



Miami Rescue Mission Clinic, Inc.

Financial Statements

December 31, 2019

GENVRT

GARCIA | ESPINOSA | MIYARES | RODRIGUEZ | TRUEBA

Certified Public Accountants & Advisors

Miami Rescue Mission Clinic, Inc.

Financial Statements

December 31, 2019

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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, 2019, 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Handwritten signature in black ink that reads "GEMRT & Co, LLP". The signature is written in a cursive, slightly slanted style.

Coral Gables, Florida

May 22, 2020

Miami Rescue Mission Clinic, Inc.
Statement of Financial Position
December 31, 2019

Assets

Current Assets	
Cash and cash equivalents	\$ 153,151
Restricted cash	30,225
Total Current Assets	183,376
Property and Equipment - net	9,309
Security deposits	2,584
Total Assets	\$ 195,269

Liabilities and Net Assets

Current Liabilities	
Deferred revenue	\$ 30,225
Accrued wages	18,337
Total Current Liabilities	48,562
Long-Term Liabilities	
Compensated absences	6,426
Total Liabilities	54,988
Net Assets	
Without donor restrictions	140,281
Total Liabilities and Net Assets	\$ 195,269

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, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and Support			
Donations	\$ 135,437	\$ -	\$ 135,437
Grants	-	125,393	125,393
In-kind contributions	497,314	-	497,314
Fees for services	319,193	-	319,193
Other income	148	-	148
Total Operating Revenue	<u>952,092</u>	<u>125,393</u>	<u>1,077,485</u>
Net assets released from restrictions	125,393	(125,393)	-
Total Revenue and Support	<u>1,077,485</u>	<u>-</u>	<u>1,077,485</u>
Expenses			
Program services	731,007	-	731,007
Management and administration	338,639	-	338,639
Fundraising	41,637	-	41,637
Total Expenses	<u>1,111,283</u>	<u>-</u>	<u>1,111,283</u>
Change in Net Assets	(33,798)	-	(33,798)
Net Assets - Beginning of Year	<u>174,079</u>	<u>-</u>	<u>174,079</u>
Net Assets - End of Year	<u>\$ 140,281</u>	<u>\$ -</u>	<u>\$ 140,281</u>

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

Miami Rescue Mission Clinic, Inc.
Statement of Functional Expenses
December 31, 2019

	Program Services	Supporting Services		Total
		Management and Administration	Fundraising	
Accounting	\$ -	\$ 11,500	\$ -	\$ 11,500
Bank charges	-	1,716	-	1,716
Building materials	-	2,341	-	2,341
Depreciation expense	-	4,640	-	4,640
Grant fees	-	-	4,433	4,433
Health insurance	11,561	6,525	1,297	19,383
In-kind medications	25,798	-	-	25,798
In-kind professional services	296,536	-	-	296,536
In-kind supplies	36,680	-	-	36,680
In-kind rent	27,660	110,640	-	138,300
Insurance	6,397	3,247	-	9,644
Labs	3,385	-	-	3,385
Licenses and permits	-	3,545	-	3,545
Medical supplies	16,404	-	-	16,404
Medical waste	1,139	-	-	1,139
Miscellaneous	7,379	638	648	8,665
Office supplies	1,851	2,254	-	4,105
Payroll	266,759	150,548	29,929	447,236
Payroll fees	-	3,722	-	3,722
Payroll taxes	12,129	6,845	1,361	20,335
Pharmacy	1,895	-	-	1,895
Rent	-	17,571	-	17,571
Seminar	-	-	600	600
Subscriptions and memberships	1,795	-	-	1,795
Travel and entertainment	-	11,037	3,369	14,406
Utilities	13,639	50	-	13,689
Webpage	-	1,820	-	1,820
Total Expenses	\$ 731,007	\$ 338,639	\$ 41,637	\$ 1,111,283

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, 2019

Cash Flows from Operating Activities

Cash received from pledges and contributions	\$ 625,471
Cash paid to employees and suppliers	<u>(628,363)</u>
Net cash (used in) operating activities	<u>(2,892)</u>

Cash Flows from Investing Activities

-

Cash Flows from Financing Activities

-

Net decrease in cash, cash equivalents, and restricted cash	(2,892)
Cash, cash equivalents, and restricted cash - beginning of year	<u>186,268</u>
Cash, cash equivalents, and restricted cash - end of year	<u><u>\$ 183,376</u></u>

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

Change in net assets	\$ (33,798)
Depreciation	4,640
Changes in assets and liabilities	
Increase in deferred revenue	13,264
Increase in accrued expenses	18,337
(Decrease) in compensated absences	<u>(2,751)</u>
Total adjustments	<u>30,906</u>
Net cash (used in) operating activities	<u><u>\$ (2,892)</u></u>

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

Miami Rescue Mission Clinic, Inc.

Notes to Financial Statements

December 31, 2019

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 Doral.

