



**FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**PARKER FAMILY HEALTH CENTER, INC.**

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CURCHIN

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Parker Family Health Center, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Parker Family Health Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, 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 audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**THE CURCHIN GROUP LLC**

TAX :: ADVISORY :: AUDIT

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parker Family Health Center, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, on our consideration of Parker Family 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 solely 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 effectiveness of Parker Family Health Center, Inc.'s 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 Parker Family Health Center, Inc.'s internal control over financial reporting and compliance.



THE CURCHIN GROUP, LLC

Red Bank, New Jersey  
June 25, 2021

**PARKER FAMILY HEALTH CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**

|   | 2020                |                   |                     | 2019                |                   |                     |
|---|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|
|   | Operating<br>Fund   | Endowment<br>Fund | Total<br>All Funds  | Operating<br>Fund   | Endowment<br>Fund | Total<br>All Funds  |
| <b>ASSETS</b>   |                     |                   |                     |                     |                   |                     |
| Cash and cash equivalents                               | \$ 713,153          | \$ 35,765         | \$ 748,918          | \$ 915,453          | \$ 34,601         | \$ 950,054          |
| Investments   | 472,831             | 883,837           | 1,356,668           | 166,107             | 800,231           | 966,338             |
| Grants receivable                                       | 11,755              | -                 | 11,755              | 56,229              | -                 | 56,229              |
| Contributions receivable                                | 8,156               | -                 | 8,156               | -                   | -                 | -                   |
| Prepaid expenses  | 4,494               | -                 | 4,494               | 4,897               | -                 | 4,897               |
| Property and equipment, net of accumulated depreciation | <u>612,447</u>      | <u>-</u>          | <u>612,447</u>      | <u>647,395</u>      | <u>-</u>          | <u>647,395</u>      |
|   | <u>\$ 1,822,836</u> | <u>\$ 919,602</u> | <u>\$ 2,742,438</u> | <u>\$ 1,790,081</u> | <u>\$ 834,832</u> | <u>\$ 2,624,913</u> |
| <b>LIABILITIES AND NET ASSETS</b>                       |                     |                   |                     |                     |                   |                     |
| <b>LIABILITIES:</b>                                     |                     |                   |                     |                     |                   |                     |
| Paycheck Protection Program loan                        | \$ 128,600          | \$ -              | \$ 128,600          | \$ -                | \$ -              | \$ -                |
| Accounts payable and accrued expenses                   | 35,420              | -                 | 35,420              | 28,979              | -                 | 28,979              |
| Accrued salaries  | <u>23,345</u>       | <u>-</u>          | <u>23,345</u>       | <u>18,143</u>       | <u>-</u>          | <u>18,143</u>       |
|   | <u>187,365</u>      | <u>-</u>          | <u>187,365</u>      | <u>47,122</u>       | <u>-</u>          | <u>47,122</u>       |
| <b>NET ASSETS:</b>                                      |                     |                   |                     |                     |                   |                     |
| Without donor restrictions                              | 1,630,471           | 919,602           | 2,550,073           | 1,610,011           | 834,832           | 2,444,843           |
| With donor restrictions                                 | <u>5,000</u>        | <u>-</u>          | <u>5,000</u>        | <u>132,948</u>      | <u>-</u>          | <u>132,948</u>      |
|   | <u>1,635,471</u>    | <u>919,602</u>    | <u>2,555,073</u>    | <u>1,742,959</u>    | <u>834,832</u>    | <u>2,577,791</u>    |
|   | <u>\$ 1,822,836</u> | <u>\$ 919,602</u> | <u>\$ 2,742,438</u> | <u>\$ 1,790,081</u> | <u>\$ 834,832</u> | <u>\$ 2,624,913</u> |

