KANSAS CITY MEDICAL SOCIETY FOUNDATION, INC.

FINANCIAL STATEMENTS

December 31, 2020

IFFT & CO. PA
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kansas City Medical Society Foundation, Inc.
Kansas City, Missouri

We have audited the accompanying financial statements of Kansas City Medical Society Foundation, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2020, the related statements of activities, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas City Medical Society Foundation, Inc. as of December 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.

Iffl & Co. PA

June 9, 2021

KANSAS CITY MEDICAL SOCIETY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 318,995
Grants receivable	267,500
Other receivables	7,240
TOTAL CURRENT ASSETS	593,735
PROPERTY AND EQUIPMENT, net	763
TOTAL ASSETS	$ 594,498

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accrued expenses	$ 7,293
Current portion of long-term debt	34,424
TOTAL CURRENT LIABILITIES	41,717
LONG-TERM DEBT, less current portion	35,476
TOTAL LIABILITIES	77,193
NET ASSETS	
Without donor restrictions	99,031
With donor restrictions - purpose restricted	418,274
TOTAL NET ASSETS	517,305
TOTAL LIABILITIES AND NET ASSETS	$ 594,498

The accompanying notes are an integral part of these financial statements.

KANSAS CITY MEDICAL SOCIETY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	$ 5,000	-	5,000
Grants	225,560	407,394	632,954
Interest income	79	-	79
Net assets released from restrictions	331,288	(331,288)	-
Total support and revenues	561,927	76,106	638,033
Expenses			
Program	425,597	-	425,597
Management and general	139,337	-	139,337
Fundraising	20,852	-	20,852
Total expenses	585,786	-	585,786
CHANGE IN NET ASSETS	(23,859)	76,106	52,247
NET ASSETS, BEGINNING OF YEAR	122,890	342,168	465,058
NET ASSETS, END OF YEAR	$ 99,031	418,274	517,305

The accompanying notes are an integral part of these financial statements.

KANSAS CITY MEDICAL SOCIETY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services				Supporting Services			Total Program and Supporting Services
	Advocacy	Charitable Care	Retired Physicians	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	$ 33,539	261,211	-	294,750	45,635	13,800	59,435	354,185
Employee benefits	1,917	15,513	-	17,430	2,940	630	3,570	21,000
Other payroll expense	-	-	-	-	710	-	710	710
Payroll taxes	2,933	22,840	-	25,773	3,990	1,207	5,197	30,970
Total salaries and related expenses	38,389	299,564	-	337,953	53,275	15,637	68,912	406,865
Office expenses	27	6,044	-	6,071	2,049	-	2,049	8,120
Professional fees	19,288	11,244	-	30,532	65,778	5,105	70,883	101,415
Insurance	-	-	-	-	1,425	-	1,425	1,425
Advertising and marketing	16,180	1,329	-	17,509	-	-	-	17,509
Rent and administrative	-	740	-	740	10,000	-	10,000	10,740
CareScope	-	24,095	-	24,095	-	-	-	24,095
Travel	-	2,914	-	2,914	308	20	328	3,242
Information technology	-	1,141	-	1,141	2,696	90	2,786	3,927
Meetings and meals	228	108	-	336	459	-	459	795
Staff and board development	-	3,861	-	3,861	2,187	-	2,187	6,048
Partnership expenses	-	-	128	128	-	-	-	128
Depreciation	-	-	-	-	1,388	-	1,388	1,388
Miscellaneous expense	-	238	79	317	(228)	-	(228)	89
Total	$ 74,112	351,278	207	425,597	139,337	20,852	160,189	585,786

The accompanying notes are an integral part of these financial statements.

KANSAS CITY MEDICAL SOCIETY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 52,247
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,388
Changes in operating assets and liabilities	
Grants receivable	22,500
Other receivables	162
Due from affiliate	92,976
Accounts payable	(15,400)
Accrued expenses	(5,753)
NET CASH PROVIDED BY OPERATING ACTIVITIES	148,120
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(2,151)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Paycheck Protection Program loan	69,900
NET CHANGE IN CASH	215,869
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	103,126
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 318,995

The accompanying notes are an integral part of these financial statements.

KANSAS CITY MEDICAL SOCIETY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Kansas City Medical Society Foundation, Inc. (the Foundation), is a 501(c)(3) nonprofit organization dedicated to improving access to medical care along with advancing the overall wellness of people across greater Kansas City. Affiliated with the Kansas City Medical Society (KCMS), the Foundation operates WyJo Care and Metro Care charitable care programs that deliver over $8 million worth of donated specialty care to uninsured patients each year. In addition, the Foundation carries out health equity initiatives to increase wellness among vulnerable populations.

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 restrictions.

- Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage 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. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

The Foundation recognizes contributions when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Cash Equivalents

The Foundation considers highly liquid investments purchased with initial maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of demand deposits held in checking accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Grants Receivable

The Foundation's receivables due from grants are recorded at amounts due, net of an allowance for doubtful accounts. Grants receivable are generally due at the donor's discretion. Grants outstanding beyond the time agreed are considered past due. The Foundation determines its allowance by considering a number of factors, including the length of time grants receivable are past due, the Foundation's previous loss history, the grantor's current ability to pay its obligations to the Foundation, and the condition of the general economy as a whole. The Foundation writes off receivables when they become uncollectible. At December 31, 2020, the Foundation considered grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded.

