

Old Irving Park Community Clinic

Financial Statements

September 30, 2021 and 2020

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Klesman & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Trustees 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, 2021, 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

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 of America. 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 2021 financial statements referred to above present fairly, in all material respects, the financial position of Old Irving Park Community Clinic as of September 30, 2021, 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.

Prior Period Financial Statements

The financial statements of Old Irving Park Community Clinic as of September 30, 2020, were audited by other auditors whose report dated February 19, 2021, expressed an unmodified opinion on those statements.

Klesman & Company, P.C.

Palos Heights, Illinois
December 29, 2021

Old Irving Park Community Clinic
 Statements of Financial Position
 September 30, 2021 and 2020

	<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:			
Cash and cash equivalents		\$ 255,705	\$ 224,806
Cash, restricted – see note 5		1,000	16,860
Prepaid expenses		6,499	11,121
Other receivable		1,521	-
Pledges receivable		<u>3,350</u>	<u>665</u>
Total current assets		268,075	253,452
Property and equipment, net		26,867	32,665
Security deposit		<u>1,971</u>	<u>1,971</u>
Total assets		<u>\$ 296,913</u>	<u>\$ 288,088</u>
<u>Liabilities and Net Assets</u>			
Liabilities:			
Current liabilities:			
Accounts payable		<u>\$ 2,927</u>	<u>\$ 2,992</u>
Total current liabilities/total liabilities		<u>2,927</u>	<u>2,992</u>
Net assets:			
Without donor restrictions		292,986	268,236
With donor restrictions		<u>1,000</u>	<u>16,860</u>
Total net assets		<u>293,986</u>	<u>285,096</u>
Total liabilities and net assets		<u>\$ 296,913</u>	<u>\$ 288,088</u>

The accompanying notes to financial statements are
 an integral part of this statement.

Old Irving Park Community Clinic
Statement of Activities
For the Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
In-kind contributions	\$ 1,722,662	\$ -	\$ 1,722,662
Grant and donations	399,980	1,000	400,980
Grant – Paycheck Protection Program	56,340	-	56,340
Interest income	40	-	40
Miscellaneous income	120	-	120
Special events income, net	16,170	-	16,170
Net assets released from restrictions	<u>16,860</u>	<u>(16,860)</u>	<u>-</u>
 Total support and revenues	 <u>2,212,172</u>	 <u>(15,860)</u>	 <u>2,196,312</u>
Functional expenses:			
Program services	2,077,771	-	2,077,771
Supporting activities:			
Management and general activities	51,546	-	51,546
Fundraising	<u>58,105</u>	<u>-</u>	<u>58,105</u>
 Total functional expenses	 <u>2,187,422</u>	 <u>-</u>	 <u>2,187,422</u>
 Change in net assets	 24,750	 (15,860)	 8,890
Net assets, beginning of year	<u>268,236</u>	<u>16,860</u>	<u>285,096</u>
Net assets, end of year	<u>\$ 292,986</u>	<u>\$ 1,000</u>	<u>\$ 293,986</u>

The accompanying notes to financial statements are
an integral part of this statement.

Old Irving Park Community Clinic
Statement of Activities
For the Year Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
In-kind contributions	\$ 1,574,339	\$ -	\$ 1,574,339
Grant and donations	278,175	37,761	315,936
Grant – Paycheck Protection Program	44,415	-	44,415
Interest income	1,628	-	1,628
Miscellaneous income	224	-	224
Special events income, net	6,134	-	6,134
Net assets released from restrictions	<u>36,056</u>	<u>(36,056)</u>	<u>-</u>
Total support and revenues	<u>1,940,971</u>	<u>1,705</u>	<u>1,942,676</u>
Functional expenses:			
Program services	1,953,508	-	1,953,508
Supporting activities:			
Management and general activities	47,631	-	47,631
Fundraising	<u>19,946</u>	<u>-</u>	<u>19,946</u>
Total functional expenses	<u>2,021,085</u>	<u>-</u>	<u>2,021,085</u>
Change in net assets	(80,114)	1,705	(78,409)
Net assets, beginning of year	<u>348,350</u>	<u>15,155</u>	<u>363,505</u>
Net assets, end of year	<u>\$ 268,236</u>	<u>\$ 16,860</u>	<u>\$ 285,096</u>

The accompanying notes to financial statements are
an integral part of this statement.