*See accompanying notes to financial statements.*

**PARKER FAMILY HEALTH CENTER, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31,**

|  | 2020                |                               |                            | 2019                |                               |                            |
|--|---------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|
|  | Total               | Without<br>Donor Restrictions | With<br>Donor Restrictions | Total               | Without<br>Donor Restrictions | With<br>Donor Restrictions |
| <b>REVENUES AND OTHER SUPPORT:</b>   |                     |                               |                            |                     |                               |                            |
| Contributions - Operating Fund   | \$ 846,391          | \$ 615,373                    | \$ 231,018                 | \$ 681,577          | \$ 461,352                    | \$ 220,225                 |
| Contributions - Endowment Fund   | -                   | -                             | -                          | 5,000               | 5,000                         | -                          |
| Contributed services   | 98,983              | 98,983                        | -                          | 483,619             | 483,619                       | -                          |
| Special events   | 75                  | 75                            | -                          | 184,795             | 184,795                       | -                          |
| Monmouth County Community<br>Development Block Grants                        | 39,828              | -                             | 39,828                     | 106,018             | -                             | 106,018                    |
| New Jersey Department of Health Grants                                       | 49,255              | -                             | 49,255                     | 50,000              | -                             | 50,000                     |
| Investment return  | 124,406             | 124,406                       | -                          | 153,738             | 153,738                       | -                          |
|  | <u>1,158,938</u>    | <u>838,837</u>                | <u>320,101</u>             | <u>1,664,747</u>    | <u>1,288,504</u>              | <u>376,243</u>             |
| Net assets released from restrictions due<br>to satisfaction of requirements | -                   | 398,049                       | (398,049)                  | -                   | 284,935                       | (284,935)                  |
|  | <u>1,158,938</u>    | <u>1,236,886</u>              | <u>(77,948)</u>            | <u>1,664,747</u>    | <u>1,573,439</u>              | <u>91,308</u>              |
| <b>EXPENSES:</b>   |                     |                               |                            |                     |                               |                            |
| Program services   | 1,043,257           | 1,043,257                     | -                          | 1,226,120           | 1,226,120                     | -                          |
| Management and support services  | 126,355             | 126,355                       | -                          | 111,383             | 111,383                       | -                          |
| Fundraising  | 12,044              | 12,044                        | -                          | 55,091              | 55,091                        | -                          |
|  | <u>1,181,656</u>    | <u>1,181,656</u>              | <u>-</u>                   | <u>1,392,594</u>    | <u>1,392,594</u>              | <u>-</u>                   |
| CHANGE IN NET ASSETS   | (22,718)            | 55,230                        | (77,948)                   | 272,153             | 180,845                       | 91,308                     |
| NET ASSETS, BEGINNING OF YEAR  | 2,577,791           | 2,444,843                     | 132,948                    | 2,305,638           | 2,263,998                     | 41,640                     |
| RECLASSIFICATION   | -                   | 50,000                        | (50,000)                   | -                   | -                             | -                          |
| NET ASSETS, END OF YEAR  | <u>\$ 2,555,073</u> | <u>\$ 2,550,073</u>           | <u>\$ 5,000</u>            | <u>\$ 2,577,791</u> | <u>\$ 2,444,843</u>           | <u>\$ 132,948</u>          |

*See accompanying notes to financial statements.*

**PARKER FAMILY HEALTH CENTER, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31,**

|                               | 2020                |                     |                                 |                  | 2019                |                     |                                 |                  |
|-------------------------------|---------------------|---------------------|---------------------------------|------------------|---------------------|---------------------|---------------------------------|------------------|
|                               | Total               | Program Services    | Management and Support Services | Fundraising      | Total               | Program Services    | Management and Support Services | Fundraising      |
| Salaries                      | \$ 644,005          | \$ 605,365          | \$ 38,640                       | \$ -             | \$ 539,240          | \$ 506,886          | \$ 32,354                       | \$ -             |
| Payroll taxes/fringe benefits | 102,630             | 96,472              | 6,158                           | -                | 90,252              | 84,837              | 5,415                           | -                |
| Professional fees             | 158,182             | 96,958              | 60,711                          | 513              | 538,974             | 484,945             | 54,029                          | -                |
| Facilities                    | 71,923              | 71,923              | -                               | -                | 31,720              | 31,720              | -                               | -                |
| Grant expenses                | 56,026              | 56,026              | -                               | -                | 5,059               | 5,059               | -                               | -                |
| Office expenses               | 38,340              | 24,867              | 6,217                           | 7,256            | 60,514              | 48,411              | 12,103                          | -                |
| Insurance                     | 26,858              | 21,486              | 5,372                           | -                | 21,844              | 17,475              | 4,369                           | -                |
| Prescription expenses         | 21,763              | 21,763              | -                               | -                | 9,819               | 9,819               | -                               | -                |
| Medical supplies              | 8,764               | 8,764               | -                               | -                | 8,250               | 8,250               | -                               | -                |
| Marketing expense             | 7,630               | 7,630               | -                               | -                | 700                 | 700                 | -                               | -                |
| Pass-through funds            | 550                 | 550                 | -                               | -                | -                   | -                   | -                               | -                |
| Meals                         | 10,037              | -                   | 5,762                           | 4,275            | -                   | -                   | -                               | -                |
| Fundraising expenses          | -                   | -                   | -                               | -                | 55,091              | -                   | -                               | 55,091           |
| Depreciation expense          | 34,948              | 31,453              | 3,495                           | -                | 31,131              | 28,018              | 3,113                           | -                |
|                               | <u>\$ 1,181,656</u> | <u>\$ 1,043,257</u> | <u>\$ 126,355</u>               | <u>\$ 12,044</u> | <u>\$ 1,392,594</u> | <u>\$ 1,226,120</u> | <u>\$ 111,383</u>               | <u>\$ 55,091</u> |
|                               | <u>100%</u>         | <u>88%</u>          | <u>11%</u>                      | <u>1%</u>        | <u>100%</u>         | <u>88%</u>          | <u>8%</u>                       | <u>4%</u>        |

