

Old Irving Park Community Clinic

Financial Statements

Year Ended September 30, 2019





Independent Auditor's Report

To the Board of Directors of
Old Irving Park Community Clinic

We have audited the accompanying financial statements of Old Irving Park Community Clinic, a nonprofit organization, which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and change in net assets, 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; 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Old Irving Park Community Clinic as of September 30, 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.



Emphasis of Matter

As discussed in Note 1 to the financial statements, Old Irving Park Community Clinic adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities - Presentation of Financial Statements of Not-for-Profit Entities, as of and for the year ended September 30, 2019.

Report on Summarized Comparative Information

We have previously audited the Old Irving Park Community Clinic's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

Tinley Park, Illinois
January 30, 2020

Old Irving Park Community Clinic

Statement of Financial Position

September 30, 2019

(With Comparative Totals for September 30, 2018)

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 318,205	\$ 295,272
Prepaid expenses	7,301	6,341
Pledges receivable	11,280	-
Total Current Assets	\$ 336,786	\$ 301,613
NONCURRENT ASSETS		
Property and equipment, net	\$ 34,926	\$ 35,977
Security deposit	1,971	1,971
Total Noncurrent Assets	\$ 36,897	\$ 37,948
TOTAL ASSETS	\$ 373,683	\$ 339,561
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,243	\$ 4,673
Accrued Expenses	7,935	-
Total Liabilities	\$ 10,178	\$ 4,673
NET ASSETS		
Without donor restriction	\$ 348,350	\$ 334,684
With donor restriction	15,155	204
Total Net Assets	\$ 363,505	\$ 334,888
TOTAL LIABILITIES AND NET ASSETS	\$ 373,683	\$ 339,561

See accompanying notes to financial statements.

Old Irving Park Community Clinic
Statement of Activities and Change in Net Assets
For the Year Ended September 30, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

	2019			2018	
	Without Donor Restriction	With Donor Restriction	Total	Total	
PUBLIC SUPPORT AND REVENUE					
In-kind contributions	\$ 2,571,569	\$ -	\$ 2,571,569	\$	2,337,932
Grants and donations	366,885	25,000	391,885	\$	298,407
Interest income	3,321	-	3,321	\$	2,834
Miscellaneous income	342	-	342	\$	602
Special events income, net	23,358	-	23,358	\$	149
Net assets released from restrictions	10,049	(10,049)	-	\$	-
Total Public Support and Revenue	\$ 2,975,524	\$ 14,951	\$ 2,990,475	\$	2,639,924
EXPENSES					
Program services	\$ 2,882,642	\$ -	\$ 2,882,642	\$	2,585,388
Management and general	45,538	-	45,538	\$	139,887
Fundraising	33,678	-	33,678	\$	9,480
Total Expenses	\$ 2,961,858	\$ -	\$ 2,961,858	\$	2,734,755
CHANGE IN NET ASSETS	\$ 13,666	\$ 14,951	\$ 28,617	\$	(94,831)
NET ASSETS, BEGINNING OF YEAR	334,684	204	334,888	\$	429,719
NET ASSETS, END OF YEAR	\$ 348,350	\$ 15,155	\$ 363,505	\$	334,888

See accompanying notes to financial statements.

Old Irving Park Community Clinic

Statement of Functional Expenses

For the Year Ended September 30, 2019

(With Comparative Totals for the Year Ended September 30, 2018)