Old Irving Park Community Clinic
Statement of Functional Expenses
For the Year ended September 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
Accounting	\$ -	\$ 11,356	\$ -	\$ 11,356
Advertising	-	-	-	-
Bank and credit card fees	-	416	-	416
Computer expenses	18,685	1,140	-	19,825
Dues and subscriptions	-	420	-	420
Insurance	6,745	1,045	1,710	9,500
Janitorial	5,316	324	-	5,640
License and permits	-	10	-	10
Medical service expense	1,156,182	-	-	1,156,182
Medication and medical supplies	525,010	-	-	525,010
Miscellaneous	3,324	-	-	3,324
Occupancy charges	867	53	-	920
Office supplies and expenses	5,707	348	-	6,055
Payroll	198,404	30,083	52,172	280,659
Payroll taxes	14,547	2,254	3,688	20,489
Postage	-	615	-	615
Rent	31,365	1,914	-	33,279
Repairs and maintenance	3,030	185	-	3,215
Telephone and internet	2,618	160	-	2,778
Travel and meetings	-	-	-	-
Utilities	7,590	463	-	8,053
Volunteer services and expenses	85,915	-	535	86,450
Waste removal	<u>3,057</u>	<u>186</u>	<u>-</u>	<u>3,243</u>
 Total functional expenses before depreciation	 2,068,362	 50,972	 58,105	 2,177,439
Depreciation	<u>9,409</u>	<u>574</u>	<u>-</u>	<u>9,983</u>
 Total functional expenses	 <u>\$ 2,077,771</u>	 <u>\$ 51,546</u>	 <u>\$ 58,105</u>	 <u>\$ 2,187,422</u>

The accompanying notes to financial statements are
an integral part of this statement.

Old Irving Park Community Clinic
Statement of Functional Expenses
For the Year ended September 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
Accounting	\$ -	\$ 11,864	\$ -	\$ 11,864
Advertising	149	-	-	149
Bank and credit card fees	-	367	-	367
Computer expenses	15,657	955	-	16,612
Dues and subscriptions	-	2,553	-	2,553
Insurance	8,072	880	660	9,612
Janitorial	5,344	326	-	5,670
License and permits	-	62	-	62
Medical service expense	634,786	-	-	634,786
Medication and medical supplies	716,691	-	-	716,691
Miscellaneous	5,025	-	-	5,025
Occupancy charges	906	55	-	961
Office supplies and expenses	3,489	213	-	3,702
Payroll	219,130	23,887	17,915	260,932
Payroll taxes	16,764	1,827	1,371	19,962
Postage	-	931	-	931
Rent	32,461	1,980	-	34,441
Repairs and maintenance	1,942	118	-	2,060
Telephone and internet	2,365	144	-	2,509
Travel and meetings	-	69	-	69
Utilities	8,318	507	-	8,825
Volunteer services and expenses	267,777	-	-	267,777
Waste removal	<u>2,690</u>	<u>164</u>	<u>-</u>	<u>2,854</u>
 Total functional expenses before depreciation	 1,941,566	 46,902	 19,946	 2,008,414
Depreciation	<u>11,942</u>	<u>729</u>	<u>-</u>	<u>12,671</u>
 Total functional expenses	 <u>\$ 1,953,508</u>	 <u>\$ 47,631</u>	 <u>\$ 19,946</u>	 <u>\$ 2,021,085</u>

The accompanying notes to financial statements are
an integral part of this statement.

Old Irving Park Community Clinic
 Statements of Cash Flows
 For the Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,890	\$ (78,409)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,983	12,671
(Increase) decrease in assets:		
Prepaid expenses	4,622	(3,820)
Pledges receivable	(2,685)	10,615
Other receivables	(1,521)	-
Increase (decrease) in liabilities:		
Accounts payable	(65)	749
Accrued expenses	-	(7,935)
	<u>19,224</u>	<u>(66,129)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	<u>(4,185)</u>	<u>(10,410)</u>
Net cash provided by (used in) investing activities	<u>(4,185)</u>	<u>(10,410)</u>
Net change in cash, cash equivalents and restricted cash	15,039	(76,539)
Cash, cash equivalents and restricted cash, beginning of year	<u>241,666</u>	<u>318,205</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 256,705</u>	<u>\$ 241,666</u>
Cash, cash equivalents and restricted cash consist of:		
Cash and cash equivalents	\$ 255,705	\$ 224,806
Restricted cash	<u>1,000</u>	<u>16,860</u>
	<u>\$ 256,705</u>	<u>\$ 241,666</u>

The accompanying notes to financial statements are
 an integral part of this statement.