*See accompanying notes to financial statements.*

**PARKER FAMILY HEALTH CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31,**

|  | 2020        | 2019       |
|--|-------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |             |            |
| Change in net assets   | \$ (22,718) | \$ 272,153 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: |             |            |
| Depreciation expense   | 34,948      | 31,131     |
| Realized (gain) loss on investments  | 49,608      | (3,677)    |
| Unrealized (gain) on investments   | (158,092)   | (124,039)  |
| Donations of marketable securities received  | (113,337)   | -          |
| Changes in operating assets and liabilities:   |             |            |
| Grants receivable  | 44,474      | (34,686)   |
| Contributions receivable   | (8,156)     | 120,878    |
| Prepaid expenses   | 403         | 1,583      |
| Accounts payable and accrued expenses  | 6,441       | (6,471)    |
| Accrued salaries   | 5,202       | (2,085)    |
| Net cash flows from operating activities   | (161,227)   | 254,787    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |             |            |
| Purchases of investments   | (544,821)   | (259,699)  |
| Proceeds on sale of investments  | 376,312     | 221,965    |
| Purchases of property and equipment  | -           | (34,604)   |
| Net cash flows from investing activities   | (168,509)   | (72,338)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES -</b>  |             |            |
| Proceeds from Paycheck Protection Program loan   | 128,600     | -          |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>   | (201,136)   | 182,449    |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>  | 950,054     | 767,605    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>  | \$ 748,918  | \$ 950,054 |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>   |             |            |
| Non-cash investing activities:   |             |            |
| Property and equipment retired during year:  |             |            |
| Cost   | \$ -        | \$ 7,996   |
| Accumulated depreciation   | -           | (7,996)    |
|  | \$ -        | \$ -       |

*See accompanying notes to financial statements.*



**PARKER FAMILY HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of Organization** - Parker Family Health Center, Inc. (the "Organization") is a nonprofit organization located in Red Bank, New Jersey. The Organization's primary purpose is to provide healthcare services to people without health insurance or the ability to pay for medical care.

**Basis of Presentation** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. 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 stipulations.

**Net Assets With Donor Restrictions** - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions stipulate that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Revenues and Other Support** - Contributions, including grants, are recorded as support without donor restrictions, or support with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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 as net assets released from restrictions.

Contributions of donated marketable securities are recorded at their fair market value in the period received.

**Contributed Services** - The Organization receives significant amounts of professional and medical diagnostic services from volunteers in carrying out the Organization's mission. The professional services recognized in the statement of activities consist of time donated by physicians and therapists in providing healthcare services to patients of the Organization. The contributed services are reported at their estimated fair value based on current rates for similar medical services. Contributed services from physicians and therapists amounted to \$96,958 and \$483,619 for the years ended December 31, 2020 and 2019, respectively. If these required specialized medical skills and diagnostic services were not donated by individuals possessing those skills, they typically would need to be purchased to effectively meet the needs of those receiving the healthcare services.

