

OZANAM CHARITABLE PHARMACY, INC.

FINANCIAL REPORT

SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ozanam Charitable Pharmacy, Inc.
Mobile, Alabama

Opinion

I have audited the accompanying financial statements of Ozanam Charitable Pharmacy, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ozanam Charitable Pharmacy, Inc. as of September 30, 2023 and 2022, 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.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Ozanam Charitable Pharmacy, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ozanam Charitable Pharmacy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ozanam Charitable Pharmacy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ozanam Charitable Pharmacy, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Kim K. Enikeieff

December 15, 2023

OZANAM CHARITABLE PHARMACY, INC.

STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets		
Cash	\$ 307,102	\$ 202,157
Investments	212,356	210,524
Grants receivable	63,654	51,774
Inventory	6,920	7,784
Prepaid expenses	<u>24,164</u>	<u>2,616</u>
Total current assets	<u>614,196</u>	<u>474,855</u>
Property and equipment - at cost		
Office furniture and equipment	12,443	12,443
Leasehold improvements	11,703	11,703
Accumulated depreciation	<u>(21,979)</u>	<u>(21,036)</u>
Net property and equipment	<u>2,167</u>	<u>3,110</u>
Total assets	<u><u>\$ 616,363</u></u>	<u><u>\$ 477,965</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 10,797	\$ 8,295
Accrued vacation payable	18,303	18,890
Deferred revenue	<u>165,127</u>	<u>73,000</u>
Total current liabilities	<u>194,227</u>	<u>100,185</u>
NET ASSETS		
Without donor restrictions	422,136	377,780
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>422,136</u>	<u>377,780</u>
Total liabilities and net assets	<u><u>\$ 616,363</u></u>	<u><u>\$ 477,965</u></u>

See notes to financial statements.

OZANAM CHARITABLE PHARMACY, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2023 and 2022

	Without Donor Restrictions	Without Donor Contributed Pharmaceuticals	With Donor Restrictions	2023 Total	Without Donor Restrictions	Without Donor Contributed Pharmaceuticals	With Donor Restrictions	2022 Total
Unrestricted								
Support and revenue:								
Special events	\$ 41,829	\$ -	\$ -	\$ 41,829	\$ 39,470	\$ -	\$ -	\$ 39,470
Less cost of special events	8,350	-	-	8,350	6,879	-	-	6,879
Net special events	33,479	-	-	33,479	32,591	-	-	32,591
South Alabama Regional Planning Commission	72,650	-	-	72,650	72,250	-	-	72,250
City of Mobile	13,000	-	-	13,000	13,000	-	-	13,000
Mobile County	35,822	-	-	35,822	33,736	-	-	33,736
United Way	39,457	-	-	39,457	43,017	-	-	43,017
Contributions and grants	421,983	-	-	421,983	353,427	-	-	353,427
Contributions in-kind - prescription assistance program	-	1,983,044	-	1,983,044	-	1,839,870	-	1,839,870
Contributions in-kind - pharmaceuticals	-	1,181,836	-	1,181,836	-	1,231,383	-	1,231,383
Contributions in-kind - donated services	-	106,865	-	106,865	-	135,655	-	135,655
Other income	2,197	-	-	2,197	2,404	-	-	2,404
Investment income	4,061	-	-	4,061	881	-	-	881
Total unrestricted support and revenue	622,649	3,271,745	-	3,894,394	551,306	3,206,908	-	3,758,214
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total unrestricted support and revenue	622,649	3,271,745	-	3,894,394	551,306	3,206,908	-	3,758,214
Expenses								
Program expenses	478,824	3,271,745	-	3,750,569	404,811	3,206,908	-	3,611,719
General and administrative expenses	99,469	-	-	99,469	97,164	-	-	97,164
Total expenses	578,293	3,271,745	-	3,850,038	501,975	3,206,908	-	3,708,883
Change in net assets	44,356	-	-	44,356	49,331	-	-	49,331
Net assets, beginning of year	377,780	-	-	377,780	328,449	-	-	328,449
Net assets, end of year	\$ 422,136	\$ -	\$ -	\$ 422,136	\$ 377,780	\$ -	\$ -	\$ 377,780

See notes to financial statements.

