

Miami Rescue Mission Clinic, Inc.

Financial Statements

December 31, 2018

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Financial Statements

December 31, 2018

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Independent Auditor's Report

To the Board of Directors
Miami Rescue Mission Clinic, Inc.

We have audited the accompanying financial statements of Miami Rescue Mission Clinic, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes 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 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.

Miami Rescue Mission Clinic, Inc.

Miami, Florida

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miami Rescue Mission Clinic, Inc. as of December 31, 2018, 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.



Garcia, Espinosa, Miyares, Rodriguez, Trueba & Co. LLP

Coral Gables, Florida

April 30, 2019

Miami Rescue Mission Clinic, Inc.
Statement of Financial Position
December 31, 2018

Assets

Current Assets		
Cash and cash equivalents	\$	169,307
Restricted cash		<u>16,961</u>
Total Current Assets		186,268
Property and Equipment - net		<u>13,949</u>
Total Assets	\$	<u><u>200,217</u></u>

Liabilities and Net Assets

Current Liabilities		
Deferred revenue	\$	16,961
Long-Term Liabilities		
Compensated absences		<u>9,177</u>
Total Liabilities		<u>26,138</u>
Net Assets		
Without donor restrictions		<u>174,079</u>
Total Liabilities and Net Assets	\$	<u><u>200,217</u></u>

The accompanying notes are an integral part of the financial statements.

Miami Rescue Mission Clinic, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and Support			
Donations	\$ 219,359	\$ -	\$ 219,359
Grants	-	145,872	145,872
In-kind contributions	1,517,209	-	1,517,209
Fees for services	320,825	-	320,825
Other income	2,414	-	2,414
Total Operating Revenue	<u>2,059,807</u>	<u>145,872</u>	<u>2,205,679</u>
Net assets released from restrictions	<u>145,872</u>	<u>(145,872)</u>	<u>-</u>
Total Revenue and Support	<u>2,205,679</u>	<u>-</u>	<u>2,205,679</u>
Expenses			
Program services	1,944,421	-	1,944,421
Management and administration	260,818	-	260,818
Fundraising	67,050	-	67,050
Total Expenses	<u>2,272,289</u>	<u>-</u>	<u>2,272,289</u>
Change in Net Assets	(66,610)	-	(66,610)
Net Assets - Beginning of Year	<u>240,689</u>	<u>-</u>	<u>240,689</u>
Net Assets - End of Year	<u>\$ 174,079</u>	<u>\$ -</u>	<u>\$ 174,079</u>

The accompanying notes are an integral part of the financial statements.

Miami Rescue Mission Clinic, Inc.
Statement of Functional Expenses
December 31, 2018

	Program Services	Supporting Services		Total
		Management and Administration	Fundraising	
Accounting	\$ -	\$ 10,850	\$ -	\$ 10,850
Bank charges	-	2,577	-	2,577
Billing	-	500	-	500
Building materials	3,334	-	-	3,334
Depreciation expense	-	4,636	-	4,636
Electronic medical records (EMR)	405	-	-	405
Employee	42,046	-	-	42,046
Equipment purchase	-	183	-	183
Grant fees	-	-	4,344	4,344
Health insurance	30,687	-	-	30,687
In-kind medications	1,050,082	-	-	1,050,082
In-kind professional services	268,923	-	-	268,923
In-kind supplies	89,204	-	-	89,204
In-kind rent	92,650	16,350	-	109,000
Insurance	9,880	-	-	9,880
Labs	4,016	-	-	4,016
Licenses and permits	913	436	-	1,349
Medical supplies	26,247	-	-	26,247
Medical waste	1,568	-	-	1,568
Miscellaneous	25,606	1,265	24,104	50,975
Office supplies	3,343	6,878	-	10,221
Payroll	246,753	132,079	28,324	407,156
Payroll fees	-	3,160	-	3,160
Payroll taxes	19,266	10,313	2,211	31,790
Pharmacy	12,610	-	-	12,610
Remodling	-	55,209	-	55,209
Rent	-	5,000	-	5,000
Seminar	800	-	-	800
Subscriptions and memberships	1,670	119	-	1,789
Travel and entertainment	-	11,088	8,067	19,155
Utilities	13,638	175	-	13,813
Webpage	780	-	-	780
Total Expenses	\$ 1,944,421	\$ 260,818	\$ 67,050	\$ 2,272,289

The accompanying notes are an integral part of the financial statements.