Nurses donating time to the Organization are providing non-specialized services that do not meet the criteria for recognition under the accounting guidance for contributed services. Therefore, no amounts have been recognized in the financial statements for donated nursing time.

**Impairment Losses** - The Organization had no impairment losses on grants receivable for the years ended December 31, 2020 and 2019.

**PARKER FAMILY HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**  
**(Continued)**

**Cash and Cash Equivalents** - The Organization considers money market funds and investments with maturities of three months or less, when purchased, to be cash equivalents.

**Investments** - The Community Foundation of New Jersey investment which is included in the Operating Fund, is carried at fair market value as determined by the Community Foundation of New Jersey. Investments in brokerage accounts, which are included in the Operating and Endowment Funds, include marketable equity securities with readily determinable fair values and debt securities, which are reported at fair value in the statements of financial position. Realized and unrealized gains and losses and investment income are reflected in investment return in the statements of activities.

**Property and Equipment** - Property and equipment are stated at cost less accumulated depreciation. Routine repairs and maintenance are expensed in the period incurred. Expenditures determined to represent additions and betterments are capitalized. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

|                        |               |
|------------------------|---------------|
| Buildings              | 10 - 40 years |
| Furniture and fixtures | 5 years       |
| Equipment              | 5 years       |

**Impairment of Long-Lived Assets** - The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended December 31, 2020 and 2019.

**Income Taxes** - The Organization is a nonprofit organization that is exempt from income taxes under 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Parker Family Health Center, Inc. follows the accounting guidance for uncertain income tax positions, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. The Organization recognizes the tax benefits from uncertain tax positions only if it is more likely than not that a tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Management has determined that there are no unrecognized tax benefits that will significantly increase or decrease over the next twelve months, nor has the Organization incurred any interest or penalties related to income tax expense during the years ended December 31, 2020 and 2019.

**Functional Allocation of Expenses** - The costs of providing the Organization's programs and supporting services have been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Those expenses include salaries, related payroll taxes and fringe benefits, office expenses, insurance, and depreciation. Salaries, related payroll taxes and fringe benefits are allocated on a time and cost estimate of where efforts are made. Office expenses and insurance are allocated on an estimate of where costs are benefited. Depreciation is allocated based on an estimate of usage of property and equipment. Such methodologies are deemed by management to be reasonable and appropriate and reflective of the functional purpose of each cost incurred for the respective reporting period.

**PARKER FAMILY HEALTH CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)**

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made 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 reported period. Actual results could differ from those estimates.

**New Accounting Pronouncement** - In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitute either a contribution or an exchange transaction. The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this update on a prospective basis. The Organization reassessed the nature of its revenue-producing arrangements to ensure alignment with the definition of a contract under ASC 606 and an exchange transaction under ASU 2018-08. As a result, certain arrangements that have been classified as exchange transactions in previous years were now concluded to be contributions under ASU 2018-08. Under ASU 2018-08, revenues from government grants and contracts are considered contributions because each party does not receive commensurate value for the consideration received by the Organization; rather, the purpose of these arrangements is for the benefit of the general public. The Organization concluded that the agreements are conditional due to rights of return/release and barriers to entitlement to funds. Revenue is recognized when the condition is satisfied. Because the nature of conditions is based on incurring qualified expenses or satisfying a milestone or other deliverable, the pattern of revenue recognition remained consistent with previous years. Therefore, under the prospective approach, there was no material change in revenue recognition for government grants and contracts.

Contribution revenue was accounting for under *ASC Topic 958-605, Not-for-Profit Entities, Revenue Recognition*, before the implementation of the new standard. With the clarifications outlined in ASU 2018-08, there are no material changes in revenue related to contributions.

**Date of Management's Review** - In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 25, 2021, the date the financial statements were available to be issued.

**Reclassifications** - Certain reclassifications were made to the December 31, 2019 financial statements to conform to those classifications used in the December 31, 2020 financial statements.

