

CLINICS CAN HELP, INC.

INDEPENDENT AUDITOR'S REPORT
&
FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

DANIEL J. ALLEGRETTI, CPA, P.A.
Certified Public Accountant

CLINICS CAN HELP, INC.

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DANIEL J. ALLEGRETTI, CPA, P.A.
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clinics Can Help, Inc.
West Palm Beach, FL

I have audited the accompanying financial statements of Clinics Can Help, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clinics Can Help, Inc., as of December 31, 2019, 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.

DANIEL J. ALLEGRETTI, CPA, P.A.

Palm Beach Gardens, FL
May 14, 2020

CLINICS CAN HELP, INC.
Statement of Financial Position
As of December 31, 2019

ASSETS

Cash	\$	285,494
Certificates of deposit		100,000
Contributions receivable		84,375
Prepaid expenses and other assets		4,276
Medical equipment and supplies		188,612
Property and equipment, net		<u>1,476,965</u>
TOTAL ASSETS	\$	<u><u>2,139,722</u></u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$	9,874
Accrued expenses		<u>7,837</u>
Total Liabilities		<u>17,711</u>
Net Assets:		
Without donor restrictions:		
Undesignated		1,714,790
Board-designated operating reserve		150,000
With donor restrictions		<u>257,221</u>
Total Net Assets		<u>2,122,011</u>
TOTAL LIABILITIES & NET ASSETS	\$	<u><u>2,139,722</u></u>

See accompanying notes to financial statements.

CLINICS CAN HELP, INC.
Statement of Activities
Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT & REVENUE			
In-kind donated medical equipment	\$ 914,195	\$ -	\$ 914,195
Contributions and grants	579,516	227,221	806,737
Capital campaign	122,250	-	122,250
Special events	74,607	-	74,607
Gain on sale of vehicle	12,000	-	12,000
Interest income	286	-	286
Net assets released from restrictions	344,956	(344,956)	-
	<u>2,047,810</u>	<u>(117,735)</u>	<u>1,930,075</u>
EXPENSES			
Program services	1,556,873	-	1,556,873
Supporting activities:			
Management and general	67,142	-	67,142
Fundraising	85,708	-	85,708
	<u>1,709,723</u>	<u>-</u>	<u>1,709,723</u>
	<u>338,087</u>	<u>(117,735)</u>	<u>220,352</u>
CHANGES IN TOTAL NET ASSETS			
Increase (decrease) in net assets	338,087	(117,735)	220,352
Net assets, beginning of year	1,526,703	374,956	1,901,659
	<u>\$ 1,864,790</u>	<u>\$ 257,221</u>	<u>\$ 2,122,011</u>

See accompanying notes to financial statements.

CLINICS CAN HELP, INC.
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Grants and individual assistance	\$ 1,147,433	\$ -	\$ -	\$ 1,147,433
Payroll and related expenses	262,080	22,938	52,103	337,121
Contract services	40,525	18,097	1,738	60,360
Depreciation	28,763	4,507	-	33,270
Equipment discards	30,071	-	-	30,071
Special events	-	-	26,294	26,294
Facilities expenses	12,063	1,184	-	13,247
Transportation	11,475	561	191	12,227
Printing	3,237	3,021	1,734	7,992
Supplies	5,570	1,008	916	7,494
Bank charges	1,406	5,377	-	6,783
Telephone	2,378	2,901	990	6,269
Insurance	4,900	481	-	5,381
Advertising and promotion	-	3,493	-	3,493
Repairs and maintenance	3,213	-	-	3,213
Conferences and meetings	388	2,071	564	3,023
Dues and subscriptions	535	1,265	1,170	2,970
Staff recognition	2,286	-	-	2,286
Licenses and taxes	350	-	-	350
Postage	-	238	8	246
Other costs	200	-	-	200
Total Expenses	\$ 1,556,873	\$ 67,142	\$ 85,708	\$ 1,709,723

See accompanying notes to financial statements.

CLINICS CAN HELP, INC.
Statement of Cash Flows
Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from grants and contributions	\$ 823,614
Cash received from fundraising events	74,607
Interest received in savings account	286
Cash paid to employees and vendors	<u>(766,038)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>132,469</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of vehicle	12,000
Purchase of certificate of deposit	(100,000)
Purchases of property and equipment	<u>(253,653)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(341,653)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from capital campaign contributions	<u>122,250</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>122,250</u>
Net decrease in cash	(86,934)
Cash, beginning of year	<u>372,428</u>
Cash, end of year	<u><u>\$ 285,494</u></u>

See accompanying notes to financial statements.

