

PUENTES DE SALUD

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

(See Independent Accountant's Review Report)

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936 Easton Rd., PO Box 754, Warrington, PA 18976 |
70 W. Oakland Ave., Doylestown, PA 18901 | 130 Almshouse Rd., Suite 201A, Richboro, PA 18954
215-343-2727 | www.bbco-cpa.com

Independent Accountants' Review Report

The Board of Directors
Puentes de Salud
Philadelphia, Pennsylvania

We have reviewed the accompanying financial statements of Puentes de Salud (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously reviewed Puentes de Salud's 2018 financial statements. In our review report dated August 8, 2019 we concluded that we were not aware of any material modification that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2018 for it to be consistent with the reviewed financial statements from which it was derived

Bee, Bergvall & Co.

Bee, Bergvall & Co., P. C.
Certified Public Accountants

Warrington, PA
August 20, 2020

PUENTES DE SALUD

Statements of Financial Position

December 31, 2019 and 2018

ASSETS

| | <u>2019</u> | <u>2018</u> |
|-----------------------------|-------------------------|-------------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 558,755 | \$ 516,859 |
| Promises to give | 50,000 | 30,000 |
| Accounts receivable | 9,079 | 16,978 |
| Prepaid expenses | <u>24,611</u> | <u>23,655</u> |
| Total Current Assets | <u>642,445</u> | <u>587,492</u> |
| Long Term Assets | | |
| Promises to give, net | 87,501 | - |
| Property and equipment, net | 547,206 | 591,823 |
| Construction in process | <u>43,748</u> | <u>-</u> |
| Total Long Term Assets | <u>678,455</u> | <u>591,823</u> |
| TOTAL ASSETS | <u>\$ 1,320,900</u> | <u>\$ 1,179,315</u> |

LIABILITIES AND NET ASSETS

| | | |
|---------------------------------------|-------------------------|-------------------------|
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 61,287 | \$ 86,458 |
| Accrued payroll | <u>6,274</u> | <u>4,168</u> |
| Total Current Liabilities | <u>67,561</u> | <u>90,626</u> |
| Net Assets | | |
| Without Donor Restrictions | | |
| Undesignated | 381,903 | 317,489 |
| Invested in Property and Equipment | <u>590,954</u> | <u>591,823</u> |
| | 972,857 | 909,312 |
| With Donor Restrictions | | |
| Time Restrictions | 134,390 | 105,000 |
| Purpose Restrictions | <u>146,092</u> | <u>74,377</u> |
| | 280,482 | 179,377 |
| Total Net Assets | <u>1,253,339</u> | <u>1,088,689</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,320,900</u> | <u>\$ 1,179,315</u> |

See independent accountants' review report

PUENTES DE SALUD

Statements of Activities

For the Year Ended December 31, 2019

With Summarized Comparative Totals for the Year Ended December 31, 2018

| | 2019 | | | 2018 |
|--|---|--|---------------------|---------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> | <u>Total</u> |
| Public Support and Revenue | | | | |
| Contributions and grants | \$ 347,193 | \$ 284,000 | \$ 631,193 | \$ 580,888 |
| In-kind donations | 693,840 | - | 693,840 | 513,509 |
| Investment income | 270 | - | 270 | 269 |
| Other | 842 | - | 842 | - |
| Net assets released from restrictions | <u>180,396</u> | <u>(180,396)</u> | <u>-</u> | <u>-</u> |
| Total Public Support and Revenue | 1,222,541 | 103,604 | 1,326,145 | 1,094,666 |
| Present Value Discount | <u>-</u> | <u>(2,499)</u> | <u>(2,499)</u> | <u>-</u> |
| | <u>1,222,541</u> | <u>101,105</u> | <u>1,323,646</u> | <u>1,094,666</u> |
| Program Income | <u>141,287</u> | <u>-</u> | <u>141,287</u> | <u>160,959</u> |
| Total Support, Revenue, and Program Income | <u>1,363,828</u> | <u>101,105</u> | <u>1,464,933</u> | <u>1,255,625</u> |
| Expenses | | | | |
| Program services | 1,130,648 | - | 1,130,648 | 1,031,111 |
| Management and general | <u>169,635</u> | <u>-</u> | <u>169,635</u> | <u>189,358</u> |
| Total Expenses | <u>1,300,283</u> | <u>-</u> | <u>1,300,283</u> | <u>1,220,469</u> |
| Change in Net Assets | 63,545 | 101,105 | 164,650 | 35,156 |
| Net Assets, Beginning of Year | <u>909,312</u> | <u>179,377</u> | <u>1,088,689</u> | <u>1,053,533</u> |
| Net Assets, End of Year | <u>\$ 972,857</u> | <u>\$ 280,482</u> | <u>\$ 1,253,339</u> | <u>\$ 1,088,689</u> |