**NOTE 2 - CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents consisted of the following at December 31,:

|                         | 2020              |                   |                    |
|-------------------------|-------------------|-------------------|--------------------|
|                         | Operating<br>Fund | Endowment<br>Fund | Total<br>All Funds |
| Cash - checking         | \$ 257,310        | \$ -              | \$ 257,310         |
| Certificates of deposit | 75,000            | -                 | 75,000             |
| Money market funds      | 380,294           | 35,765            | 416,059            |
| Petty cash              | 549               | -                 | 549                |
|                         | \$ 713,153        | \$ 35,765         | \$ 748,918         |

**PARKER FAMILY HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 2 - CASH AND CASH EQUIVALENTS: (Continued)**

|                    | 2019              |                   |                    |
|--------------------|-------------------|-------------------|--------------------|
|                    | Operating<br>Fund | Endowment<br>Fund | Total<br>All Funds |
| Cash - checking    | \$ 445,716        | \$ -              | \$ 445,716         |
| Money market funds | 469,437           | 34,601            | 504,038            |
| Petty cash         | <u>300</u>        | <u>-</u>          | <u>300</u>         |
|                    | <u>\$ 915,453</u> | <u>\$ 34,601</u>  | <u>\$ 950,054</u>  |

**NOTE 3 - INVESTMENTS:**

Investments consisted of the following at December 31,:

|                                    | 2020                |                    |                      |                     |
|------------------------------------|---------------------|--------------------|----------------------|---------------------|
|                                    | Cost                | Unrealized<br>Gain | Unrealized<br>(Loss) | Market<br>Value     |
| <b>Operating Fund:</b>             |                     |                    |                      |                     |
| Community Foundation of New Jersey | \$ 40,728           | \$ 11,742          | \$ -                 | \$ 52,470           |
| Corporate bonds                    | 116,242             | 4,803              | (69)                 | 120,976             |
| Equity securities                  | <u>243,563</u>      | <u>56,848</u>      | <u>(1,026)</u>       | <u>299,385</u>      |
|                                    | <u>400,533</u>      | <u>73,393</u>      | <u>(1,095)</u>       | <u>472,831</u>      |
| <b>Endowment Fund:</b>             |                     |                    |                      |                     |
| Corporate bonds                    | 236,436             | 16,204             | (137)                | 252,503             |
| Equity securities                  | 407,993             | 183,549            | (3,152)              | 588,390             |
| Government securities              | 25,286              | 5                  | (2,069)              | 23,222              |
| Municipal bonds                    | <u>17,640</u>       | <u>2,082</u>       | <u>-</u>             | <u>19,722</u>       |
|                                    | <u>687,355</u>      | <u>201,840</u>     | <u>(5,358)</u>       | <u>883,837</u>      |
|                                    | <u>\$ 1,087,888</u> | <u>\$ 275,233</u>  | <u>\$ (6,453)</u>    | <u>\$ 1,356,668</u> |
| 2019                               |                     |                    |                      |                     |
|                                    | Cost                | Unrealized<br>Gain | Unrealized<br>(Loss) | Market<br>Value     |
| <b>Operating Fund:</b>             |                     |                    |                      |                     |
| Community Foundation of New Jersey | \$ 39,441           | \$ 8,728           | \$ -                 | \$ 48,169           |
| Equity securities                  | 100,000             | 18,840             | (902)                | 117,938             |
|                                    | <u>139,441</u>      | <u>27,568</u>      | <u>(902)</u>         | <u>166,107</u>      |
| <b>Endowment Fund:</b>             |                     |                    |                      |                     |
| Corporate bonds                    | 227,703             | 7,505              | (33)                 | 235,175             |
| Equity securities                  | 438,387             | 82,590             | (3,952)              | 517,025             |
| Government securities              | 32,238              | -                  | (2,386)              | 29,852              |
| Municipal bonds                    | <u>17,881</u>       | <u>387</u>         | <u>(89)</u>          | <u>18,179</u>       |
|                                    | <u>716,209</u>      | <u>90,482</u>      | <u>(6,460)</u>       | <u>800,231</u>      |
|                                    | <u>\$ 855,650</u>   | <u>\$ 118,050</u>  | <u>\$ (7,362)</u>    | <u>\$ 966,338</u>   |

