

JUDEO CHRISTIAN HEALTH CLINIC, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

**Prepared by:
Mortellaro, Clarke & Company, CPA's
14452 Bruce B. Downs Blvd.
Tampa, Florida 33613-2612**

JUDEO CHRISTIAN HEALTH CLINIC, INC.

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Mortellaro Clarke & Company

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Judeo Christian Health Clinic, Inc.

We have audited the accompanying financial statements of Judeo Christian Health Clinic, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2020, the related statement of support, revenue, and expenses – modified cash basis, and the statement of functional expenses – modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for 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 judgement, 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 assets, liabilities, and net assets of Judeo Christian Health Clinic, Inc. as of June 30, 2020, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Douglas J. Mortellaro, CPA

Mortellaro, Clarke & Company, CPA's
Tampa, Florida
December 29, 2020

JUDEO CHRISTIAN HEALTH CLINIC, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
(MODIFIED CASH BASIS)

JUNE 30, 2020

ASSETS

CURRENT ASSETS

| | | |
|---------------------------|----------------|------------|
| Cash and cash equivalents | \$ 546,470 | |
| Certificates of deposit | 264,444 | |
| | <u>264,444</u> | |
| TOTAL CURRENT ASSETS | | \$ 810,914 |

PROPERTY AND EQUIPMENT

| | | |
|-----------------------------------|------------------|---------|
| Building and improvements | 673,683 | |
| Furniture, fixtures and equipment | 149,803 | |
| | <u>823,486</u> | |
| TOTAL PROPERTY AND EQUIPMENT | | |
| Less accumulated depreciator | <u>(555,092)</u> | |
| NET PROPERTY AND EQUIPMENT | | 268,394 |

OTHER ASSETS

| | | |
|--|------------------|------------------|
| Beneficial Interest in assets held by others | 221,625 | |
| Investment in securities | 1,094,538 | |
| | <u>1,094,538</u> | |
| TOTAL OTHER ASSETS | | <u>1,316,163</u> |

| | | |
|--|--|---------------------|
| | | <u>\$ 2,395,471</u> |
|--|--|---------------------|

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | | |
|---------------------------|---------------|--------|
| Accrued Expenses | \$ 11 | |
| Note Payable - PPP Loan | 94,600 | |
| | <u>94,600</u> | |
| TOTAL CURRENT LIABILITIES | | 94,611 |

| | | |
|--|--|---------------|
| | | <u>94,611</u> |
|--|--|---------------|

NET ASSETS

| | | |
|-----------------------------------|----------------|------------------|
| Unrestricted | | |
| Operating | \$ 1,281,193 | |
| Property and equipment | 225,095 | |
| | <u>225,095</u> | |
| TOTAL UNRESTRICTED NET ASSETS | | 1,506,288 |
| Temporarily restricted net assets | 572,948 | |
| Permanently restricted net assets | 221,624 | |
| | <u>221,624</u> | |
| TOTAL NET ASSETS | | <u>2,300,860</u> |

| | | |
|--|--|---------------------|
| | | <u>\$ 2,395,471</u> |
|--|--|---------------------|

See Auditor's Report and Accompanying Notes to Financial Statements

JUDEO CHRISTIAN HEALTH CLINIC, INC.
STATEMENT OF SUPPORT, REVENUES AND EXPENSES
(MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2020

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| REVENUES COLLECTED | | | | |
| Contributions | \$ 316,630 | \$ | \$ | \$ 316,630 |
| Foundations | 170,583 | 41,650 | | 212,233 |
| Fund raising activities | 94,270 | | | 94,270 |
| Memberships | 102,590 | | | 102,590 |
| Eye clinic fees | 11,149 | | | 11,149 |
| Auxiliary activities | 2,130 | | | 2,130 |
| Net unrealized depreciaton of investment | (94,394) | | (15,325) | (109,719) |
| Interest and dividend income | 74,797 | | | 74,797 |
| Net assets released from restrictions | <u>0</u> | <u>0</u> | | <u>0</u> |
| | | | | |
| TOTAL REVENUES COLLECTED | <u>677,755</u> | <u>41,650</u> | <u>(15,325)</u> | <u>704,080</u> |
| | | | | |
| EXPENSES PAID | | | | |
| Program services: | | | | |
| Medical clinic | 504,361 | 0 | 0 | 504,361 |
| Eye clinic | 53,230 | 0 | 0 | 53,230 |
| Dental clinic | 82,320 | 0 | 0 | 82,320 |
| Supportive services: | | | | |
| Management and general | 77,366 | 0 | 0 | 77,366 |
| Fund raising expenses | <u>84,145</u> | <u>0</u> | <u>0</u> | <u>84,145</u> |
| | | | | |
| TOTAL EXPENSES PAID | <u>801,422</u> | <u>0</u> | <u>0</u> | <u>801,422</u> |
| | | | | |
| EXCESS OF EXPENSES PAID OVER REVENUE COLLECTED | <u>(123,667)</u> | <u>41,650</u> | <u>(15,325)</u> | <u>(97,342)</u> |
| | | | | |
| OTHER CHANGES IN NET ASSETS | | | | |
| Gain on disposition of assets | <u>(50,240)</u> | | <u>0</u> | <u>(50,240)</u> |
| | | | | |
| TOTAL OTHER CHANGES IN NET ASSETS | <u>(50,240)</u> | <u>0</u> | <u>0</u> | <u>(50,240)</u> |
| | | | | |
| CHANGE IN NET ASSETS | <u>\$ (173,907)</u> | <u>\$ 41,650</u> | <u>(15,325)</u> | <u>\$ (147,582)</u> |