Old Irving Park Community Clinic
Notes to Financial Statements
September 30, 2021 and 2020

Note 1. Summary of significant accounting policies

Description of the Organization and nature of activities

The Old Irving Park Community Clinic (the "Organization") is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization was 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 and presentation

The Organization maintains its books in accordance with the accrual basis method of accounting. Under this method, income is recognized when earned and expenses are recognized when incurred. Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. The Organization reports gifts of cash and other assets as with donor restrictions if the gifts are received with donor stipulations that limit the use of the donated assets.

Net assets

Net assets, revenues, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – 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 restrictions – Net assets that are subject to donor- or certain grant-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 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. Donor-restricted contributions in which the restrictions are met in the same reporting period are reported as support without donor restrictions.

Use of estimates

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

Old Irving Park Community Clinic
Notes to Financial Statements
September 30, 2021 and 2020

Note 1. Summary of significant accounting policies (continued)

Pledges receivable

Unconditional pledges are recorded as receivables in the year pledged. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. Pledges and other promises to give are recorded as without donor restrictions or with donor restrictions depending upon the existence or nature of any donor restrictions.

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 amount of pledges receivable are reduced by an allowance that reflects management's estimate of uncollectible amounts. There were no such allowances as of September 30, 2021 or 2020.

Grants and Revenue Recognition

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

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

Exchange transactions reimburse the Organization based on a predetermined rate for services performed. Revenue from grant awards that are exchange transactions is recognized in the period the service is performed.

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 include certificates of deposit.

Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC) up to certain limits. In the normal course of business, the Organization will occasionally have amounts on deposit at financial institutions that exceeds the \$250,000 federally insured deposit limits. As of September 30, 2021, there were no such amounts on deposit in excess of insurance limits. The Organization has not experienced any losses in such accounts and management believes that the Organization is not exposed to any significant credit risk relating to cash and cash equivalents.

Old Irving Park Community Clinic
Notes to Financial Statements
September 30, 2021 and 2020

Note 1. Summary of significant accounting policies (continued)

Fixed assets and depreciation

Purchased fixed assets are stated at cost, less an allowance for depreciation, while maintenance and repairs are charged to expense as incurred. Donations of fixed assets are recorded as contributions at their estimated fair value at the donation date. Depreciation of fixed assets is computed using the straight-line method based upon the estimated useful lives of the assets which range from five to fifteen years.

Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for taxes on net unrelated business taxable income. During the years ended September 30, 2021 and 2020, the Organization did not incur any income taxes. In addition, there were no penalties or interest associated with income taxes recognized in the accompanying financial statements.

The Organization prepares and files IRS Form 990, *Return of Organization Exempt from Income Tax*, annually with the Internal Revenue Service. Generally, tax returns may be examined by the IRS for three years after they are filed; therefore, tax returns for years ending after September 30, 2018 are still subject to examination by the IRS.

Advertising and publicity costs

The Organization expenses advertising and publicity costs as they are incurred. Advertising and publicity expense was \$0 and \$149 for the years ended September 30, 2021 and 2020, respectively.

Functional allocation of expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification details of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Occupancy and related costs are allocated based on square footage, while salaries and related costs are allocated based on time and effort. The Organization charges direct program expenses directly to each program.

Evaluation of subsequent events

The Organization has evaluated subsequent events through December 29, 2021, the date on which the financial statements were available to be issued.

Old Irving Park Community Clinic
Notes to Financial Statements
September 30, 2021 and 2020

Note 2. 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 individuals possessing those skills, and would typically need to be purchased if not provided by donation. 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 the date of donation. Amounts reflected in the accompanying financial statements as donated services and in-kind support are offset by like amounts included in expenses.