**PARKER FAMILY HEALTH CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 3 - INVESTMENTS: (Continued)**

The following schedule summarizes the investment return in the statements of activities for the years ended December 31,:

|                                     | 2020              | 2019              |
|-------------------------------------|-------------------|-------------------|
| Operating Fund:                     |                   |                   |
| Interest and dividends              | \$ 9,496          | \$ 9,350          |
| Realized gain (loss) on investments | (11,207)          | 15,470            |
| Unrealized gain on investments      | 45,632            | 16,021            |
| Fiduciary fees                      | (4,285)           | (1,472)           |
|                                     | 39,636            | 39,369            |
| Endowment Fund:                     |                   |                   |
| Interest and dividends              | 21,648            | 25,932            |
| Realized loss on investments        | (38,401)          | (11,793)          |
| Unrealized gain on investments      | 112,460           | 108,018           |
| Fiduciary fees                      | (10,937)          | (7,788)           |
|                                     | 84,770            | 114,369           |
|                                     | <b>\$ 124,406</b> | <b>\$ 153,738</b> |

**NOTE 4 - GRANTS RECEIVABLE:**

Grants receivable consisted of the following at December 31,:

|                                 | 2020             | 2019             |
|---------------------------------|------------------|------------------|
| Contract revenue:               |                  |                  |
| Monmouth County                 | \$ -             | \$ 43,729        |
| New Jersey Department of Health | 11,755           | 12,500           |
|                                 | <b>\$ 11,755</b> | <b>\$ 56,229</b> |

**NOTE 5 - PROPERTY AND EQUIPMENT:**

Property and equipment consisted of the following:

|                                   | December 31,      |                   |
|-----------------------------------|-------------------|-------------------|
|                                   | 2020              | 2019              |
| Land                              | \$ 100,500        | \$ 100,500        |
| Building                          | 857,714           | 857,714           |
| Furniture, fixtures and equipment | 202,740           | 202,740           |
|                                   | 1,160,954         | 1,160,954         |
| Less: Accumulated depreciation    | (548,507)         | (513,559)         |
|                                   | <b>\$ 612,447</b> | <b>\$ 647,395</b> |

**NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN:**

The Organization received a loan from Newtek Small Business Finance, LLC in the amount of \$128,600 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is certified by the Small Business Administration and guaranteed by the federal government of the United States. The loan is subject to a note dated April 16, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures, such as payroll and other expenses described in the CARES Act. No determination has been made as of December 31, 2020 as to whether the Organization will be eligible for forgiveness, in whole or in part. The loan bears interest at a rate of 1.00% per

**PARKER FAMILY HEALTH CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN: (Continued)**

annum and is payable in monthly installments of principal and interest beginning six months from the date of the note. The loan may be repaid at any time with no prepayment penalty. The Organization applied for forgiveness in February 2021.

Future maturities of debt are as follows:

|      |  |                   |
|------|--|-------------------|
| 2021 |  | \$ 79,655         |
| 2022 |  | <u>48,945</u>     |
|      |  | <u>\$ 128,600</u> |

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions consisted of:

|                                    | December 31,    |                   |
|------------------------------------|-----------------|-------------------|
|                                    | 2020            | 2019              |
| Contributions restricted for:      |                 |                   |
| Community Foundation of New Jersey | \$ 5,000        | \$ 5,000          |
| Uber Health Project                | -               | 50,000            |
| Diabetes program                   | -               | 40,252            |
| Women's health                     | -               | 17,000            |
| Shared patient services            | -               | 15,000            |
| Equipment                          | -               | <u>5,696</u>      |
|                                    | <u>\$ 5,000</u> | <u>\$ 132,948</u> |

Net assets with donor restrictions includes a \$5,000 contribution from the Community Foundation of New Jersey. Income earned and other gains in excess of \$5,000 are not restricted as to purpose. Losses on the investment are allocated between the Organization's funds and the Foundation's matching funds. However, any increase in the market value will only benefit the Community Foundation of New Jersey up to the initial contribution amount of \$5,000.

