

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

FINANCIAL REPORT

March 31, 2020

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McCANNON • ROGERS • DRISCOLL
& ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS:

BENJAMIN P. ALBRIGHT, III, CPA
RANDY G. BOYD, CPA

PARTNERS:

STEPHEN B. DRISCOLL, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The C.W. Williams Community Health Center, Inc.
Charlotte, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of The C.W. Williams Community Health Center, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of March 31, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 auditor considers 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 C.W. Williams Community Health Center, Inc. as of March 31, 2020, 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.

Effect of Adopting New Accounting Standard

As discussed in Note A, the Organization has adopted new accounting pronouncements for the year ended March 31, 2020. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020 on our consideration of The C.W. Williams Community Health Center, Inc.'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 the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering The C.W. Williams Community Health Center, Inc.'s internal control over financial reporting and compliance.

Gastonia, North Carolina
October 22, 2020

McCannon, Rogers, Ariscoll & Associates, L.L.P.

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

STATEMENT OF FINANCIAL POSITION
March 31, 2020

ASSETS	
CURRENT ASSETS	
Cash and restricted cash	\$ 1,217,027
Patient receivables, net	430,140
Grant receivables	611,887
Prepaid expenses	63,566
Inventory	77,467
Other receivables	<u>17,411</u>
Total current assets	2,417,498
PROPERTY AND EQUIPMENT, NET	<u>923,783</u>
Total assets	<u>\$ 3,341,281</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 8,426
Accrued expenses	209,287
Medicaid cost report settlement	125,506
Current portion of other liabilities	94,167
Current portion of long-term debt	<u>601,952</u>
Total current liabilities	<u>1,039,338</u>
LONG-TERM LIABILITIES	
Other liabilities, less current portion	<u>42,112</u>
NET ASSETS	
Without donor restriction	2,142,766
With donor restrictions	<u>117,065</u>
Total net assets	<u>2,259,831</u>
Total liabilities and net assets	<u>\$ 3,341,281</u>

See notes to financial statements.

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended March 31, 2020

SUPPORT, REVENUES, AND OTHER	Without Donor Restrictions	With Donor Restrictions	Total
Support:			
Federal grants	\$ 2,333,169	\$ -	\$ 2,333,169
State and local grants	-	456,836	456,836
Contributions	31,501	-	31,501
Other grants	<u>10,080</u>	<u>252,832</u>	<u>262,912</u>
Total support	2,374,750	709,668	3,084,418
Revenue:			
Patient fees	<u>3,013,386</u>	<u>-</u>	<u>3,013,386</u>
Total revenue	<u>3,013,386</u>	<u>-</u>	<u>3,013,386</u>
Other income	<u>54,473</u>	<u>-</u>	<u>54,473</u>
Net assets released from restrictions	<u>1,128,352</u>	<u>(1,128,352)</u>	<u>-</u>
Total support, revenue, and other income	<u>6,570,961</u>	<u>(418,684)</u>	<u>6,152,277</u>
OPERATING EXPENSES			
Health care services	4,386,211	-	4,386,211
Supporting services	<u>569,788</u>	<u>-</u>	<u>569,788</u>
Total expenses	<u>4,955,999</u>	<u>-</u>	<u>4,955,999</u>
Change in net assets	1,614,962	(418,684)	1,196,278
Net assets, beginning of year	<u>527,804</u>	<u>535,749</u>	<u>1,063,553</u>
Net assets, end of year	<u>\$ 2,142,766</u>	<u>\$ 117,065</u>	<u>\$ 2,259,831</u>

See notes to financial statements.