See Auditor's Report and Accompanying Notes to Financial Statements

JUDEO CHRISTIAN HEALTH CLINIC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
(MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2020

| | <u>Program Services</u> | | |
|----------------------------------|-------------------------|------------------|------------------|
| | <u>Medical</u> | <u>Eye</u> | <u>Dental</u> |
| EXPENSES PAID | | | |
| Directors salaries | \$ 46,692 | \$ 10,376 | \$ 20,752 |
| Salaries | 251,775 | 17,984 | 17,984 |
| Health Insurance | 6,885 | 405 | 405 |
| Pharmacy drugs and supplies | 85,457 | 1,838 | 4,595 |
| Fund raising expenses | 0 | 0 | 0 |
| Depreciation expense | 10,613 | 2,123 | 5,307 |
| Insurance | 6,265 | 1,392 | 4,176 |
| Eye clinic supplies | 0 | 12,880 | 0 |
| Payroll taxes | 23,796 | 1,830 | 3,661 |
| Utilities | 8,513 | 851 | 4,257 |
| Womens Health Care Clinic | 22,940 | 0 | 0 |
| Medical clinic supplies | 10,427 | 0 | 0 |
| Telephone | 4,849 | 404 | 808 |
| Building repairs and maintenance | 3,382 | 338 | 1,691 |
| Professional fees | 0 | 0 | 0 |
| Investment Advisory fees | 0 | 0 | 0 |
| Salaries dental assistant | 0 | 0 | 5,791 |
| Postage | 2,019 | 187 | 560 |
| Licenses and permits | 771 | 193 | 482 |
| Miscellaneous | 1,687 | 422 | 1,054 |
| Equipment rental | 497 | 124 | 311 |
| Repairs equipment | 1,706 | 427 | 853 |
| Advertising | 0 | 0 | 0 |
| Cleaning supplies | 4,231 | 940 | 1,881 |
| Software maintenance | 7,373 | 0 | 922 |
| Printing and stationary | 2,355 | 293 | 1,170 |
| Newsletter | 50 | 50 | 50 |
| Dental clinic supplies | 0 | 0 | 5,437 |
| Gifts and donations | 0 | 0 | 0 |
| Dues and subscriptions | 1,904 | 0 | 0 |
| Pest control | 174 | 173 | 173 |
| | <u>504,361</u> | <u>53,230</u> | <u>82,320</u> |
| TOTAL EXPENSES PAID | \$ 504,361 | \$ 53,230 | \$ 82,320 |

