Leasehold improvements | \$ 11,760 |
| Furniture & fixtures | <u>8,732</u> |
| | 20,492 |
| Accumulated depreciation | <u>(16,918)</u> |
| Property and equipment, net | <u>\$ 3,574</u> |

Depreciation expense for the year ended December 30, 2020, was \$468.