Donated services and in-kind contributions consist of the following for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Board member services	\$ 25,700	\$ 30,550
Medical procedures	26,514	91,818
Medical services – Nursing, lab, and other	405,902	383,155
Medical services – Physician	756,524	413,761
Medication and medical supplies	508,022	605,055
Professional services	<u>-</u>	<u>50,000</u>
 Total	 <u>\$ 1,722,662</u>	 <u>\$ 1,574,339</u>

Many individuals and Board members volunteer their time and perform a variety of tasks that assist the Organization. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Note 3. Liquidity and availability

Financial assets available for general expenditure at September 30, 2021, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 255,705
Pledges receivable	<u>3,350</u>
	 <u>\$ 259,055</u>

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 money market funds and other short-term investments.

Old Irving Park Community Clinic
Notes to Financial Statements
September 30, 2021 and 2020

Note 4. Property and equipment, net

Fixed assets at September 30, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 94,509	\$ 90,324
Leasehold improvements	80,663	80,663
Software	<u>8,970</u>	<u>8,970</u>
	184,142	179,957
Less accumulated depreciation and amortization	<u>157,275</u>	<u>147,292</u>
Fixed assets, net	<u>\$ 26,867</u>	<u>\$ 32,665</u>

Depreciation expense was \$9,983 and \$12,671 for the years ended September 30, 2021 and 2020.

Note 5. Net assets with donor restrictions

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Junior League of Evanston - North Shore	\$ 1,000	\$ -
Illinois Attorney General	<u>-</u>	<u>16,860</u>
	<u>\$ 1,000</u>	<u>\$ 16,860</u>
Purpose:		
Pap smears	\$ 1,000	\$ -
Medication and medication access	<u>-</u>	<u>16,860</u>
	<u>\$ 1,000</u>	<u>\$ 16,860</u>

Net assets are subsequently released from donor restrictions by incurring expenses satisfying the restricted purpose or other events that are specified by the donor.

Note 6. Leasing activities

The Organization leases its office facility under an operating lease which expires on September 30, 2022. 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 for the years ended September 30, 2021 and 2020 was \$33,279 and \$34,441, respectively.

Future minimum payments (including real estate taxes) under this operating lease are \$34,800 for the year ending September 30, 2022.

Old Irving Park Community Clinic
Notes to Financial Statements
September 30, 2021 and 2020

Note 7. Paycheck Protection Program

On May 1, 2020, the Organization applied for and received a loan in the amount of \$44,415 under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The PPP loan may be forgiven if the proceeds are used only for certain qualifying expenses, such as payroll costs, utilities, interest on secured debt, and provided the Organization maintains certain payroll levels as described in the CARES Act. During the year ended September 30, 2021, the Organization applied for forgiveness of the PPP loan and on February 8, 2021, was notified that the Small Business Administration (SBA) had approved the request for full forgiveness.

In accordance with the provisions of IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, the Organization chose to record the PPP proceeds as a grant, rather than a loan. As a result, the PPP proceeds were recorded as grant income to match the related expenses incurred during the corresponding accounting period.

On February 16, 2021, the Organization applied for and received a second draw of PPP funds as allowed under the CARES Act, as amended. This second draw of funds in the amount of \$56,340 was obtained on the same terms and conditions as the original PPP loan and will be accounted for in a similar manner in accordance with the provisions of IAS 20. The Organization applied for forgiveness of this second draw PPP loan and on September 13, 2021, was notified that the SBA had approved the request for full forgiveness.

Note 8. COVID-19 outbreak

The COVID-19 pandemic in the United States continues to disrupt businesses, supply chains and consumer demand across a broad range of industries. The extent of the continued impact of COVID-19 on the Organization's operational and financial performance will depend upon certain developments, including the duration and spread of the outbreak, the impact upon the Organization's members, employees and vendors, all of which are uncertain and cannot be predicted. Management is carefully monitoring the situation and evaluating its options at this time. The extent to which COVID-19 will continue to impact the Organization's financial position or activities is uncertain. No adjustments have been made to these financial statements as a result of this uncertainty.

Note 9. Adoption of new accounting standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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., and new disclosures. The new standard supersedes current revenue recognition requirements and most industry guidance. The Organization adopted this new standard as of October 1, 2020, utilizing the full retrospective method of transition with no effect on its net assets.