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2020

	<u>Health Care Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
Personnel costs:			
Salaries	\$ 2,392,084	\$ 286,531	\$ 2,678,615
Payroll taxes	167,488	21,233	188,721
Employee benefits	<u>135,090</u>	<u>16,319</u>	<u>151,409</u>
Total personnel costs	2,694,662	324,083	3,018,745
Other expenses:			
Accounting and professional fees	48,696	12,322	61,018
Bank and other service charges	-	2,857	2,857
Building maintenance	39,854	-	39,854
Contamination and waste removal	9,442	-	9,442
Consultants	154,995	-	154,995
Continuing education	-	8,940	8,940
Dues, publications, and conferences	1,413	14,604	16,017
Equipment rental	7,543	1,622	9,165
Equipment maintenance	114,811	517	115,328
Insurance	-	27,274	27,274
Interest expense	20,322	25,257	45,579
Legal fees	-	15,542	15,542
Marketing	-	82,122	82,122
Patient services	22,254	-	22,254
Postage	1,509	266	1,775
Office expense	25,887	4,567	30,454
Occupancy	46,080	27,278	73,358
Clinical supplies	728,952	33	728,985
Telephone	22,816	-	22,816
Bad debts, net	356,731	-	356,731
Travel	-	21,353	21,353
Other	<u>33,475</u>	<u>1,151</u>	<u>34,626</u>
Total other expenses	1,634,780	245,705	1,880,485
Depreciation	<u>56,769</u>	-	<u>56,769</u>
Total expenses	<u>\$ 4,386,211</u>	<u>\$ 569,788</u>	<u>\$ 4,955,999</u>

See notes to financial statements.

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

STATEMENT OF CASH FLOWS
Year Ended March 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,196,278
Adjustments to reconcile change in net assets to	
Net cash from operating activities	
Change in allowance for doubtful accounts	159,679
Depreciation	56,769
(Increase) decrease in operating assets:	
Patient receivables	(289,491)
Grant receivables	(54,317)
Prepaid expenses	(59,969)
Inventory	(566)
Other receivables	(17,273)
Increase (decrease) in operating liabilities	
Accounts payable	(101,385)
Accrued expenses	28,176
Medicaid cost report settlement payable	(39,494)
Other payables	<u>(542,457)</u>
Net cash provided by operating activities	<u>335,950</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(460,384)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on long-term debt	(54,240)
Principal payments on capital lease obligations	<u>(2,444)</u>
Net cash used in financing activities	<u>(56,684)</u>
Net decrease in cash and restricted cash	(181,118)
Cash and restricted cash:	
Beginning of year	<u>1,398,145</u>
End of year	<u>\$ 1,217,027</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash payments for interest	<u>\$ 46,907</u>

See notes to financial statements.

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
March 31, 2020

Note A - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The C.W. Williams Community Health Center, Inc. (the Organization), formerly Metrolina Comprehensive Health Center, Inc., was incorporated under the laws of the State of North Carolina as a nonprofit organization whose purpose is to provide primary medical care to the medically underserved and underserved population of Charlotte, North Carolina. The primary care operation is funded by patient service revenues and governmental and private grants.

A summary of the Organization's significant accounting policies follows:

New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounts Standard Update (ASU) 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. This standard provides guidance on how certain cash receipts and payments are presented and classified in the statements of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2018, and interim periods within those annual periods, and requires a retrospective approach. The Organization adopted this standard effective April 1, 2019 and the adoption did not have a material effect on the Organization's financial statements for the year ended March 31, 2020.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The standard requires that a statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents (collectively, restricted cash). Therefore, restricted cash should be included with cash when reconciling the beginning of period and end of period total amounts shown on the statements of cash flows. The new guidance is effective for interim and annual periods beginning after December 15, 2018. The Organization adopted this standard effective April 1, 2019 and the adoption did not have a material effect on the Organization's financial statements for the year ended March 31, 2020.

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2018-08: *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update was issued to assist in determining whether a transaction is a contribution or exchange and for determining when a contribution is conditional. The Organization adopted this standard effective April 1, 2019 and the adoption did not have a material effect on the Organization's financial statements for the year ended March 31, 2020.

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2020

Note A - Nature of Activities and Summary of Significant Accounting Policies - Continued

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenues, expenses, and gains and losses are classified on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions consist of net assets which can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in the day-to-day operations of the Organization and those resources invested in property and equipment. From time-to-time the Board of Directors may designate certain amounts to meet specific objectives of the Organization. No designated net assets without donor restrictions existed at March 31, 2020.

