

Old Irving Park Community Clinic

Financial Statements

Year Ended September 30, 2020



WIPFLI

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, 2020, 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, 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.

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Report on Summarized Comparative Information

We have previously audited the Old Irving Park Community Clinic's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

Lincolnshire, Illinois
February 19, 2021

Old Irving Park Community Clinic

Statement of Financial Position

September 30, 2020

(With Comparative Totals for September 30, 2019)

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 241,666	\$ 318,205
Prepaid expenses	11,121	7,301
Pledges receivable	665	11,280
Total current assets	253,452	336,786
Noncurrent assets:		
Property and equipment, net	32,665	34,926
Security deposit	1,971	1,971
Total noncurrent assets	34,636	36,897
TOTAL ASSETS	\$ 288,088	\$ 373,683
LIABILITIES AND NET ASSETS		
Current liabilities:LIABILITIES		
Accounts payable	\$ 2,992	\$ 2,243
Accrued expenses	-	7,935
Total liabilities	2,992	10,178
Net assets:		
Without donor restriction	268,236	348,350
With donor restriction	16,860	15,155
Total net assets	285,096	363,505
TOTAL LIABILITIES AND NET ASSETS	\$ 288,088	\$ 373,683

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, 2020
(With Comparative Totals for the Year Ended September 30, 2019)

	2020			2019
	Without Donor Restriction	With Donor Restriction	Total	Total
Public support and revenue:				
In-kind contributions	\$ 1,574,339	\$ -	\$ 1,574,339	\$ 2,571,569
Grant and donations	278,175	37,761	315,936	391,885
Grant - Paycheck Protection Program	44,415	-	44,415	-
Interest income	1,628	-	1,628	3,321
Miscellaneous income	224	-	224	342
Special events income, net	6,134	-	6,134	23,358
Net assets released from restrictions	36,056	(36,056)	-	-
Total public support and revenue	1,940,971	1,705	1,942,676	2,990,475
Expenses:				
Program services	1,953,508	-	1,953,508	2,882,642
Management and general	47,631	-	47,631	45,538
Fundraising	19,946	-	19,946	33,678
Total expenses	2,021,085	-	2,021,085	2,961,858
Change in net assets	(80,114)	1,705	(78,409)	28,617
Net assets, beginning of year	348,350	15,155	363,505	334,888
Net assets, end of year	\$ 268,236	\$ 16,860	\$ 285,096	\$ 363,505

See accompanying notes to financial statements.

Old Irving Park Community Clinic

Statement of Functional Expenses

For the Year Ended September 30, 2020

(With Comparative Totals for the Year Ended September 30, 2019)

	2020			2019	
	Program	Management and General	Fundraising	Total	Total
Accounting	\$ -	\$ 11,864	\$ -	\$ 11,864	\$ 11,248
Advertising	149	-	-	149	331
Bank and credit card fees	-	367	-	367	933
Computer expenses	15,657	955	-	16,612	18,337
Depreciation and amortization	11,942	729	-	12,671	13,262
Dues and subscriptions	-	2,553	-	2,553	470
Grant writing	-	-	-	-	13,500
Insurance	8,072	880	660	9,612	10,083
Janitorial	5,344	326	-	5,670	8,280
License and permits	-	62	-	62	21
Medical service expense	634,786	-	-	634,786	1,494,240
Medication and medical supplies	716,691	-	-	716,691	737,211
Miscellaneous	5,025	-	-	5,025	4,441
Occupancy charges	906	55	-	961	900
Office supplies and expenses	3,489	213	-	3,702	4,261
Payroll	219,130	23,887	17,915	260,932	203,538
Payroll taxes	16,764	1,827	1,371	19,962	15,626
Postage	-	931	-	931	385
Rent	32,461	1,980	-	34,441	34,260
Repairs and maintenance	1,942	118	-	2,060	371
Telephone and internet	2,365	144	-	2,509	2,270
Travel and meetings	-	69	-	69	195
Utilities	8,318	507	-	8,825	8,922
Volunteer services and expenses	267,777	-	-	267,777	376,038
Waste removal	2,690	164	-	2,854	2,735
Total	\$ 1,953,508	\$ 47,631	\$ 19,946	\$ 2,021,085	\$ 2,961,858

See accompanying notes to financial statements.