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by the donors are as follows:

|                                  | December 31,      |                   |
|----------------------------------|-------------------|-------------------|
|                                  | 2020              | 2019              |
| Diabetes program                 | \$ 169,507        | \$ 105,748        |
| Covid relief                     | 50,000            | -                 |
| Community development - salaries | 39,828            | 106,018           |
| Woman's health                   | 33,700            | 16,865            |
| Hypertension                     | 30,000            | -                 |
| Board development & training     | 23,400            | 2,000             |
| Shared patient services          | 15,000            | -                 |
| Telehealth                       | 15,000            | -                 |
| Equipment                        | 12,614            | 24,304            |
| Pharmaceuticals                  | 6,500             | -                 |
| IT support                       | 2,500             | -                 |
| Social services                  | -                 | 25,000            |
| Pediatrics                       | -                 | <u>5,000</u>      |
|                                  | <u>\$ 398,049</u> | <u>\$ 284,935</u> |

**PARKER FAMILY HEALTH CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 8 - ENDOWMENT FUND:**

In 2016, the Organization received a contribution without donor restrictions of approximately \$530,000. Through a resolution of the Board of Trustees, the Board established an endowment fund, named “The Dr. Eugene F. Cheslock Endowment Fund for the Parker Family Health Center, Inc.” The endowment fund may include both donor-designated and board-designated endowment funds.

As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The purpose of the endowment fund is to honor the legacy of Dr. Eugene F. Cheslock, the founder of Parker Family Health Center, Inc., and to sustain the long-term capacity of the Organization to serve community health care needs by providing financial support for the Organization’s operating or capital expenses.

The Board of Trustees may, at its discretion, reinvest all or any portion of the income received from the principal in the endowment fund, or use all or any portion of the income received from the principal in the endowment fund for any purpose consistent with the purpose of the endowment fund and the charitable purposes of Parker Family Health Center, Inc.

The Board of Trustees may not use the principal from any donor-designated endowment funds, except under certain circumstances. The Board of Trustees may use the principal from any board-designated endowment funds at any time by majority vote of the Board of Trustees.

The Organization’s investment objective for the endowment fund is growth with income. Growth is expected to be derived from growth-oriented equity securities that appear to have the potential to experience appreciation in value. Income is expected to be derived from fixed income securities that are expected to pay dividends and/or interest.

Changes in the endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

|  | <u>Board Designated</u> |                   |
|--|-------------------------|-------------------|
|  | <u>2020</u>             | <u>2019</u>       |
| Endowment Fund Net Assets, beginning of year | \$ 834,832              | \$ 715,463        |
| Contributions                                | -                       | 5,000             |
| Investment return                            | <u>84,770</u>           | <u>114,369</u>    |
| Endowment Fund Net Assets, end of year       | <u>\$ 919,602</u>       | <u>\$ 834,832</u> |

**NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The Organization’s working capital and cash flows have seasonal variations during the year attributable to the concentration of contributions received during the latter part of the year into the beginning of the following year.

**PARKER FAMILY HEALTH CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)**

The following reflects the Organization's financial assets, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions, at December 31, :

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| Cash and cash equivalents  | \$ 748,918          | \$ 950,054          |
| Investments  | 1,356,668           | 966,338             |
| Grants receivable  | 11,755              | 56,229              |
| Contributions receivable   | 8,156               | -                   |
|  | 2,125,497           | 1,972,621           |
| Less: amounts unavailable for general expenditure within one year:                     |                     |                     |
| Endowment fund and accumulated fund activity subject to appropriations beyond one year | (919,602)           | (834,832)           |
| Financial assets available to meet cash needs for general expenditures within one year | <b>\$ 1,205,895</b> | <b>\$ 1,137,789</b> |

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To manage liquidity, the Organization invests cash in excess of daily requirements in money market funds, certificates of deposit, a community foundation, corporate bonds, and equity securities. Additionally, the Organization has an endowment fund. Although the Organization does not intend to spend from its endowment fund, amounts from this fund could be made available if necessary.

**NOTE 10 - CONCENTRATIONS OF CREDIT RISK:**

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist primarily of cash and cash equivalents, and investments.

The Organization maintains cash and cash equivalents, and investments with various financial institutions, which limits exposure to any one institution. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times cash balances may exceed insured limits.

**NOTE 11 - FAIR VALUE MEASUREMENT:**

Generally accepted accounting principles define fair value, establish a framework for measuring fair value and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included in level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.)