See independent accountants' review report

PUENTES DE SALUD

Statements of Functional Expenses

For the Year Ended December 31, 2019

With Summarized Comparative Totals for the Year Ended December 31, 2018

| | <u>Program</u> | <u>Management & General</u> | <u>12/31/2019 Total</u> | <u>12/31/2018 Total</u> |
|-------------------------------------|---------------------|-------------------------------------|-----------------------------|-----------------------------|
| Salaries and staff related expenses | \$ 683,281 | \$ 146,316 | \$ 829,597 | \$ 824,495 |
| Facilities and equipment expense | 206,340 | 3,680 | 210,020 | 209,734 |
| Program expenses | 192,133 | - | 192,133 | 82,362 |
| Insurance | 2,555 | 583 | 3,138 | 2,946 |
| Office expenses | 1,623 | 1,221 | 2,844 | 20,913 |
| Travel and entertainment | 150 | 106 | 256 | 3,615 |
| Professional services | 74 | 16,225 | 16,299 | 31,016 |
| Depreciation | 43,835 | 782 | 44,617 | 44,617 |
| Bank and finance expense | - | 384 | 384 | 621 |
| Miscellaneous | 657 | 338 | 995 | 150 |
| | <u>\$ 1,130,648</u> | <u>\$ 169,635</u> | <u>\$ 1,300,283</u> | <u>\$ 1,220,469</u> |

See independent accountants' review report

PUENTES DE SALUD

Statements of Cash Flows

For the Years Ended December 31, 2019 and December 31, 2018

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Cash flows from operating activities | | |
| Increase (decrease) in net assets | \$ 164,650 | \$ 35,156 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | 44,617 | 44,617 |
| Amortization of discount: | (2,499) | - |
| Donated medical equipment | (43,748) | - |
| (Increase) decrease in: | | |
| Promises to give | (105,002) | - |
| Accounts receivable | 7,899 | 19,214 |
| Prepaid expenses | (956) | (2,083) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (25,171) | 56,400 |
| Accrued payroll | 2,106 | (1,903) |
| Net cash provided by (used in) operating activities | <u>41,896</u> | <u>151,401</u> |
| Net increase (decrease) in cash and cash equivalents | 41,896 | 151,401 |
| Cash and cash equivalents, beginning of year | <u>516,859</u> | <u>365,458</u> |
| Cash and cash equivalents, end of year | <u>\$ 558,755</u> | <u>\$ 516,859</u> |

Supplemental Disclosure of Cash Flow Information

| | | |
|-------------------------------|------------------|-------------|
| Non - cash financing activity | | |
| Donated fixed assets | <u>\$ 43,748</u> | <u>\$ -</u> |

See independent accountants' review report

PUENTES DE SALUD

Notes to Financial Statements

December 31, 2019

NOTE 1. Summary of Significant Accounting Policies

Organization: The mission of Puentes de Salud is two-fold: First, to partner with South Philadelphia's rapidly growing Latino immigrant community to build long-term prosperity by addressing immediate education, health and social service needs. Second, to create a responsible learning environment for the future generation of advocates, educators, healthcare providers to examine social determinants of health, social justice and structural violence in practice and to explore their impact on the social determinants of health within a marginalized community.

Comparative Financial Information: The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2018 from which the summarized information was derived.

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

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition: The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 – revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

PUENTES DE SALUD

Notes to Financial Statements

December 31, 2019

NOTE 1. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (continued)

The presentation and disclosures of revenue have been enhanced in accordance with the standard. The Organization receives revenue from a variety of revenue streams. The policy for the material revenue streams is discussed below:

- The Organization recognizes contributions when cash, securities or other assets and unconditional promises to give, are received.
- Income from foundations and grantors are unconditional grants, some are with restrictions, and revenue is recognized when earned.
- Program Income consists of:
 - Patient Co-pays for medical and lab services. These are collected at the date of service and are recognized at that time.
 - Reimbursement for services provided as part of the Healthy Women program. Invoices are generated and revenue is recognized in the month of service.
 - Payment from the Barnes Foundation in order to provide the Puentes a las Artes program. Services are provided on a monthly basis, and revenue is recognized monthly.

As of January 1, 2019, the Organization adopted the guidance in FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) or as an exchange (reciprocal) transactions subject to other guidance and (2) determining if a contribution is conditional. The Organization's financial statements reflect the application of this guidance for the year ending December 31, 2019. No cumulative effect adjustment to net assets was recorded because the adoption did not impact the Organizations previously reported contributions.

Cash and Cash Equivalents: The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Financial Instruments and Credit Risk: Financial instruments that potentially expose the Organization to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable and promises to give. The Organization principally utilizes a regional bank to maintain its operating cash accounts.

PUENTES DE SALUD

Notes to Financial Statements

December 31, 2019

NOTE 1. Summary of Significant Accounting Policies (Continued)

Financial Instruments and Credit Risk (continued)

At certain times, such instruments are in excess of FDIC insurance limits on interest bearing accounts thus exposing the Organization to a loss in the amount of the excess. As of December 31, 2019 the amount in excess of these insurance limits totaled \$305,155. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members and foundations supportive of our mission.

Accounts Receivable: Accounts receivable consist primarily noninterest-bearing amounts due for medical services rendered to patients. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. Management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary. Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position.

Promises to Give: We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2019, no allowance was deemed necessary.

Property and Equipment: All acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life ranging from 5-20 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

PUENTES DE SALUD

Notes to Financial Statements

December 31, 2019

NOTE 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment (continued)

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2019.