Miami Rescue Mission Clinic, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2018

Cash Flows from Operating Activities

Cash received from pledges and contributions	\$ 688,470
Cash paid to employees and suppliers	<u>(745,434)</u>
Net cash (used in) operating activities	<u>(56,964)</u>

Cash Flows from Investing Activities

Purchases of equipment	<u>(8,169)</u>
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Net decrease in cash, cash equivalents, and restricted cash (65,133)

Cash, cash equivalents, and restricted cash - beginning of year 251,401

Cash, cash equivalents, and restricted cash - end of year \$ 186,268

Reconciliation of Change in Net Assets to Cash (Used in) Operating Activities:

Change in net assets	\$ (66,610)
Depreciation	4,636
Changes in assets and liabilities	
Increase in deferred revenue	2,385
Increase in compensated absences	<u>2,625</u>
Total adjustments	<u>9,646</u>
Net cash (used in) operating activities	<u>\$ (56,964)</u>

The accompanying notes are an integral part of the financial statements.

Miami Rescue Mission Clinic, Inc.

Notes to Financial Statements

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization

Miami Rescue Mission Clinic, Inc., (the "Organization" or the "Clinic") is a not-for-profit Florida Corporation incorporated in 2011. Miami Rescue Mission Clinic, Inc. is a premier community health center, rooted in the concepts of wellness, prevention and patient-centered care. The Organization's mission is to improve the quality of life of the diverse communities served by providing culturally appropriate, high quality and accessible health care for all. In 2011, the Organization was recognized by the Internal Revenue Service as a 501(c) (3). The Organization has three clinics located in Miami, Hollywood and Pompano Beach.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Classification of the Organization's net assets and its revenues and expenses are based on the existence or absence of donor-imposed restrictions.

The financial statements of the Organization have been presented in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 958-205, "Not-for-Profit Entities-Presentation of Financial Statements". This standard establishes external financial reporting requirements for not-for-profit organizations that include basic financial statements presented herein and the classification of resources into the following net asset classification:

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

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

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

Miami Rescue Mission Clinic, Inc.

Notes to Financial Statements

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consists of amounts received from grantors which was not spent as of year-end.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. The estimated useful lives for property and equipment are five years.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions

The Organization records the value of donated rent and building services when there is an objective basis available to measure their value. Donated rent and building services are reflected as in-kind contributions in the accompanying statements at their estimated fair values. In-kind contributions also include donated materials and supplies, and professional services provided by medical providers and nurse practitioners. Donated supplies are recorded at values provided by the donors and donated professional services are recorded using suggested rates and values from the Florida Department of Health.

Grant Awards

The Organization receives funding from state and local agencies that supplement its funding sources. The Organization recognizes the award as grant revenue as the expenses stipulated in the grant agreement have been incurred.

Miami Rescue Mission Clinic, Inc.

Notes to Financial Statements

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Accounting	Time and effort
Bank charges	Time and effort
Billing	Time and effort
Building materials	Square footage
Depreciation expense	Square footage
Electronic medical records (EMR)	Time and effort
Employee	Time and effort
Equipment purchase	Square footage
Grant fees	Time and effort
Health insurance	Time and effort
In-kind medications	Estimated fair value
In-kind professional services	Full time equivalent
In-kind supplies	Estimated fair value
In-kind rent	Square footage and estimated fair value
Insurance	Time and effort
Labs	Time and effort
Licenses and permits	Time and effort
Medical doctor	Time and effort
Medical Permits	Time and effort
Medical supplies	Time and effort
Medical waste	Time and effort
Miscellaneous	Time and effort
Office supplies	Time and effort
Payroll	Time and effort
Payroll fees	Time and effort
Payroll taxes	Time and effort
Penalties and taxes	Time and effort
Pharmacy	Time and effort
Rent	Square footage
Seminar	Time and effort
Subscriptions and memberships	Time and effort
Travel and entertainment	Time and effort
Utilities	Square footage
Webpage	Time and effort

Miami Rescue Mission Clinic, Inc.