	2019			2018	
	Program	Management and General	Fundraising	Total	Total
Accounting	\$ -	\$ 11,248	\$ -	\$ 11,248	\$ 10,667
Advertising	331	-	-	331	759
Bank and credit card fees	-	933	-	933	1,156
Computer expenses	17,283	1,054	-	18,337	17,334
Depreciation and amortization	12,499	763	-	13,262	12,347
Dues and subscriptions	-	470	-	470	820
Grant writing	-	-	13,500	13,500	9,480
Insurance	8,012	1,183	888	10,083	12,258
Janitorial	7,804	476	-	8,280	8,387
License and permits	-	21	-	21	75
Medical service expense	1,494,240	-	-	1,494,240	1,473,916
Medication and medical supplies	737,211	-	-	737,211	525,841
Miscellaneous	4,441	-	-	4,441	2,472
Occupancy charges	848	52	-	900	719
Office supplies and expenses	4,016	245	-	4,261	5,184
Payroll	161,736	23,887	17,915	203,538	218,588
Payroll taxes	12,417	1,834	1,375	15,626	15,683
Postage	-	385	-	385	550
Rent	32,290	1,970	-	34,260	41,374
Repairs and maintenance	350	21	-	371	1,646
Telephone and internet	2,139	131	-	2,270	4,287
Travel and meetings	-	195	-	195	-
Utilities	8,409	513	-	8,922	8,825
Volunteer services and expenses	376,038	-	-	376,038	358,614
Waste removal	2,578	157	-	2,735	3,773
Total	\$ 2,882,642	\$ 45,538	\$ 33,678	\$ 2,961,858	\$ 2,734,755

See accompanying notes to financial statements.

Old Irving Park Community Clinic

Statement of Cash Flows

For the Year Ended September 30, 2019

(With Comparative Totals for the Year Ended September 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 28,617	\$ (94,831)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,262	12,347
Noncash contributions (property and equipment)	(12,211)	(11,357)
Changes in operating assets and liabilities:		
Prepaid expenses	(960)	1,297
Pledges receivable	(11,280)	500
Accounts payable	(2,430)	1,799
Accrued expenses	7,935	-
Net Cash Provided by (Used in) Operating Activities	\$ 22,933	\$ (90,245)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 22,933	\$ (90,245)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	295,272	385,517
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 318,205	\$ 295,272

See accompanying notes to financial statements.

Old Irving Park Community Clinic

Notes to Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Old Irving Park Community Clinic (Organization) is a non-profit organization established to provide free quality health care to the medically uninsured in the Chicago metropolitan area. The Organization utilizes individual volunteers from the medical community and partners with local community institutional treatment providers in order to provide medical services.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

Basis of Presentation

Financial statements presentation follows GAAP for financial presentation for not-for-profit organizations. Such principles provide that the Organization is required to report information regarding its financial position and activities according to two net assets. A definition of each class follows:

Net Assets Without Donor Restriction - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions may be designated for specific purposes by the board of directors.

Net Assets With Donor Restriction - Net assets subject to donor-or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are reclassified when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Expenses

The costs of providing program and supporting services has been summarized on a functional basis in the statements of activities and change in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Occupancy and related costs are allocated based on square footage. Salaries and related costs are allocated based on time and effort. The Organization charges direct program expenses directly to each program.

Cash and Cash Equivalents

The Organization considers short-term investments with original maturities of twelve months or less to be cash equivalents. These investments are exposed to various risks, such as fluctuations in interest rate or credit risk. Cash equivalents includes certificates of deposit.

Old Irving Park Community Clinic

Notes to Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Unconditional pledges are recorded as receivables in the year pledged. Conditional pledges receivable are recognized only when the conditions on which they depend are substantially met. Pledges and other promises to give whose eventual uses are restricted by the donors are recorded as increases in temporarily restricted net assets. Unrestricted pledges to be collected in future periods are also recorded as an increase to temporarily restricted net assets and reclassified to unrestricted net assets when received, unless the donor's intention is to support current-period activities.

Pledges receivable expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge.

Management individually reviews all past due pledge receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of pledges receivable are reduced by allowances that reflect management's estimate of uncollectible amounts. There were no such allowances as of September 30, 2019.