Property and Equipment

The Foundation capitalizes all significant acquisitions of property and equipment, which are recorded at cost or fair value, if donated. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets.

Income Taxes

The Foundation is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been included in the accompanying financial statements.

The Foundation recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Foundation is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Foundation is no longer subject to income tax examinations by the applicable tax authorities for the years before 2017. If any were to be incurred, the Foundation's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

In-Kind Donations and Services

The Foundation periodically receives in-kind donations of goods and services. The Foundation records donated services only to the extent that they would create or enhance financial assets. Donated services from physicians and various facilities are discussed further in Note 7. The value of these services is not recorded in the accompanying financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the accompanying statement of activities. The accompanying statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Advertising

The Foundation expenses advertising costs as incurred.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Subsequent Events

Subsequent events have been evaluated through June 9, 2021, which is the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	$ 318,995
Grants receivable	267,500
Other receivables	7,240
Financial assets at year-end	593,735
Less those unavailable for general expenditure within one year, due to:	
Donor restricted for specified purpose	418,274
Financial assets available to meet cash needs for general expenditure within one year	$ 175,461

NOTE 3 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2020:

Subject to expenditure for specified purpose:	
Salaries	$ 364,330
Community health education	10,884
Health Care Access Network	24,030
Free specialty healthcare	19,030
Total net assets with donor restrictions	$ 418,274

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2020:

Satisfaction of purpose restrictions:	
Salaries	$ 303,708
Programmatic capacity	7,580
Board diversity	5,000
	316,288
Satisfaction of time restrictions	15,000
	$ 331,288

NOTE 4 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salary and benefit related expenses are allocated on the basis of estimates of time and effort, while office related expenses are allocated based on usage.

NOTE 5 - CONSULTING AGREEMENT

The Foundation and an independent consultant entered into a consulting agreement to engage the consultant as an independent contractor to provide management services, including part-time Executive Director services, through May 1, 2020. Total fees incurred under this contract were $12,009 for 2020.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020:

Computer equipment	$ 2,151
Less accumulated depreciation	1,388
	$ 763

NOTE 7 - IN-KIND DONATIONS AND SERVICES

The Foundation has recruited various health care providers, including physicians, imaging centers, hospitals, laboratories, and surgical centers, who have committed to accepting patient referrals and treating patients at no cost. Medical services, supplies, and equipment are donated by various organizations. Local hospitals also donate surgical, radiology, and supplies to the patients. Participating providers are asked to submit a non-payable claim to Blue Cross Blue Shield of Kansas City or to the Foundation directly. The Foundation tracks the diagnoses, procedures performed, cost of the donated physician care, and cost of the donated hospital services. Costs are reported as self-pay charges, as this would be the required payment from the patient if not being donated. During 2020, there were approximately 900 participating physicians, as well as hospitals and practices, in Johnson and Wyandotte Counties in Kansas and Clay, Platte, and Jackson Counties in Missouri, which resulted in approximately 4,470 medical services being provided for uninsured patients, with an estimated value of $8,000,000 (unaudited).

The Foundation includes the Retired Physicians Organization (RPO) program, which provides free health education presentations to community groups and mentors Kansas City-area medical students and residents. In 2020, the RPO volunteer speaker's bureau gave twelve community health presentations with an in-kind volunteer value of $5,250 (unaudited).

NOTE 8 - CONCENTRATIONS OF RISK

A significant donor is defined as any donor that accounts for 10% or more of total support and revenues. During the year ended December 31, 2020, funding from one significant donor represented approximately 82% of the Foundation's total support and revenue and accounted for 93% of receivables at December 31, 2020.

NOTE 9 - RISKS AND UNCERTAINTIES

In early 2020, the COVID-19 outbreak began disrupting operations and affecting a wide range of industries and their employees. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the related impact on its donors, volunteers, employees, and vendors, all of which are uncertain and cannot be predicted. The extent to which COVID-19 may impact the Foundation's financial condition or results of operations is uncertain and cannot be reasonably estimated.

NOTE 10 - COVID-19 RELIEF

The Foundation received certain forms of assistance in response to the COVID-19 outbreak. In April 2020, the Foundation received a $5,000 award from The United Methodist Church of the Resurrection COVID Relief Assistance Fund. In June 2020, the Foundation received a Kansas City Regional COVID-19 Response and Recovery Fund award in the amount of $50,000.

NOTE 11 - LONG-TERM DEBT

In April 2020, the Foundation received a loan in the amount of $69,900 under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for ten months after the end of an eight- or 24-week loan forgiveness covered period. The loan is uncollateralized and is guaranteed by the federal government. The loan may be forgiven in whole or part by meeting certain conditions of the PPP. See Note 12. Principal payments on the note payable are due as follows:

Year ending December 31,	Amount
2021	$ 34,424
2022	35,476
	$ 69,900

NOTE 12 - SUBSEQUENT EVENT

Subsequent to December 31, 2020, the Foundation received notice that the PPP loan and related interest discussed in Note 11 had been forgiven.