Net assets with donor restrictions consist of net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or passage of time. 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 statement of activities and change in net assets as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the net assets are received, the amounts are reported as net assets without donor restrictions. At March 31, 2020, net assets with donor restrictions consist of cash of \$32,832 and grant receivables of \$84,233 to be used for capital improvements (\$14,516) and program services (\$102,549). During the year ended March 31, 2020, net assets were released from restrictions for capital improvements (\$496,213) and program services (\$632,139).

Revenue Recognition

The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include contract rates, reimbursed costs, and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2020

Note A - Nature of Activities and Summary of Significant Accounting Policies – Continued

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in restricted net assets with donor restrictions depending on the nature of the restrictions. When a time and/or purpose restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Patient Receivables, Net

Patient receivables are recorded at net realizable value consisting of the carrying amount less the allowances for contractual adjustments and doubtful accounts. Credit is extended to customers after an evaluation of the customer's financial condition, and generally collateral is not required. Management's determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions, and other risks inherent in the patient receivables portfolio. Accounts are considered past due after thirty days and all receivables over 365 days old are considered uncollectible and are written off.

The Organization's policy is to not charge interest on patient account balances that are outstanding at the end of the month.

Grant Receivables

A significant portion of the Organization's revenue is obtained through grants from various federal, city, state and private agencies. The Organization recognizes this revenue either on a prorated basis over the term of the grant or to the extent of expenses incurred. The method of revenue recognition is determined based on the terms of the grant.

Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both as a result of the Center's noncompliance with the terms of the grant.

The allowance for doubtful accounts for grant receivables has been evaluated and determined to be immaterial to the financial statements.

Inventory

Inventory consists of pharmaceutical items purchased by the Organization, as well as various items donated during the year. The inventory is valued at the lower of cost (first-in, first-out basis) or market.

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2020

Note A - Nature of Activities and Summary of Significant Accounting Policies – Continued

Property and Equipment, Net

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of 4-50 years. The Organization capitalizes assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of a year.

Additions are charged to the property accounts while maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. When properties are disposed of, the related costs and accumulated depreciation are removed from the respective accounts, and any profit or loss on disposition is credited or charged to earnings.

Donations of property and equipment are recorded as support at their estimated fair market value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Under the terms of grants, the Organization may be prohibited from liquidating certain property and equipment acquired with grant monies.

Charity Care

The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising costs were \$64,381 for the year ended March 31, 2020.

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2020

Note A - Nature of Activities and Summary of Significant Accounting Policies – Continued

Income Tax Status

The Organization is organized under Section 501(c)(3) of the Internal Revenue Code as a nonprofit, tax-exempt organization. In addition, the State of North Carolina has granted the Organization tax-exempt status.

The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of March 31, 2020. The Organization has tax years ended March 31, 2017, 2018 and 2019 subject to examination by the Internal Revenue Service.

Functional Allocation of Expenses

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel costs	Time and effort
Accounting and professional fees	Direct allocation
Dues, publications, and conferences	Direct allocation
Equipment rental	Direct allocation
Equipment maintenance	Direct allocation
Interest expense	Direct allocation
Postage	Direct allocation
Office expense	Direct allocation
Occupancy	Space usage
Clinical supplies	Direct allocation
Other	Direct allocation

Subsequent Events

The outbreak of COVID-19 in March 2020 has caused a detrimental impact to the economy in the United States of America. The effect on the Organization at the date of this report has been minimal due to being in the healthcare industry.

The Organization has evaluated subsequent events through October 22, 2020, the date on which the financial statements were available to be issued.

THE C. W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2020

Note B - Concentrations of Credit and Other Risks

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash and accounts receivable. The Organization's bank accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. Periodically, the Organization may have cash balances in excess of FDIC insured limits. The cash balances are maintained at financial institutions with high credit-quality ratings and the Organization believes no significant risk of loss exists with respect to those balances.