Property, Equipment and Depreciation

Property and equipment are valued at cost or, if donated, at the approximate fair value on the date of donation. Donations of property and equipment are recorded as contributions at their estimated fair value. 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 asset or acquired assets placed in service as instructed by the donor. In most cases, the donor or grantor has restricted the use of the property and equipment to a particular program for a particular period. The donor restrictions expire on the straight-line basis over the particular period for which the donor or grantor stipulated the property's use. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed using the straight-line method over the estimated useful life of the asset. Estimated lives are as follows:

	Years
Furniture and equipment	5 - 7
Leasehold improvements	15
Software	5

Maintenance and repairs are charged to expense as incurred and major renewals or betterments are capitalized. The net gain or loss on property and equipment retired or otherwise disposed of is credited or charged to operating expenses and the costs and accumulated depreciation are removed from the accounts.

Old Irving Park Community Clinic

Notes to Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Grant and Contribution Revenue Recognition

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

- **Grant Awards that are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

- **Grant Awards that are Exchange Transactions**

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Contributions received are recorded as increases in net assets with or without donor restriction, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by donors are reported as increases in net assets with donor restriction if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets with donor restriction and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Organization qualifies as a charity under Section 170(b)(1)(A) and is not a private foundation, so contributions to the Organization are deductible as charitable contributions. Consequently, no provision for income taxes appears in these financial statements.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

Old Irving Park Community Clinic

Notes to Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Change in Accounting Policy

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investments return. The Organization has adjusted the presentation of these statements accordingly.

New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the provisions of ASC 606.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. When this standard is adopted, the primary accounting change will require lessees to recognize right of use assets and lease obligations for most operating leases, as well as finance leases. This new standard is effective for financial statements issued for annual periods beginning after December 15, 2020. The Organization is evaluating what impact this new standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in this update is permitted. The Organization is still evaluating the impact of the provisions of ASC Topic 958.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 30, 2020, which is the date the financial statements were available to be issued.

Old Irving Park Community Clinic

Notes to Financial Statements

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>As of September 30,</i>	2019
Cash and cash equivalents	\$ 318,205
Pledges receivable	11,280
Total	\$ 329,485

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

Note 3: Risks and Uncertainties

Use of Estimates in the Preparation of Financial Statements

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Cash

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Note 4: Property and Equipment

Property and equipment consist of the following:

<i>As of September 30,</i>	2019
Furniture and equipment	\$ 83,914
Leasehold improvements	76,663
Software	8,970
Accumulated depreciation and amortization	\$ 169,547 (134,621)
Total	\$ 34,926

Old Irving Park Community Clinic

Notes to Financial Statements

Note 4: Property and Equipment (Continued)

Depreciation and amortization expense was \$13,262 for the year ended September 30, 2019.

Note 5: Donated Services and In-Kind Support

The Organization receives services, equipment and material without payment or compensation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Materials and other non-cash donations are recorded at cost or estimated fair value determined at the date of donation. In-kind contributions are reflected as contributions at their estimated fair value at date of donation.

In-kind contributions consist of the following:

<i>Year Ended September 30,</i>	2019
Medical services - Nursing, lab and other	\$ 534,100
Medical services - Physician	1,025,214
Medication and medical supplies	723,328
Professional services	50,000
Board services	49,750
Medical procedures	189,177
Total	\$ 2,571,569

Board members donate services to the operations of the clinic. In addition to the \$49,750 of specific board services, board members contributed \$50,000 of Professional Services and \$276,224 of Medical services-Physician.

Note 6: Operating Leases

The Organization leases its office facility under an operating lease which expires on September 30, 2020. The lease is a triple-net lease with monthly base rental payments of \$1,975, plus real estate taxes and maintenance costs. Total rental expense was \$34,260 for the year ended September 30, 2019.

Future minimum payments (including real estate taxes) under this operating lease are \$34,800 for the year ending September 30, 2020.

Old Irving Park Community Clinic

Notes to Financial Statements

Note 7: Net Assets with Donor Restriction

Net assets with donor restrictions are restricted for the following purposes or periods.

<i>As of September 30,</i>	2019
Medication and medication access	\$ 14,951
Health related open house	204
Total	\$ 15,155

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

<i>Year Ended September 30,</i>	2019
Medication and medication access	\$ 10,050
Total	\$ 10,050