OZANAM CHARITABLE PHARMACY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2023 with Comparative Totals for 2022

	Program Expenses	Contributed Pharmaceuticals	General and Administrative	2023 Total Expenses	2022 Total Expenses
Salaries and wages	\$ 251,724	\$ -	\$ 71,422	\$ 323,146	\$ 289,828
Payroll taxes	19,343	-	5,464	24,807	22,748
Fringe benefits	-	-	7,359	7,359	7,359
Total personnel	271,067	-	84,245	355,312	319,935
Computer services	15,234	-	1,693	16,927	13,926
Disaster preparedness	-	-	-	-	180
Dues and subscriptions	2,354	-	262	2,616	2,439
Insurance	11,147	-	1,239	12,386	11,387
Marketing expenses	10,690	-	-	10,690	13,992
Miscellaneous	3,362	-	374	3,736	4,336
Office supplies	5,595	-	620	6,215	7,636
Pharmaceuticals in-kind - prescription assistance program	-	1,983,044	-	1,983,044	1,839,870
Pharmaceuticals - in kind	-	1,181,836	-	1,181,836	1,231,383
Pharmaceuticals - purchased	83,900	-	-	83,900	81,369
Pharmacy supplies	16,130	-	-	16,130	5,833
Postage and shipping	6,584	-	732	7,316	2,919
Printing	5,180	-	576	5,756	5,520
Professional fees	-	-	5,675	5,675	5,376
Program supplies	11,100	-	-	11,100	-
Rent	2,250	-	250	2,500	2,500
Repairs and maintenance	13,642	-	1,516	15,158	3,207
Security services	264	-	29	293	809
Services - in kind	-	106,865	-	106,865	135,655
Taxes and licenses	937	-	104	1,041	451
Telephone	5,876	-	653	6,529	5,847
Travel	2,409	-	268	2,677	2,628
Utilities	10,254	-	1,139	11,393	10,260
Total expenses before depreciation	477,975	3,271,745	99,375	3,849,095	3,707,458
Depreciation	849	-	94	943	1,425
Total expenses	<u>\$ 478,824</u>	<u>\$ 3,271,745</u>	<u>\$ 99,469</u>	<u>\$ 3,850,038</u>	<u>\$ 3,708,883</u>

See notes to financial statements.

OZANAM CHARITABLE PHARMACY, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 44,356	\$ 49,331
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	943	1,425
Net realized (gain) loss on investments	(1,832)	(474)
(Increase) decrease in:		
Grants receivable	(11,880)	(22,527)
Inventory	864	(562)
Prepaid expenses	(21,548)	1,699
Increase (decrease) in:		
Accounts payable and accrued expenses	2,502	1,548
Accrued vacation payable	(587)	4,147
Deferred revenue	92,127	(10,000)
	104,945	24,587
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of office equipment	-	(3,096)
Purchase of investments	-	(50,000)
	-	(53,096)
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	104,945	(28,509)
Cash, beginning of year	202,157	230,666
Cash, end of year	\$ 307,102	\$ 202,157

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Nature of Business

The Ozanam Charitable Pharmacy, Inc. (the "Organization") provides prescriptions for indigent clients. The prescriptions are filled from pharmaceutical samples donated by area physicians and are supplemented by general medications purchased with cash contributions from area businesses, foundations and individuals. The medicines are dispensed by volunteer and paid registered pharmacists to clients who have a doctor's prescription. There is no charge to those who receive this assistance.

The Organization also has a prescription assistance program. Under this program, the Organization assists financially eligible clients to obtain prescription medicine from major pharmaceutical companies. There is no charge to those who receive this assistance.

The Organization is directed by an active Board of Directors whose members serve without compensation.

Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared utilizing the accrual basis of accounting.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are 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.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Inventory

The Organization records purchased pharmaceutical inventory at historical cost and donated pharmaceutical inventory at fair value on the date received. From a practical standpoint, a physical inventory at year end would be a substantially cumbersome task and therefore, no physical count is made. Instead, the Organization estimates the value of inventory on hand at year end in accordance with guidelines promulgated by the American Institute of American Certified Public Accountants. These estimates are based on ratios and averages which management believes approximates the true value of inventory.