Notes to Financial Statements

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The Organization accrues paid leave (paid time off) based on actual hours worked by employees throughout the year. Employees may carry a balance of up to 120 accrued hours to a subsequent year. Accrued compensated absences were \$9,177 as of December 31, 2018.

Deferred Revenues

Upon receipt of award notifications, a percentage of total awards may be advanced to the Organization by each grant program, in accordance with each program's advanced payment policies. As of the year ended December 31, 2018, the Organization had an outstanding advanced payment balance of \$16,961 recorded as deferred revenue.

Use of Estimates

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

Income Taxes

The Clinic is an organization exempt from income taxes under the provisions of Section 501(c) 3 of the Internal Revenue Code. The Organization qualifies as a charity and is not a private foundation, so contributions to the Clinic are deductible as charitable contributions. As of the year ended December 31, 2018, the Clinic's tax years for 2016, 2017, and 2018 are subject to examination by the tax authorities.

New Accounting Pronouncement

On August 18, 2016, FASB issued 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 asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expense and investment return. The Clinic has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Miami Rescue Mission Clinic, Inc.

Notes to Financial Statements

December 31, 2018

NOTE B – CONCENTRATIONS OF CREDIT RISK

Major Funding Sources

During the year ended December 31, 2018, the Organization received approximately 13% of its funding from Miami Rescue Mission, Inc. (the “Mission”) for services provided to enrolled members of the Mission, and in-kind rent (see Note E).

Deposits Held in Financial Institutions

The Organization maintains its cash balance in a financial institution. The balances are fully insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2018, the Organization did not have any uninsured balances.

NOTE C – AVAILABILITY AND LIQUIDITY

The Organization’s financial assets available to meet general expenditures over the next twelve months is made up of cash and cash equivalents of \$169,307 and restricted cash of \$16,961. The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$185,000). As part of its liquidity plan, the Organization is making efforts to procure additional funding from donations and increasing public awareness of its mission.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 is as follows:

Equipment	\$	25,510
Less: Accumulated depreciation		<u>(11,561)</u>
Property and equipment - net	\$	<u>13,949</u>

Depreciation expense for the year ended December 31, 2018 was \$4,636.

NOTE E – RELATED PARTY TRANSACTIONS

During 2018, the Miami Rescue Mission, Inc. (the “Mission”), an affiliate of the Clinic which provides shelter, residential programs and other programs and services to the poor and needy (members), paid \$300,000 in fees for services provided by the Clinic to the Mission’s members.

Miami Rescue Mission Clinic, Inc.

Notes to Financial Statements

December 31, 2018

NOTE E – RELATED PARTY TRANSACTIONS (continued)

During 2018 the Clinic signed a lease agreement with the Mission for the use of the Clinic's facilities. Commencing in August 2018, rent is to be paid at \$1,000 per month through July 2028. The fair market value of the rent of the facilities is approximately \$7,500 per month. During the period from January 2018 through July 2018, \$7,500 per month was recorded to in-kind contributions. Commencing in August 2018, the difference between the rent per the lease agreement and the fair market value of the rent, \$6,500, was recorded to in-kind contributions. Total rent expense for the year ended December 31, 2018 amounted to \$90,000, including \$85,000 as in-kind contributions.

The Clinic occupies space at two additional locations within the Mission's facilities in Hollywood and Pompano Beach at no cost to the Clinic. Total rent expense for those locations for the year ended December 31, 2018 amounted to \$24,000 and is included as in-kind contributions.

NOTE F – LEASE COMMITMENTS

Total rent expense paid under the operating lease (Note E) totaled \$5,000 during 2018. Total future rental commitments required under the lease are as follows:

2019	\$	12,000
2020		12,000
2021		12,000
2022		12,000
2023		12,000
2024 - 2028		55,000
		<u>\$ 115,000</u>

NOTE G – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 30, 2019, which is the date the financial statements were available to be issued. The Pompano clinic closed in March 2019, there are currently no plans of opening a new location.