

**VOLUNTEERS IN MEDICINE CLINIC**

**FINANCIAL STATEMENTS**

**For the Years Ended September 30, 2022 and 2021**

*Jones & Roth*

CPAs & Business Advisors

VOLUNTEERS IN MEDICINE CLINIC  
FINANCIAL STATEMENTS  
For the Years Ended September 30, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Volunteers in Medicine Clinic  
Springfield, Oregon

### Opinion

We have audited the accompanying financial statements of Volunteers in Medicine Clinic (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteers in Medicine Clinic as of September 30, 2022 and 2021, 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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Volunteers in Medicine Clinic and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Volunteers in Medicine Clinic'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

Our objectives are 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 our 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, we:

- 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 Volunteers in Medicine Clinic'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Volunteers in Medicine Clinic's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

*Jones & Roth, P.C.*

Jones & Roth, P.C.  
Eugene, Oregon  
February 20, 2023

## FINANCIAL STATEMENTS

VOLUNTEERS IN MEDICINE CLINIC  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 606,711	\$ 850,514
Unconditional promise to give, current portion	76,000	75,000
Unconditional promises to give, facility, current portion	220,384	104,072
Medicine inventory	78,576	74,941
Retail inventory	23,143	20,576
Prepaid expenses	17,533	20,694
	<u>1,022,347</u>	<u>1,145,797</u>
<b>Leasehold improvements and equipment, net</b>	<u>6,537</u>	<u>7,911</u>
<b>Other assets</b>		
Endowment investments	737,413	873,612
Unconditional promise to give, net of current portion	6,144	68,782
Unconditional promises to give, facility, net of current portion	95,789	-
	<u>839,346</u>	<u>942,394</u>
<b>Total assets</b>	<u>\$ 1,868,230</u>	<u>\$ 2,096,102</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accrued expenses	\$ 21,558	\$ 12,931
Accrued vacation	23,382	34,182
Deferred revenue	2,280	-
	<u>47,220</u>	<u>47,113</u>
<b>Net assets</b>		
Without donor restriction:		
Undesignated	539,030	912,433
Board-designated	482,000	482,000
	<u>1,021,030</u>	<u>1,394,433</u>
With donor restriction	<u>799,980</u>	<u>654,556</u>
	<u>1,821,010</u>	<u>2,048,989</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,868,230</u>	<u>\$ 2,096,102</u>

The accompanying notes are an integral part of these statements.

VOLUNTEERS IN MEDICINE CLINIC  
STATEMENTS OF ACTIVITIES  
For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Net assets without donor restriction</b>		
Revenue and other support:		
Contribution income	\$ 324,638	\$ 534,471
In-kind donations	392,103	401,244
Special events income	192,090	155,828
In-kind fundraising event donations	38,402	41,131
Auction sales	67,220	33,128
Patient income	10,403	7,347
Interest income	233	230
Endowment investment income (loss)	(100,426)	111,836
In-kind volunteer medical services	167,961	160,984
Thrift store	26,406	24,066
Other income	398	1,593
Net assets released from restrictions	<u>625,373</u>	<u>923,685</u>
Total revenue and other support	<u>1,744,801</u>	<u>2,395,543</u>
Expenses:		
Program services:		
Medical clinic and thrift store	1,628,398	1,610,123
Support services:		
Management and general	219,518	219,860
Fundraising	<u>270,288</u>	<u>211,340</u>
Total expenses	<u>2,118,204</u>	<u>2,041,323</u>
(Increase) decrease in net assets without donor restriction	<u>(373,403)</u>	<u>354,220</u>
<b>Net assets with donor restriction</b>		
Revenues and other support:		
Contribution income	13,361	143,782
Grant revenue	323,800	714,922
In-kind contribution, facility	433,636	20,018
Net assets released from restrictions	<u>(625,373)</u>	<u>(923,685)</u>
Increase (decrease) in net assets with donor restriction	<u>145,424</u>	<u>(44,963)</u>
<b>Change in net assets</b>	(227,979)	309,257
Net assets, beginning of year	<u>2,048,989</u>	<u>1,739,732</u>
Net assets, end of year	<u>\$ 1,821,010</u>	<u>\$ 2,048,989</u>

The accompanying notes are an integral part of these statements.