Accounts, promises to give and grants receivable

The Organization records bad debts using the direct write-off method. There is no material difference between the amount computed under this method and the result using the allowance method prescribed by generally accepted accounting principles. Therefore, no allowance for uncollectible accounts is recorded.

Summary of Significant Accounting Policies (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Organization values its financial assets and liabilities based on 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 hierarchy that prioritizes the inputs to valuation techniques is used to measure the fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into the following three levels, based on the reliability of the inputs:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date;

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and

Level 3: Significant unobservable inputs for the asset or liability that reflect the reporting organization's own estimates about the assumptions that market participants would use in pricing the asset or liability.

Property and equipment

Purchased property and equipment is capitalized at cost. The Organization follows the practice of capitalizing, at cost, or fair market value if donated, all expenditures for fixed assets in excess of \$500. Depreciation is provided principally on the straight-line method over the estimated useful lives of the depreciable assets.

Income taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

A policy for accounting for uncertainty in income taxes was adopted in prior years that require the Organization to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The Organization has no uncertain tax positions that qualified for either recognition or disclosure in the financial statements at September 30, 2023 or September 30, 2022.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Summary of Significant Accounting Policies (continued)

Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, occupancy and telephone costs which are allocated based on the ratio of program revenue to total revenue.

Comparative amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

Subsequent events

The Organization has evaluated subsequent events through December 15, 2023, the date which the financial statements were available to be issued.

Investments

Investments are stated at fair value and are summarized as follows as of September 30:

	2023			
	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 212,356	\$ -	\$ -	\$ 212,356
Total	<u>\$ 212,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,356</u>
	2022			
	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 210,524	\$ -	\$ -	\$ 210,524
Total	<u>\$ 210,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,524</u>

Investments (continued)

Investment return is summarized as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 4,061	\$ 881
Realized gains (losses)	-	-
Unrealized gains (losses)	-	-
Administrative fees	-	-
Total	<u>\$ 4,061</u>	<u>\$ 881</u>

Donated Materials, Facility, and Services

The estimated value of donated services of skilled workers is recorded as support and as labor expense in the statement of activities if those services would typically need to be purchased if not provided by donation.

The estimated value of the donated services was calculated as follows:

	<u>2023</u>		Estimated Value of Services
	<u>No. of Hours</u>	Hourly Rate	
Pharmacists	337	71.00	\$ 23,927
Pharmacy interns	320	30.00	9,600
Technicians	1,991	18.00	35,838
Licensed case screeners	1,500	25.00	<u>37,500</u>
			<u>\$ 106,865</u>
	<u>2022</u>		Estimated Value of Services
	<u>No. of Hours</u>	Hourly Rate	
Pharmacists	338	65.00	\$ 21,970
Pharmacy interns	1,200	28.00	33,600
Technicians	2,839	15.00	42,585
Licensed case screener	1,500	25.00	<u>37,500</u>
			<u>\$ 135,655</u>

Physicians and hospitals donate manufacturers' samples and other pharmaceuticals to the Organization. These items are recorded at their estimated fair value on the date of donation as support and as pharmaceutical expense.

The Organization also has a prescription assistance program. Under this program, the Organization obtains prescription drugs directly from the manufacturer for eligible clients. These items are recorded at their estimated fair value on the date of donation as support and as pharmaceutical expense.

Liquidity and Availability of Financial Assets

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

	<u>2023</u>	<u>2022</u>
Financial assets at year-end	\$ 583,112	\$ 464,455
Less those unavailable for general expenditures within one year, due to:		
	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 583,112</u>	<u>\$ 464,455</u>

Operating Lease

In January 2023 the Organization entered into a one-year lease for office space beginning January 1, 2023. The annual lease payment will be \$2,500 payable in advance. Rent expense for the years ended September 30, 2023 and 2022, amounted to \$2,500 and \$2,500, respectively. The lease has a provision for an additional one-year renewal.