

FLORIDA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

Audited Financial Statements

December 31, 2019 and 2018

Florida Association of Free and Charitable Clinics, Inc.

Contents

Independent Auditors' Report	3
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10
Internal Control and Compliance Reports	14
Schedule of Expenditures of State Financial Assistance	15
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Report on Compliance for each State Project and Report on Internal Control Over Compliance required by Chapter 10.650, Rules of the Auditor General	18
Schedule of Findings and Questioned Costs	20



Independent Auditors' Report

To the Board of Directors
Florida Association of Free and Charitable Clinics, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Association of Free and Charitable Clinics, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018 and the statements of activities and cash flows for the years 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 audits. 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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 the Organization as of December 31, 2019 and 2018, and the changes in its net assets, cash flows and its functional expenses for the years ended December 31, 2019 and 2018 in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2020 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance, as required by the Florida Audit General Rule 10.656(3)(d)2 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



St. Petersburg, Florida
June 4, 2020

**Florida Association of Free and
Charitable Clinics, Inc.
Statements of Financial Position
December 31, 2019 and 2018**

<i>December 31,</i>	2019	2018
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$344,745	\$323,760
Accounts receivable from members	13,913	24,920
Prepaid expenses	—	1,284
Total current assets	358,658	349,964
TOTAL ASSETS	\$358,658	\$349,964
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued expenses	\$ 4,061	\$ 5,406
Total current liabilities	4,061	5,406
Total liabilities	4,061	5,406
Net assets, without donor restrictions	329,597	344,567
Net assets, with donor restrictions	25,000	—
Total net assets	354,597	344,567
TOAL LIABILITIES AND NET ASSETS	\$358,658	\$349,973

See accompanying notes to financial statements.

**Florida Association of Free and
Charitable Clinics, Inc.**
Statements of Activities
Years ended December 31, 2019 and 2018

<i>Years ended December 31,</i>	With Donor Restrictions	Without Donor Restrictions	2019	2018
Support and Revenue:				
Governmental support:				
State of Florida	\$9,500,030	–	\$9,500,030	\$9,500,000
Public support:				
Membership dues	36,625	–	36,625	36,377
Grants and contributions	32,179	25,000	57,179	71,154
Total support	9,568,834	25,000	9,593,834	9,607,531
Annual conference revenue	59,690	–	59,690	63,416
Management fees	442,135	–	442,135	481,691
Other income	704	–	704	2,536
Total revenue	502,529	–	502,529	547,643
Total support and revenue	10,071,363	25,000	10,096,363	10,155,174
Expenses:				
Program services	10,024,122	–	10,024,122	9,966,561
Management and general	52,978	–	52,978	49,586
Fundraising	9,234	–	9,234	8,359
Total expenses	10,086,334	–	10,086,334	10,024,506
Increase in net assets	(14,971)	25,000	10,029	130,668
Net assets, beginning of year	344,568	–	344,568	213,890
Net assets, end of year	\$329,597	25,000	\$354,597	\$344,558

See accompanying notes to financial statements.

**Florida Association of Free and
Charitable Clinics, Inc.
Statement of Functional Expenses
Year ended December 31, 2019**

	Program Services	Supporting Services		Total 2019
		Management & General	Fundraising	
Salaries	\$242,968	\$21,597	\$5,399	\$269,964
Independent contractors	96,540	604	151	97,295
Payroll taxes	17,785	1,581	395	19,761
Total salaries and related expenses	357,293	23,782	5,945	387,020
Grants to clinics	9,501,946	—	—	9,501,946
Annual conference expense	76,350	—	—	76,350
Rent	16,759	1,862	—	18,621
IT, phone & website	10,091	15,813	1,048	26,952
Insurance	—	3,341	—	3,341
Travel and meals	16,881	—	724	17,605
Printing and postage	918	9	—	927
Supplies	2,855	254	63	3,172
Meetings & conferences	4,496	4,496	999	9,991
Other expenses	36,533	3,421	453	40,407
Total expenses	\$10,024,122	\$52,978	\$9,232	\$10,086,332

See accompanying notes to financial statements.