CLINICS CAN HELP, INC.
Notes to Financial Statements
December 31, 2019

NOTE 1 – NATURE OF ORGANIZATION’S ACTIVITIES

Clinics Can Help, Inc. ("Clinics Can Help") is a Florida not-for-profit corporation exempt from income tax under 501(c)(3) of the Internal Revenue Code. The organization accepts donations of gently used and new durable medical equipment and unwrapped medical supplies that it provides to patients who may not be able to afford medical equipment for their physical recovery.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting & Presentation

Clinics Can Help's financial statements have been prepared using accrual basis accounting in accordance with generally accepted accounting principles (US GAAP). The Organization reports information regarding its activities and financial position according to separate classes of net assets based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions - resources management and the governing Board has sole discretion to expend for any purpose towards its mission.

Net assets with donor restrictions - resources expendable for purposes or future periods as expressly specified or implied by the donor.

(b) Cash

Clinics Can Help's cash balance consists of deposit accounts held at an FDIC-insured bank.

(c) Certificates of Deposit

Certificates of deposit held at FDIC-insured commercial banks with original maturities greater than three months that do not meet the definition of cash equivalents or debt securities are considered other investments. Certificates of deposit are valued at amortized cost.

(d) Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not recognized until the conditions are met in accordance with terms of the award.

(e) Medical Equipment and Supplies

Medical equipment and supplies are warehoused on site until recipients have been identified. Purchased items are recorded at cost and donated items are recorded based on the estimated fair market value on the date of donation. The value of medical equipment and supplies held in inventory is not subject to subsequent remeasurement.

CLINICS CAN HELP, INC.
Notes to Financial Statements
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property and Equipment

Acquisitions of property and equipment over \$1,000 with useful lives expected to exceed one year are capitalized. Purchased assets are recorded at cost and donated assets are recorded at fair value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets.

(g) Accounts Payable

Accounts payable consists of expenses incurred that vendors have invoiced the organization and are outstanding as of the end of the accounting period.

(h) Accrued Expenses

Expenses incurred during the current accounting period, but not payable until next year are recognized as current liabilities. Accrued expenses include accrued wages, payroll taxes, and credit card purchases.

(i) In-kind Donations

Clinics Can Help recognizes in-kind contributions of donated medical equipment and supplies based on the estimated fair value on the date of donation. Donated services are recognized if the services require specialized skills, performed by individuals who possess those skills, and would be purchased if not donated.

The organization receives in-kind contributions of donated services from volunteers who assist with the organization's activities that do not meet the criteria for recognition under US GAAP. Therefore, no contribution or expense is recognized.

(j) Contributions and Grants

Contributions are reported without donor restrictions if available for general operations by the organization. Contributions are reported with donor restrictions if available for donor-imposed purposes or future periods. If a donor restriction is satisfied within the same reporting period as awarded, the contribution is classified without donor restrictions. Contributions received in prior periods for which donor restrictions have been satisfied in the current year are classified as net assets released from restrictions in the statement of activities.

(k) Capital Campaign

Donations solicited through the capital campaign are reported without donor restrictions if expenditures for property and equipment have been placed into service. Capital campaign donations received in prior years for completed renovations of the parking lot and surrounding areas are classified as net assets released from restrictions in the statement of activities.

CLINICS CAN HELP, INC.
Notes to Financial Statements
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Functional Classification of Expenses

In the statement of activities, expenses are reported as either program services or supporting activities. Program services are expenses incurred for the primary activities that fulfill Clinics Can Help's mission. Supporting activities are administrative and fundraising expenses that are not directly identifiable as program services.

Indirect costs not directly identified as program services or supporting activities are allocated among functions based on management estimates. Salaries and wages, employee benefits, payroll taxes, and contract services are allocated based on time and effort. Facilities expenses, building depreciation, and insurance are allocated based on the ratio of total direct costs.

(m) Income Taxes

Clinics Can Help is exempt from federal income tax under IRC Section 501(c)(3). For the year ended December 31, 2019, there were no activities conducted by the organization that would require recognition or disclosure in the financial statements of material uncertain tax positions for tax liabilities incurred from unrelated business taxable income.

(n) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates based on assumptions that affect specific reported amounts and disclosures. Significant estimates include in-kind donations of medical equipment, functional allocation of expenses, medical equipment and supplies, and depreciable lives of property and equipment.

