

FLORIDA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

Audited Financial Statements

December 31, 2016

Florida Association of Free and Charitable Clinics, Inc.

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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 statement of financial position as of December 31, 2016 and the statements of activities 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 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, 2016, and the changes in its net assets, cash flows and its functional expenses for the year ended December 31, 2016 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 April 25, 2017 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

April 25, 2017

**Florida Association of Free and
Charitable Clinics, Inc.**
Statement of Financial Position
December 31, 2016

December 31, 2016

ASSETS

Current Assets:	
Cash and cash equivalents	\$150,772
Total current assets	150,772
<hr/>	
TOTAL ASSETS	\$150,772

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 178
Accrued expenses	12,354
Line of credit	50,000
Total current liabilities	62,532
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Total liabilities	62,532
Net assets, unrestricted	88,240
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TOAL LIABILITIES AND NET ASSETS	\$150,772

See accompanying notes to financial statements.

**Florida Association of Free and
Charitable Clinics, Inc.**
Statement of Activities
Year ended December 31, 2016

<i>Year ended December 31,</i>	2016
Support and Revenue:	
Governmental support:	
State of Florida	\$5,000,000
Public support:	
Membership dues	29,367
Grants and contributions	50,180
In-kind donation, office space	4,819
Total support	5,084,366
Annual conference revenue	50,388
Management fees	250,027
Other income	902
Total revenue	301,317
Total support and revenue	5,385,683
Expenses:	
Program services	5,324,273
Management and general	25,003
Fundraising	5,167
Total expenses	5,354,443
Increase in net assets	31,240
Net assets, beginning of year	57,000
Net assets, end of year	\$ 88,240

See accompanying notes to financial statements.

Florida Association of Free and Charitable Clinics, Inc.

Statement of Functional Expenses Year ended December 31, 2016

	<i>Supporting Services</i>			Total 2016
	Program Services	Management & General	Fundraising	
Salaries	\$ 145,234	\$ 12,910	\$ 3,227	\$ 161,371
Independent contractors	70,126	1,357	339	71,822
Payroll taxes	10,554	938	235	11,727
Benefits	5,400	480	120	6,000
Total salaries and related expenses	231,314	15,685	3,921	250,920
Grants to clinics	5,000,000	–	–	5,000,000
Annual conference expense	49,290	–	–	49,290
Rent	9,737	1,082	–	10,819
IT, phone & website	16,079	890	573	17,542
Insurance	–	3,640	–	3,640
Travel and meals	3,967	78	178	4,223
Printing and postage	27	3	–	30
Professional fees	7,650	–	–	7,650
Supplies	641	57	14	712
Meetings /conferences	2,089	2,089	464	4,643
Other expenses	3,478	1,479	17	4,974
Total expenses	\$ 5,324,272	\$ 25,003	\$ 5,167	\$ 5,354,443

See accompanying notes to financial statements.

Florida Association of Free and Charitable Clinics, Inc.

Statement of Cash Flows Year ended December 31, 2016

	2016
Cash flows from operating activities:	
Increase in net assets	\$ 31,240
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Decrease (increase) in account receivable	247
Increase (decrease) in accounts payable	(1,450)
Increase (decrease) in accrued expenses	5,027
Net cash provided by operating activities	35,064
Cash flows from financing activities:	
Net borrowings on line of credit	50,000
Net cash provided by financing activities	50,000
Net increase in cash and cash equivalents	85,064
Cash and cash equivalents, beginning of year	65,708
Cash and cash equivalents, end of year	\$ 150,772

See accompanying notes to financial statements.

Florida Association of Free and Charitable Clinics, Inc.

Notes to financial statements December 31, 2016

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, 2016 approximately 93% 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. At December 31, 2016, cash deposits were not in excess of the FDIC 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.

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 unrestricted, temporarily restricted, or permanently restricted support 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

Florida Association of Free and Charitable Clinics, Inc.

Notes to financial statements December 31, 2016

recognized. As of December 31, 2016 the Organization had no temporarily or permanently restricted net assets.

In 2016, the Organization received an in-kind contribution of facilities from the Health Planning Council of South Florida in the amount of \$4,819. The Organization began renting space from the Health Planning Council of South Florida for \$1,000 monthly beginning in July 2016 on a month-to-month basis. Total rent expense for the year ended December 31, 2016 was \$10,819.

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 2013. The Organization does not believe it has any unrecognized exposure relating to uncertain tax positions.

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, 2016.

Accounts receivable are believed to be fully collectible and no allowance for uncollectible receivables has been recorded at December 31, 2016.

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

Florida Association of Free and Charitable Clinics, Inc.

Notes to financial statements December 31, 2016

increases or decreases in net assets during the period. Actual results could differ from those estimates.

3. Line of credit

In June 2016 the Organization entered into a revolving line of credit agreement with a financial institution for a maximum borrowing amount of \$50,000. Interest is payable monthly at the prime rate of interest plus 1.25% (5.00% at December 31, 2016). The outstanding principal is due at maturity date on June 10, 2017. Interest expense for the year ended December 31, 2016 was \$512.

4. Retirement Plan

The Organization sponsors a defined contribution plan under the Internal Revenue Code Section 403(b). The plan covers all employees. The Organization contributes a matching contribution up to 4% of the employee's compensation for the calendar year. For the year ended December 31, 2016 the Organization made no contributions to the Plan.

5. Related party transactions

The Organization's board of directors is comprised of executives at various health clinics in Florida. During 2016, the Organization awarded grants to clinics headed by the Organization's board members in the amount of \$1,378,073. The Organization has procedures to prevent conflicts of interest when determining awards to these recipient clinics.

6. Subsequent Events

The Organization has evaluated subsequent events through April 25, 2017 the date the financial statements were available for issuance.

INTERNAL CONTROL AND COMPLIANCE REPORTS

Florida Association of Free and Charitable Clinics, Inc.

Schedule of State Financial Assistance December 31, 2016

Year ended December 31, 2016

State Grantor / Program Title	CSFA Number	Contract Number	State Expenditures
Florida Department of Health			
Florida Assn of Free and Charitable Clinics	63.136	CORDT	\$ 5,000,000
Total state financial assistance			\$ 5,000,000

Notes to Schedule of State Financial Assistance

The information in this schedule is presented in accordance with the requirements of the Rule 69I-5 of the Florida Single Audit Act.

The schedule 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

**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.

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, 2016, 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 April 25, 2017.

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

April 25, 2017

**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 Auditor's Report

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

Report on Compliance for Each Major State Project

We have audited the Organization's compliance with the types of compliance 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, 2016. 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 the requirements of laws, regulations, contracts, and grants 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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, as Rules of the Auditor General. Those standards, OMB Circular A-133, 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, 2016.

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 Department of Financial Services' State Projects Compliance Supplement. Accordingly, this report is not suitable for any other purpose.



St. Petersburg, Florida
April 25, 2017

**Florida Association of Free and
Charitable Clinics, Inc.**
Schedule of Findings and Questioned Costs
Year ended December 31, 2016

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 Awards

Internal control over major programs:	
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 <i>Rules of the Auditor General</i> , Chapter 10.656?	No

Identification of major programs:

<u>CSFA Number</u>	<u>Name of State Program</u>	<u>Year</u>
63.136	Department of Health – Florida Assn of Free and Charitable Clinics	2016-2017

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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**Florida Association of Free and
Charitable Clinics, Inc.**
Schedule of Findings and Questioned Costs
Year ended December 31, 2016

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.