**Florida Association of Free and
Charitable Clinics, Inc.
Statement of Functional Expenses
Year ended December 31, 2018**

	<i>Supporting Services</i>			Total 2018
	Program Services	Management & General	Fundraising	
Salaries	\$232,651	\$20,680	\$5,170	\$258,501
Independent contractors	75,413	598	150	76,161
Payroll taxes	16,980	1,509	377	18,866
Total salaries and related expenses	325,044	22,787	5,697	353,528
Grants to clinics	9,500,000	—	—	9,500,000
Annual conference expense	76,799	—	—	76,799
Rent	12,163	1,351	—	13,514
IT, phone & website	14,596	16,385	1,062	32,043
Insurance	—	3,256	—	3,256
Travel and meals	16,884	—	737	17,621
Printing and postage	2,059	11	—	2,070
Supplies	2,289	203	51	2,543
Meetings & conferences	3,569	3,569	793	7,931
Other expenses	13,158	2,024	19	15,201
Total expenses	\$9,966,561	\$49,586	\$8,359	\$10,024,506

See accompanying notes to financial statements.

**Florida Association of Free and
Charitable Clinics, Inc.**
Statements of Cash Flows
Years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$10,030	\$130,667
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Decrease (increase) in account receivable	11,016	19,601
Decrease (increase) in prepaid expenses	1,284	(1,283)
Increase (decrease) in accrued expenses	(1,345)	(5,486)
Net cash provided by operating activities	20,985	143,499
Net increase in cash and cash equivalents	20,985	143,499
Cash and cash equivalents, beginning of year	323,760	180,261
Cash and cash equivalents, end of year	\$344,745	\$323,760

See accompanying notes to financial statements.

Florida Association of Free and Charitable Clinics, Inc.

Notes to financial statements December 31, 2019 and 2018

1. Nature of Activities

Florida Association of Free and Charitable Clinics, Inc. (Organization), a not-for-profit 501(c)(3) organization, represents and supports Florida's free and charitable clinics and networks through public policy advocacy, funding and resource development, knowledge exchange, data collection and research, and marketing.

The Organization was incorporated in Florida in November 2013 and commenced operations in early 2014. For the year ended December 31, 2019 and 2018 respectively, approximately 93% and 94% of the Organization's total support was from the State of Florida.

2. Significant Accounting Policies

Concentrations of Credit Risk

The Organization places its cash with high quality financial institutions. At times, cash may be in excess of the Federal Deposit Insurance Corporation insurance limits. The Organization does not believe it is exposed to any significant credit risk on cash.

Cash and Cash Equivalents

For purposes of the statements 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.

Accounts receivable from members

The Organization makes grants to member clinics and networks from funds received in an appropriation from the state of Florida. The Organization earns a management fee of 5% of the grant amount from the recipient organizations, and the fee must be paid out of funds other than the grant. No state funds are provided for the Organization's own use. Accounts receivable represent management fees billed to clinics that were billed and unpaid at December 31, 2019.

Accounts receivable are believed to be fully collectible and no allowance for uncollectible receivables has been recorded at December 31, 2019 and 2018.

**Florida Association of Free and
Charitable Clinics, Inc.
Notes to financial statements
December 31, 2019 and 2018**

Net Assets

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

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. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restrictions – Net assets subject to donor-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 released 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.

Membership

The Organization’s members consist of qualified 501(c)(3) organizations in the state of Florida who provide health care services at little or no cost to low-income, uninsured, or underserved individuals. Members pay dues to the Organization based on their annual budget and elect the Organization’s board of directors at an annual meeting.

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are recognized.

**Florida Association of Free and
Charitable Clinics, Inc.
Notes to financial statements
December 31, 2019 and 2018**

Functional Allocation of Expenses

The costs of providing the Organization program and other activities have been summarized on a functional basis in a separate statement of functional expenses. Accordingly, certain costs have been allocated to program services and supporting services.

Income Taxes

Florida Association of Free and Charitable Clinics, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization's income tax filings are subject to audit by taxing authorities and filings for the tax years after 2016. The Organization does not believe it has any unrecognized exposure relating to uncertain tax positions.

Estimates in the Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of increases or decreases in net assets during the period. Actual results could differ from those estimates.