Donated Assets: Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received (Note 5).

Contributions: Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished), net assets with restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Income Tax Status: Puentes de Salud is organized as PA nonprofit corporations and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes.

PUENTES DE SALUD

Notes to Financial Statements

December 31, 2019

NOTE 1. Summary of Significant Accounting Policies (Continued)

Income Tax Status (continued)

We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for federal or state income taxes is included in the accompanying financial statements. The Organization is not classified as a private foundation.

Use of Estimates: 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 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.

Allocation of Functional Expense: Allocation of expenses to program, fundraising, and management and general expense is done by the direct assignment to programs using these costs under the supervision of the Executive Director. Expenses that are incurred for more than one function, such as a program service, is allocated based on content of the program by function.

Reclassifications: Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

PUENTES DE SALUD

Notes to Financial Statements

December 31, 2019

NOTE 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial Assets as of December 31, 2019

| | |
|---------------------------|--------------|
| Cash and cash equivalents | \$ 558,755 |
| Grants receivable | 137,501 |
| Accounts receivable, net | <u>9,079</u> |
| | 705,335 |

Less: amounts not available to be used within one year

| | |
|-------------------------|-------------------|
| With donor restrictions | <u>(186,092)</u> |
| | <u>\$ 519,243</u> |

The organizations cash and cash equivalents consist of operating cash and donor restricted funds. The organization maintains a statement savings account for cash not needed in the short term.

NOTE 3. Promises to Give

Unconditional promises to give are estimated to be collected as follows at

| | |
|---|-------------------|
| Within one year | \$ 50,000 |
| In one to five years | <u>90,000</u> |
| | 140,000 |
| Less discount to net present value at rates of approximately 1.5% | <u>(2,499)</u> |
| | <u>\$ 137,501</u> |

At December 31, 2019, two donors accounted for 77 percent of total promises to give. One contributors accounted for approximately 33 percent of total contribution revenue for the year ended December 31, 2019. These donations are in the form of in-kind contributions and are more fully explained in Note 5.

PUENTES DE SALUD

Notes to Financial Statements

December 31, 2019

NOTE 4. Property and Equipment

Property and equipment consisted of the following:

| | | <u>Estimated Life</u> |
|--------------------------|-------------------|-----------------------|
| Building Improvements | \$ 710,343 | 20 years |
| Medical Equipment | <u>55,000</u> | 5 years |
| | 765,343 | |
| Accumulated Depreciation | <u>(218,137)</u> | |
| | <u>\$ 547,206</u> | |

NOTE 5. In-Kind Contributions

The Organization received donated professional services and materials as follows during the year ended December 31, 2019:

| | <u>2019</u> |
|----------------------------------|-------------------|
| Salaries | \$ 343,089 |
| Rent | 178,405 |
| Program Expenses | 128,365 |
| Facilities and Equipment Expense | 233 |
| Capital Improvements | <u>43,748</u> |
| | <u>\$ 693,840</u> |

PUENTES DE SALUD

Notes to Financial Statements

December 31, 2019

NOTE 6. Net Assets with Donor Restrictions

The Organization has restricted net assets to support the Organization's effort to further mission.

| | |
|---|-------------------|
| | <u>2019</u> |
| Subject to the passage of time: | \$ 134,390 |
| Subject to expenditure for specified purpose: | |
| Education | 30,374 |
| Discretionary Fund for Executive Director | 20,000 |
| Salaries | 90,551 |
| Promotoras Program | <u>5,167</u> |
| | <u>146,092</u> |
| Total | <u>\$ 280,482</u> |

Net assets for the year ended December 31, 2019 were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

| | |
|--------------------------------------|-------------------|
| Subject to the passage of time: | \$ 77,968 |
| Satisfaction of purpose restrictions | |
| Direct Medical | 30,000 |
| Medical Supplies | 10,336 |
| Medical Legal Partnership | 17,695 |
| Promotoras Program | 24,834 |
| Education | 12,004 |
| Salary | <u>7,559</u> |
| Total | <u>\$ 180,396</u> |

NOTE 7. Commitments

The Organization has entered into a lease agreement with the Pennsylvania Hospital of the University of Pennsylvania Health Systems dated April 25, 2015. The lease payments are \$1.00 per month for a period of five years. The fair value of the rental payments is recorded as expense and revenue on the financial statements.

PUENTES DE SALUD

Notes to Financial Statements

December 31, 2019

NOTE 8. Subsequent Events

We have evaluated subsequent events through August 20, 2020, the date the financial statements were available to be issued. Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. We are closely monitoring our investment portfolio and its liquidity and are actively working to minimize the impact of these declines. Our financial statements do not include adjustments to fair value that have resulted from these declines.

On May 15, 2020, the Organization received loan proceeds in the amount of approximately \$41,300 under the Paycheck Protection Program, (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). Under the Act, there is a possibility for a portion of the loans to be forgiven if certain conditions are met. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with deferral payments for the first six months. The Center intends to use the proceeds for purposes consistent with the PPP. While the Center currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, the Center is unable to determine the amount of loan forgiveness at this time.