The Organization grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. The mix of net patient receivables from patients and third party payers at March 31, 2020 was as follows:

Medicare/Medicaid	49%
Private Insurance	35%
Sliding Scale	3%
Self-Pay	<u>13%</u>
	<u>100%</u>

The outbreak of COVID-19 in March 2020 has had an overall detrimental impact to the economy in the United States of America. The effect on the Organization has not been determined at this time.

Note C - Patient Receivables, Net

Patient receivables are composed of the following at March 31, 2020:

Patients:	
Medicare/Medicaid	\$ 430,008
Patients	<u>390,261</u>
Total due	820,269
Less allowance for doubtful accounts:	
Medicare/Medicaid	(220,789)
Patients	<u>(169,340)</u>
	<u>(390,129)</u>
Total receivables	<u>\$ 430,140</u>

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2020

Note D - Property and Equipment

Property and equipment are composed of the following:

	March 31, <u>2019</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	March 31, <u>2020</u>
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Building	1,585,086	-	163,825	1,748,911
Equipment	1,281,441	3,224	-	1,284,665
Construction in progress	<u>21,325</u>	<u>457,160</u>	<u>(163,825)</u>	<u>314,660</u>
	2,897,852	460,384	-	3,358,236
Accumulated depreciation	<u>2,377,684</u>	<u>56,769</u>	<u>-</u>	<u>2,434,453</u>
Net property and equipment	<u>\$ 520,168</u>	<u>\$ 403,615</u>	<u>\$ -</u>	<u>\$ 923,783</u>

Depreciation expense for the year ended March 31, 2020 was \$56,769.

Note E - Long-Term Debt

Long-term debt at March 31, 2020 consists of the following:

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Note payable to Bank in monthly installments of \$5,700 including interest at 5.25%. All remaining principal and interest due November 2020. Real estate pledged as collateral.	<u>\$ 601,952</u>	<u>\$ -</u>	<u>\$ 601,952</u>

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2020

Note F - Other Liabilities

On May 27, 2015 the Organization filed a Plan of Reorganization under Chapter 11 of the Federal Bankruptcy Code. The Plan was amended on September 4, 2015 and a hearing on the Debtor's Disclosure Statement and Confirmation of the Plan of Reorganization was held on October 14, 2015 and approved on December 3, 2015. As of March 31, 2020, the Organization is complying with the provisions of the approved plan and is currently making all required payments per the Plan.

The following is a repayment schedule of the bankruptcy liabilities recorded under other liabilities.

<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
\$ <u>88,417</u>	\$ <u>42,112</u>	\$ <u>130,529</u>

The annual aggregate payments required on the bankruptcy debt at March 31, 2020 are as follows:

Year ending March 31,

2021	\$ 88,417
2022	8,834
2023	9,166
2024	9,509
2025	9,867
Thereafter	<u>4,736</u>
Total	<u>\$ 130,529</u>

On January 24, 2018, the Organization received a Final Decree signed by the Bankruptcy judge indicating that the estate had been fully administered and that the bankruptcy case was officially closed. The bankruptcy case remains closed at March 31, 2020.

Note G - Contingencies

The Organization is subject to legal proceedings and claims that arise in the course of providing health care services. The Organization maintains malpractice insurance coverage for claims made during the term of the policy. In the opinion of management, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

THE C.W. WILLIAMS COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2020

Note G - Contingencies - Continued

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services billed.

Note H - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position sheet date, comprise the following at March 31, 2020:

Cash	\$ 1,184,195
Patient receivables, net	430,140
Grant receivables	527,654
Other receivables	<u>17,411</u>
	<u>\$ 2,159,400</u>

The Organization generally uses these assets for programs and day-to-day operations.

As part the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations that become due.

Note I - Major Grants

One governmental agency provided funding to the Organization of \$2,333,169 or 38% of total revenues and support and revenue for the year ended March 31, 2020.

Note J - Inventory

Inventory consists of supplies and pharmaceutical items purchased by the Organization, as was as various items donated by a national pharmaceutical company during the year. The inventory is valued at the lower of cost (first-in, first-out basis) or market. The value of donated items received was approximately \$66,366 for the year ended March 31, 2020.