See Auditor's Report and Accompanying Notes to Financial Statements

Support Services

| <u>Management and General</u> | <u>Fund Raising</u> | <u>Total</u> |
|-----------------------------------|---------------------|--------------|
| \$ 10,374 | \$ 15,565 | \$ 103,759 |
| 35,968 | 35,968 | 359,679 |
| 405 | 0 | 8,100 |
| 0 | 0 | 91,890 |
| 0 | 20,485 | 20,485 |
| 2,122 | 1,061 | 21,226 |
| 1,392 | 696 | 13,921 |
| 0 | 0 | 12,880 |
| 3,661 | 3,661 | 36,609 |
| 1,702 | 1,703 | 17,026 |
| 0 | 0 | 22,940 |
| 0 | 0 | 10,427 |
| 808 | 1,212 | 8,081 |
| 677 | 677 | 6,765 |
| 13,382 | 0 | 13,382 |
| 0 | 0 | 0 |
| 0 | 0 | 5,791 |
| 220 | 746 | 3,732 |
| 443 | 39 | 1,928 |
| 843 | 211 | 4,217 |
| 248 | 62 | 1,242 |
| 852 | 427 | 4,265 |
| 0 | 234 | 234 |
| 1,881 | 470 | 9,403 |
| 922 | 0 | 9,217 |
| 1,156 | 878 | 5,852 |
| 136 | 50 | 336 |
| 0 | 0 | 5,437 |
| 0 | 0 | 0 |
| 0 | 0 | 1,904 |
| 174 | 0 | 694 |
| \$ 77,366 | \$ 84,145 | \$ 801,422 |
| \$ 77,366 | \$ 84,145 | \$ 801,422 |

**JUDEO CHRISTIAN HEALTH CLINIC, INC.
STATEMENT OF CHANGES IN NET ASSETS
(MODIFIED CASH BASIS)**

FOR THE YEAR ENDED JUNE 30, 2020

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|-----------------------------|---------------------|-----------------------------------|-----------------------------------|--------------|
| NET ASSETS AT | | | | |
| BEGINNING OF YEAR | \$ 1,680,195 | \$ 531,298 | \$ 236,949 | \$ 2,448,442 |
| CHANGE IN NET ASSETS | | | | |
| FOR THE YEAR | (173,907) | 41,650 | (15,325) | (147,582) |
| | | | | |
| NET ASSETS AT | | | | |
| END OF YEAR | \$ 1,506,288 | \$ 572,948 | \$ 221,624 | \$ 2,300,860 |

JUDEO CHRISTIAN HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
JUNE 30, 2020

Note 1 - Organization and Summary of Significant Accounting Policies

Organization - Judeo Christian Health Clinic, Inc., organized in 1972, is a Florida corporation operating as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986 as amended. The Clinic provides medical, dental and eye care in Tampa, Florida for individuals who are unable to pay for such services and are unable to acquire assistance from other sources.

The clinic receives its funding from private contributions from individuals, local churches, organizations, and foundations.

Basis of Accounting - The Clinic's policy is to prepare its financial statements on the modified basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis differs from accounting principles generally accepted in the United States of America (GAAP) in that certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Specifically, the variances from GAAP include omission of receivables and payables. Such variances are presumed to be material. However, similar to financial statements prepared in accordance with GAAP, these financial statements reflect the capitalized cost of property and equipment and related depreciation. The accompanying financial statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Cash and cash equivalents - For purposes of cash flows, the Clinic considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk - The Clinic derives all of its contributions and fund-raising revenues from businesses, foundations, and individual contributors located in Florida.

The Clinic maintains cash balances in three financial institutions and one securities brokerage firm. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, the Clinic's uninsured cash balance at the financial institutions was \$307,305. The account at the brokerage firm is insured by the Securities Investor Protection Corporation up to a ceiling of \$500,000 per customer, including a maximum of \$100,000 for cash claims. At June 30, 2020, the Clinic's uninsured cash balance at the brokerage firm amounted to \$597,639.

Temporarily Restricted Net Assets - The Clinic reports contributions as restricted support if they are received with donor stipulations that limit the use of the assets. During the year ended June 30, 2020, the Clinic received contributions which were restricted for drugs, eye clinic expenses, the salary and payroll taxes for a Nurse Practitioner, a Healthy living coach, and expenses for a grant from Florida Association of Free Clinics. The Clinic's policy is to report restricted contributions whose restrictions are met in the current period as unrestricted contributions. A similar policy exists for reporting gains and investment income. For the year ended June 30, 2020, \$34,243 of contributions for the Healthy living coach and \$12,162 of expenses for the Nurse Practitioner were reported as restricted. All other restricted contributions restrictions were met in the current period.