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, whereby 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, 2019

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, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Clinic recognizes fees for service revenue upon services being rendered to patients.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement 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, 2019

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 \$6,426 as of December 31, 2019.

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, 2019, the Organization had an outstanding advanced payment balance of \$30,225 recorded as deferred revenue.

Subsequent Events

Subsequent events have been evaluated through May 22, 2020, which is the date the financial statements were available to be issued. See Note H on subsequent events.

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, 2019, the Clinic's tax years for 2017, 2018, and 2019 are subject to examination by the tax authorities.

New Accounting Pronouncement

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), as amended by subsequent ASUs (collectively, "ASC 606") which amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services. The Clinic adopted this ASU, as applicable to its fees for services, effective January 1, 2019 using the modified retrospective method. The Clinic analyzed the cumulative effect of initially applying the new revenue standard to all contracts not yet completed or substantially completed as of January 1, 2019 and determined it resulted in no change to beginning net assets.

Miami Rescue Mission Clinic, Inc.

Notes to Financial Statements

December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncement (continued)

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which applies to all entities that receive or make contributions. The standard should be used to assist entities in evaluating whether transactions should be accounted for as contributions or as exchange transactions subject to other guidance (for example, Topic 616 Revenue from Contracts with Customers).

The criteria for evaluation whether contributions are unconditional (and thus recognized immediately in income) or conditional (for which income recognition is deferred) have been clarified. The focus is whether a gift or grant agreement both (1) specifies a “barrier or hurdle” that the recipient must overcome to be entitled to the resources, and (2) releases the donor from its obligation to transfer resources (or if assets are advanced, a right to demand their return) if the barrier or hurdle is not achieved. An agreement that contains both is a conditional contribution. An agreement that omits one or both is unconditional. No new disclosures are required. For grants/contributions made, donors will use the same criteria as recipients to determine whether gifts are conditional or unconditional.

For government grants, the ASU clarifies the definition of an exchange transaction. As a result, not-for-profit entities will account for most government grants as donor-restricted conditional contributions, rather than as exchange transactions. An accommodation is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions.

NOTE B – CONCENTRATIONS OF CREDIT RISK

Major Funding Sources

During the year ended December 31, 2019, the Organization received approximately 29% 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 F).

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, 2019, 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 \$153,151 and restricted cash of \$30,225. The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$175,000). As part of its liquidity plan, the Organization is making efforts to procure additional funding from donations and increasing public awareness of its mission.

Miami Rescue Mission Clinic, Inc.

Notes to Financial Statements

December 31, 2019

NOTE D – CASH AND RESTRICTED DEPOSITS

The balance in cash, cash equivalents restricted deposits consists of the following:

Operating cash	\$	153,151
Restricted cash		<u>30,225</u>
	\$	<u><u>183,376</u></u>

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 is as follows:

Equipment	\$	25,510
Less: Accumulated depreciation		<u>(16,201)</u>
Property and equipment - net	\$	<u><u>9,309</u></u>

Depreciation expense for the year ended December 31, 2019 was \$4,640.

NOTE F – RELATED PARTY TRANSACTIONS

During 2019, 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.

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 \$11,275 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, \$10,275, was recorded to in-kind contributions. Total rent expense for the year ended December 31, 2019 amounted to \$135,300, including \$123,300 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. During 2019, the Pompano Beach location closed in March. Total rent expense for those locations for the year ended December 31, 2019 amounted to \$15,000 and is included as in-kind contributions.

NOTE G – LEASE COMMITMENTS

Commencing on November 1, 2019, the Clinic entered into a one-year lease agreement with a one-year option to rent a space for an additional clinic location in Doral, Florida. Rent is payable monthly in the amount of \$1,250. Total rent expense paid under this lease totaled \$3,243 during 2019. Future lease commitments through 2020 are \$12,500.

Total rent expense paid under the operating lease (Note F) totaled \$12,000 during 2019. Total future rental commitments required under the lease are as follows:

Miami Rescue Mission Clinic, Inc.

Notes to Financial Statements

December 31, 2019

NOTE G – LEASE COMMITMENTS (continued)

2020	\$	12,000
2021		12,000
2022		12,000
2023		12,000
2024		12,000
2025 - 2028		<u>43,000</u>
	\$	<u>103,000</u>

NOTE H – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 22, 2020, which is the date the financial statements were available to be issued. Included in this evaluation is the consideration of the effects of COVID-19, a viral disease that has been classified as a pandemic by various health organizations. The Clinic has been operating remotely, and is providing services to their patients through telemedicine. Management believes that the Clinic and its operations will not be adversely affected as a result of the COVID-19 pandemic.

In April 2020, the Clinic applied and was granted \$95,000 for the Payroll Protection Program Loan through the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act. The Clinic also received \$10,000 through the Economic Injury Disaster Loan Emergency Advance administered by the Small Business Administration.