Old Irving Park Community Clinic

Statement of Cash Flows

For the Year Ended September 30, 2020

(With Comparative Totals for the Year Ended September 30, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (78,409)	\$ 28,617
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	12,671	13,262
Noncash contributions (property and equipment)	-	(12,211)
Changes in operating assets and liabilities:		
Prepaid expenses	(3,820)	(960)
Pledges receivable	10,615	(11,280)
Accounts payable	749	(2,430)
Accrued expenses	(7,935)	7,935
Net cash provided by (used in) operating activities	(66,129)	22,933
Cash flows from investing activities:		
Purchases of property and equipment	(10,410)	-
Net change in cash and cash equivalents	(76,539)	22,933
Cash and cash equivalents, beginning of year	318,205	295,272
Cash and cash equivalents, end of year	\$ 241,666	\$ 318,205

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 (the "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, 2020.

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, 2019, 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 Principle

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU No. 2018-08 assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and in determining whether a contribution transaction is condition. The Organization adopted this guidance as of October 1, 2020, under a modified prospective basis with no effect on its net assets.

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, 2019. 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, 2021. The Organization is evaluating what impact this new standard will have on its financial statements.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 19, 2021, 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>September 30,</i>		2020
Cash and cash equivalents	\$	241,666
Pledges receivable		665
<hr/>		
Total financial assets		242,331
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Donor restricted net assets		(16,860)
<hr/>		
Total	\$	225,471

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.

Old Irving Park Community Clinic

Notes to Financial Statements

Note 4: Property and Equipment

Property and equipment consist of the following:

<i>September 30,</i>	2020
Furniture and equipment	\$ 90,324
Leasehold improvements	80,663
Software	8,970
	179,957
Accumulated depreciation and amortization	(147,292)
Total	\$ 32,665

Depreciation and amortization expense was \$12,671 for the year ended September 30, 2020.

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>	2020
Medical services - Nursing, lab, and other	\$ 383,155
Medical services - Physician	413,761
Medication and medical supplies	605,055
Professional services	50,000
Board member services	30,550
Medical procedures	91,818
Total	\$ 1,574,339

Board members donate services to the operations of the clinic. In addition to the \$30,550 of specific board services, board members contributed \$50,000 of Professional Services and \$327,830 of Medical services-Physician.

Old Irving Park Community Clinic

Notes to Financial Statements

Note 6: Paycheck Protection Program

The Organization applied for and received a loan of \$44,415 on May 1, 2020, pursuant to the Paycheck Protection Program (PPP), administered by the Small Business Administration (SBA). If the proceeds are used to pay for qualifying expenses and certain other criteria are met, the SBA may forgive all or a portion of the loan. The Organization expects all amounts received under PPP to qualify for 100% forgiveness and views the PPP proceeds as a grant rather than a loan by analogizing to guidance in IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*. As a result, the Organization has recorded PPP proceeds of \$44,415 as grant income to match the related expenses incurred during the current period.

The Organization has applied for forgiveness with its lender subsequent to September 30, 2020. Should any amounts of the PPP proceeds not be forgiven, the amounts will become payable bearing interest at 1% and maturing on May 1, 2022.

Note 7: Operating Leases

The Organization leases its office facility under an operating lease which expires on September 30, 2021. 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 \$34,441 for the year ended September 30, 2020.

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

Note 8: Net Assets with Donor Restriction

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

<i>September 30,</i>	2020
Medication and medication access	\$ 16,860

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>	2020
Medication and medication access	\$ 27,093
Clinic improvements and maintenance	8,963
Total	\$ 36,056

Old Irving Park Community Clinic

Notes to Financial Statements

Note 9: Business Conditions

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic.” First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Organization’s results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.