(o) Recent Accounting Pronouncements

For fiscal years beginning after December 15, 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. FASB ASU 2018-08 clarifies existing guidance for evaluating whether a transfer of assets is considered a reciprocal revenue transaction (i.e., exchange) or nonreciprocal (i.e., contribution); the standard further distinguishes contributions as either conditional or unconditional. Clinics Can Help adopted the standard on January 1, 2019. The adoption of ASU 2018-08 had no effect on the amounts reported in the financial statements.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

Clinics Can Help's cash deposits and certificates of deposit have been placed with a high credit financial institution that is insured by the Federal Deposit Insurance Corporation up to \$250,000. During the year, total balances may exceed FDIC federally-insured limits. The organization has not experienced any losses with respect to its deposit accounts.

CLINICS CAN HELP, INC.
Notes to Financial Statements
December 31, 2019

NOTE 4 - AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

As of December 31, 2019, the following financial assets are available for general expenditure over the following year. These financial assets are reduced by amounts not available due to legal or contractual limitations, donor-imposed restrictions, or internal designations:

Financial assets:	
Cash	\$ 285,494
Certificates of deposit	100,000
Contributions receivable	<u>84,375</u>
Total financial assets	469,869
Less amounts unavailable for general use:	
Board-designated operating reserve	(150,000)
Net assets with purpose restrictions	<u>(257,221)</u>
Financial assets available to cover cash needs for general expenditure over next 12 months	<u><u>\$ 62,648</u></u>

Clinics Can Help's liquidity management generally maintains financial assets to meet a minimum 30 days of operating expenditures. Cash is maintained in a checking account and surplus cash is deposited into a savings account and certificates of deposit. The Board of Directors may designate, on occasion, a portion of surpluses to fund its operating reserve.

NOTE 5 – CONTRIBUTIONS RECEIVABLE

As of December 31, 2019, unconditional promises to give of \$84,375 are expected to be fully collected within one year based on amounts received in prior years and are recorded at net realizable value.

NOTE 6 – PROPERTY & EQUIPMENT

As of December 31, 2019, the organization's property and equipment consisted of the following major classes of depreciable assets. Depreciation expense recorded for the year was \$33,270.

Land	\$ 245,340
Building	357,245
Improvements	909,302
Equipment	30,965
Vehicles	<u>40,156</u>
	1,583,008
Accumulated depreciation	<u>(106,043)</u>
Total property and equipment, net	<u><u>\$ 1,476,965</u></u>

CLINICS CAN HELP, INC.
Notes to Financial Statements
December 31, 2019

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2019, net assets with donor restrictions were available for and released from the following purpose and time restrictions:

	12/31/2018	Additions	Releases	12/31/2019
Capital Campaign	\$ 236,204	\$ -	\$ (236,204)	\$ -
Passage of Time	77,500	-	(47,500)	30,000
Lending Closet	61,252	84,375	(61,252)	84,375
Medical Equipment	-	142,846	-	142,846
Total	<u>\$ 374,956</u>	<u>\$ 227,221</u>	<u>\$ (344,956)</u>	<u>\$ 257,221</u>

Capital Campaign - The warehouse and administrative offices were acquired from donations solicited through the Capital Campaign. Further improvements to complete the parking lot, landscaping, and lighting were funded by contributions raised through the Capital Campaign.

Passage of Time - Contributions to be used for operating expenditures after December 31, 2019. Time restrictions are satisfied as funds are used in future periods as defined by the donor.

Lending Closet - The program provides medical equipment and supplies to individuals in need from in-kind donations it receives from individuals, medical supply companies, hospitals, and schools. Grants provided by nonprofit organizations are restricted for specific operating costs of the program.

Medical Equipment - Contributions restricted for the purchase of durable medical equipment used in the Lending Closet and KINDER programs.

NOTE 8 – CONTINGENCIES

Clinics Can Help receives funding that requires compliance with terms and conditions specified in its contracts and agreements. Compliance with those terms and conditions may be subject to audits that could result in claims for disallowed costs. Management is not aware of any material instances of noncompliance and the organization has not made a provision for liabilities that may arise from future audits since those amounts, if any, cannot be determined.

NOTE 9 – EMPLOYEE BENEFIT PLAN

Clinics Can Help established a 403(b) retirement plan for all employees who are immediately eligible upon their date of hire. The organization makes contributions to match their employees dollar-for-dollar up to 1% of elective salary deferrals. For the year ended December 31, 2019, contributions paid by the organization to the 403(b) plan totaled \$190.

NOTE 10 – SUBSEQUENT EVENTS

In preparing the financial statements, management evaluated events and transactions for potential recognition or disclosure in the financial statements through May 14, 2020, the date of which the financial statements were available to be issued.