**PARKER FAMILY HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11 - FAIR VALUE MEASUREMENT: (Continued)**

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019:

|                           | Fair Value Measurements on a Recurring Basis |                   |                 |                     |
|---------------------------|--|-------------------|-----------------|---------------------|
|                           | As of December 31, 2020                      |                   |                 |                     |
|                           | <u>Level 1</u>                               | <u>Level 2</u>    | <u>Level 3</u>  | <u>Total</u>        |
| <b>ASSETS:</b>            |  |                   |                 |                     |
| Cash and cash equivalents | \$ -   | \$ 1,275          | \$ -            | \$ 1,275            |
| Corporate bonds           | -  | 373,479           | -               | 373,479             |
| Equity securities         | 916,083                                      | -                 | 4,554           | 920,637             |
| Federal notes and bonds   | -  | 2,066             | -               | 2,066               |
| FNMA securities           | -  | 21,156            | -               | 21,156              |
| Fixed income securities   | 4,276  | 13,611            | -               | 17,887              |
| Limited partnerships      | -  | -                 | 446             | 446                 |
| Municipal bonds           | -  | 19,722            | -               | 19,722              |
|                           | <u>\$ 920,359</u>                            | <u>\$ 431,309</u> | <u>\$ 5,000</u> | <u>\$ 1,356,668</u> |

|                           | Fair Value Measurements on a Recurring Basis |                   |                 |                   |
|---------------------------|--|-------------------|-----------------|-------------------|
|                           | As of December 31, 2019                      |                   |                 |                   |
|                           | <u>Level 1</u>                               | <u>Level 2</u>    | <u>Level 3</u>  | <u>Total</u>      |
| <b>ASSETS:</b>            |  |                   |                 |                   |
| Cash and cash equivalents | \$ -   | \$ 1,782          | \$ -            | \$ 1,782          |
| Corporate bonds           | -  | 235,175           | -               | 235,175           |
| Equity securities         | 660,396                                      | -                 | 3,950           | 664,346           |
| Federal notes and bonds   | -  | 3,008             | -               | 3,008             |
| FNMA securities           | -  | 26,844            | -               | 26,844            |
| Fixed income securities   | 3,902  | 12,813            | -               | 16,715            |
| Limited partnerships      | -  | -                 | 289             | 289               |
| Municipal bonds           | -  | 18,179            | -               | 18,179            |
|                           | <u>\$ 664,298</u>                            | <u>\$ 297,801</u> | <u>\$ 4,239</u> | <u>\$ 966,338</u> |

FASB accounting standards require that a reconciliation of fair value measurements using significant unobservable inputs (Level 3) be presented providing information regarding purchases, sales, issuances, and settlements. The following table reconciles the Organization's assets classified as Level 3 measurements for the years ended December 31,:

|  | <u>2020</u>     | <u>2019</u>     |
|--|-----------------|-----------------|
| Balance, beginning of year                             | \$ 4,239        | \$ 16,425       |
| Purchase, sales, issuances, settlements                | 386             | (13,379)        |
| Net realized and unrealized gains included in earnings | <u>375</u>      | <u>1,193</u>    |
| Balance, end of year                                   | <u>\$ 5,000</u> | <u>\$ 4,239</u> |

**PARKER FAMILY HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12 - IMPACT OF COVID-19 PANDEMIC:**

During the year ended December 31, 2020, a novel coronavirus emerged and became a global pandemic ("the pandemic"). The impact of the pandemic on the Organization's future operations and financial results depend on numerous factors including, but not limited to, the magnitude and duration of the pandemic, the speed of the anticipated recovery, and governmental and business reactions to the pandemic. The Organization assessed certain accounting matters in context with the information reasonably available including the potential effect and the carrying value of assets and liabilities. As of the date the financial statements were available to be issued, the effects of the pandemic on future reporting periods remains uncertain.

**NOTE 13 - SUBSEQUENT EVENT:**

Subsequent to December 31, 2020, the Organization received a second loan under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes the Paycheck Protection Program, amounting to \$133,700. The loan is certified by the Small Business Administration and guaranteed by the federal government of the United States. Repayment of this loan may be forgiven if certain spending criteria is met by the Organization.



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**INDEPENDENT AUDITOR'S 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**

To the Board of Trustees  
Parker Family Health Center, 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 Parker Family Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Parker Family Health Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Parker Family Health Center, Inc.'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 Parker Family Health Center, Inc.'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 financial statements. 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 results 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 in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



THE CURCHIN GROUP, LLC

Red Bank, New Jersey  
June 25, 2021