3. Line of credit

The Organization renewed a revolving line of credit agreement in with a financial institution for a maximum borrowing amount of \$50,000 in June 2019. Interest is payable monthly is at the Wall Street Journal prime rate of interest (6.00% at December 31, 2019). There was no Interest expense for the years ended December 31, 2019 and 2018. The line of credit expires June 2020. No amounts were outstanding on the line of credit at December 31, 2019 and 2018.

4. Liquidity

The Organization's financial assets as of December 31, 2019 and available within one year of the balance sheet date for general expenditure are as follows:

**Florida Association of Free and
Charitable Clinics, Inc.**
Notes to financial statements
December 31, 2019 and 2018

<i>December 31,</i>	2019
Cash and equivalents	\$344,745
Accounts receivable from members	13,913
	\$358,658

The Organization also has a \$50,000 line of credit which is available to be drawn upon, if necessary.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2019 relate to the following:

	2019
Restricted for a specific purpose:	
Miami-Dade Counts 2020 Grant Program	\$25,000
	\$25,000

There were no releases from donor restrictions during 2019.

6. Related party transactions

The Organization's board of directors is comprised of executives at various health clinics in Florida. During 2019 and 2018, the Organization awarded grants to clinics headed by the Organization's board members in the amount of \$1,733,873 and \$1,676,821, respectively. The Organization has procedures to prevent conflicts of interest when determining awards to these recipient clinics.

7. Subsequent Events

The Organization has evaluated subsequent events through June 4, 2020 the date the financial statements were available for issuance.

**INTERNAL CONTROL AND
COMPLIANCE REPORTS**

**Florida Association of Free and
Charitable Clinics, Inc.**
Schedule of Expenditures of State Financial Assistance
December 31, 2019

Year ended December 31, 2019

State Grantor / Program Title	CSFA Number	Contract Number	State Expenditures
Florida Department of Health			
<u>Direct Projects</u>			
Florida Assn of Free and Charitable Clinics	64.136	COREL	\$ 624
Florida Assn of Free and Charitable Clinics	64.136	COREL R1	500
Florida Assn of Free and Charitable Clinics	64.136	COREL R2	5,000,000
Florida Assn of Free and Charitable Clinics	64.136	COREL R3	4,500,822
Total Florida Department of Health			9,501,946
Total expenditures of state financial assistance			\$9,501,946

Notes to Schedule of Expenditures of State Financial Assistance

The Schedule of Expenditures of State Financial Assistance is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of DFS Rule 69I-5.003 of the Florida Single Audit Act and Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).



**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Board of Directors
Florida Association of Free and Charitable Clinics, Inc. (“Organization”)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Florida Association of Free and Charitable Clinics, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FRSCPA, PLLC

St. Petersburg, Florida
June 4, 2020



**Report on Compliance for each Major State Project and Report
on Internal Control Over Compliance required by Chapter 10.650,
Rules of the Auditor General**

Independent Auditors' Report

To the State of Florida
and Florida Association of Free and Charitable Clinics, Inc. ("Organization")

Report on Compliance for Each Major State Project

We have audited the Organization's compliance with the types of compliance requirements described in the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of Organization's major State projects for the year ended December 31, 2019. The Organization's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations and the terms and conditions of its State projects applicable to its State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, as Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



St. Petersburg, Florida

June 4, 2020

**Florida Association of Free and
Charitable Clinics, Inc.**
Schedule of Findings and Questioned Costs
Year ended December 31, 2019

Section A – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unqualified
Internal Control over financial reporting	
Material weakness identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

State Projects

Internal control over major projects:	
Material weakness identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, <i>Rules of the Auditor General</i> ?	No

Identification of major programs:

<u>State Project</u>	<u>State CFSA number</u>
Department of Health – Florida Assn of Free and Charitable Clinics (FY18-19, FY19-20)	64.136

Dollar threshold used to distinguish between for Type A and Type B State projects	\$750,000
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**Florida Association of Free and
Charitable Clinics, Inc.
Schedule of Findings and Questioned Costs
Year ended December 31, 2019**

Section B – Financial Statement Findings

None reported.

Section C – State Award Findings and Questioned Costs

None reported.

Section E –Other issues

Prior Year Audit Findings

No Summary Schedule of Prior Audit Findings is required because there were no findings in the prior audit.

Management Letter

No management letter is required because there were no findings required to be reported in the management letter.

Corrective Action Plan

No Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.