JUDEO CHRISTIAN HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
JUNE 30, 2020

Note 1 - Organization and Summary of Significant Accounting Policies - continued

The following is a summary of the transactions effecting temporarily restricted net assets:

| | Building | Drugs | Healthy Living Coach | Nurse Practitioner | FAFC Grant | Eye Clinic | Total |
|-----------------------|----------|---------|----------------------|--------------------|------------|------------|-----------|
| Beginning Balance | 524,544 | 0 | 6,755 | 0 | 0 | 0 | 531,299 |
| Contributions | | 5,000 | 70,000 | 113,718 | 104,448 | 10,000 | 303,166 |
| Restrictions released | | | | | | | |
| Current year expenses | | (5,000) | (42,512) | (101,556) | (104,448) | (10,000) | (263,516) |
| Ending Balance | 524,544 | 0 | 34,243 | 12,162 | 0 | 0 | 570,949 |

Depreciation - Depreciation is provided using the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives. The ranges of estimated useful lives used in computing depreciation are as follows:

| | <u>Years</u> |
|--------------------------------|--------------|
| Office furniture and equipment | 7 |
| Computer equipment | 5 |
| Furniture and fixtures | 7 |
| Building and improvements | 30-39 |

Fair Value of Financial Instruments - Fair value of financial instruments is the amount at which the instruments could be exchanged in a current transaction between willing parties. The carrying amounts reported in the balance sheets for cash and cash equivalents, receivables, accounts payable, and accrued expenses approximated fair value because of the immediate or short-term maturities of these financial instruments.

Use of Estimates - The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

Note 2 – Date Managements’ Review

In preparing the financial statements, the Clinic’s has evaluated events and transactions for potential recognition or disclosure through December 29, 2020, the date that the financial statements were available to be issued.

JUDEO CHRISTIAN HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
JUNE 30, 2020

Note 3 – Income Tax

Judeo Christian Health Clinic, Inc. has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 as amended. Income earned in furtherance of the organization's tax-exempt purpose is exempt from Federal and State income taxes.

Note 4 - Clinic Facilities and Donated Services

The Clinic facilities are located on land owned by St. John's Presbyterian Church (a contributor), which has leased the land for \$1 for 99 years. No amounts have been recorded in the financial statements for contributions or rental expense related to the fair value of the land lease.

A substantial number of unpaid volunteers have made significant contributions of their time in conjunction with the Clinic's programs and services. No amounts are presented in the financial statement for such donated services inasmuch as no objective basis is available to measure the value of such services.

Note 5 - Beneficial Interest in Assets Held by Others

The Clinic accounts for assets held by others in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*. In 2001, the Clinic established an endowment fund with Community Foundation of Tampa Bay, Inc. (the Foundation), with the Clinic as beneficiary. Under the terms of the fund agreement, the Foundation has variance power to carry out the purposes of the fund and is the legal owner of the fund. The Clinic is the beneficiary of the fund and is to receive distributions of income, subject to the Foundation's spending policy. Under the current policy the Foundation will pay an annual amount of no less than five and no greater than seven percent of the value of the fund as of January 1st of each year dependent upon the average annual total return of the Foundation's investments for the prior three calendar years. For the year ending June 30, 2020, the Clinic received \$25,761 in earnings from the Foundation.

The Foundation variance power grants all powers of modification or removal of purposes of the Fund. Should, in the sole discretion of the Board of Trustees of the Foundation, the purposes for which the Fund was created ever become unnecessary, incapable of fulfillment, undesirable, impractical, obsolete or no longer adopted to the needs of the community, the Foundation can redirect the use of the Fund to a different beneficiary.

Note 6 – Multi-year Grants

Florida Association of Free and Charitable Clinics, Inc. awarded the Clinic a grant of \$100,250 to be disbursed in three installments. The first installment of \$47,487 and the second of \$26,382 were received in the current year. The third installment of \$26,381 was received in the subsequent year. The grant is to be used for medication and supplies, pharmacist salary, referral coordinator and conference registration award costs. A total of \$73,869 has been expended on this grant in the current year in accordance with the grant provisions.

JUDEO CHRISTIAN HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
JUNE 30, 2020

Note 7 – Note Payable – PPP Loan

On May 4th, 2020, the Clinic received a \$94,600 loan under the Paycheck Protection Program (PPP). This loan is being accounted for as debt and is included on the balance sheet. Loans acquired under the Paycheck Protection Program are to be used for specific purposes such as payroll, rent, and utilities. The loan is eligible for complete forgiveness if the qualified expenses equal or exceed the amount of the loan. It is anticipated that Judeo Christian Health Clinic, Inc. will qualify for complete forgiveness of this loan. As of the balance sheet date, forgiveness of the loan has not occurred. Accordingly, the liability is reflected on the balance sheet as a current liability. At such time as the loan is formally forgiven, the loan will be recognized as income in the Statement of Support, Revenues and Expenses.

The terms of the PPP loan provide for a deferral period on the payment of principal and interest of up to ten months after the end of the borrower's loan forgiveness covered period. The interest rate on the loan is 1% per annum and the term is five years.