VOLUNTEERS IN MEDICINE CLINIC  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended September 30, 2022 and 2021

	2022			
	Program Services	Support Services		Total
	Medical Clinic & Thrift Store	Management and General	Fundraising	
<b>Expenses</b>				
Payroll	\$ 547,359	\$ 111,920	\$ 97,213	\$ 756,492
Payroll taxes	51,704	11,308	9,203	72,215
Employee benefits	42,375	19,862	14,335	76,572
Medicine	17,110	-	-	17,110
Medical record and transcription services	13,912	-	-	13,912
Cleaning and maintenance	3,530	-	-	3,530
Equipment rental and maintenance	2,101	286	28,447	30,834
Professional services	87,600	27,680	28,245	143,525
Utilities	16,968	-	-	16,968
Insurance, general	24,496	4,409	-	28,905
Bank fees	2	110	5,998	6,110
Volunteer and staff appreciation	1,866	536	788	3,190
Marketing and public relations	3,716	2,220	2,098	8,034
Telephone	8,040	540	1,020	9,600
Office supplies	3,774	1,171	879	5,824
Printing	2,211	1,000	9,371	12,582
Travel and education	287	307	680	1,274
Medical supplies	17,044	-	-	17,044
Miscellaneous	379	694	17,839	18,912
Rent	7,056	8,186	2,628	17,870
Alarm system	450	-	-	450
Thrift store expenses	35,560	-	-	35,560
Total accrued expenses	<u>887,540</u>	<u>190,229</u>	<u>218,744</u>	<u>1,296,513</u>
<b>In-kind and depreciation expenses</b>				
In-kind medicine	368,538	-	-	368,538
In-kind volunteer services	149,238	11,775	6,948	167,961
In-kind clinical, lab services, and other	22,661	-	-	22,661
In-kind lease expense	191,646	16,747	13,142	221,535
In-kind expenses, other	7,538	630	31,454	39,622
Depreciation	1,237	137	-	1,374
Total in-kind and depreciation expenses	<u>740,858</u>	<u>29,289</u>	<u>51,544</u>	<u>821,691</u>
Total expenses	<u>\$ 1,628,398</u>	<u>\$ 219,518</u>	<u>\$ 270,288</u>	<u>\$ 2,118,204</u>
Percentage of total expenses	76.9%	10.4%	12.8%	



2021

Program Services	Support Services		
Medical Clinic & Thrift Store	Management and General	Fundraising	Total
\$ 541,809	\$ 117,874	\$ 89,286	\$ 748,969
47,389	10,404	7,778	65,571
39,693	22,746	15,585	78,024
21,982	-	-	21,982
14,315	-	-	14,315
4,048	-	-	4,048
4,553	466	12,705	17,724
74,789	32,278	15,584	122,651
16,175	-	-	16,175
31,375	6,004	1,768	39,147
-	320	5,000	5,320
4,052	454	227	4,733
2,064	1,562	1,957	5,583
8,040	540	1,020	9,600
4,500	1,044	1,551	7,095
805	182	5,123	6,110
348	341	648	1,337
11,354	-	-	11,354
2,969	623	96	3,688
6,823	8,178	2,628	17,629
450	-	-	450
37,537	-	-	37,537
<u>875,070</u>	<u>203,016</u>	<u>160,956</u>	<u>1,239,042</u>
369,722	-	-	369,722
160,984	-	-	160,984
4,830	-	-	4,830
191,646	16,342	13,005	220,993
4,644	144	37,379	42,167
3,227	358	-	3,585
<u>735,053</u>	<u>16,844</u>	<u>50,384</u>	<u>802,281</u>
<u>\$ 1,610,123</u>	<u>\$ 219,860</u>	<u>\$ 211,340</u>	<u>\$ 2,041,323</u>
78.9%	10.8%	10.4%	

The accompanying notes are an integral part of these statements.

VOLUNTEERS IN MEDICINE CLINIC  
STATEMENTS OF CASH FLOWS  
For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (227,979)	\$ 309,257
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Non-cash contribution of facility	(433,636)	(20,018)
Depreciation	1,374	3,585
Endowment investment (income) loss	100,426	(111,836)
Amortization of donated facility	221,535	220,993
Non-cash donations of medicine inventory	2,884	(23,574)
Non-cash donations of retail inventory	(2,567)	(2,082)
(Increase) decrease in:		
Medicine inventory	(6,519)	338
Prepaid expenses	3,161	834
Unconditional promises to give	61,638	(143,782)
Increase (decrease) in:		
Deferred revenue	2,280	-
Accrued expenses	8,627	1,328
Accrued vacation	<u>(10,800)</u>	<u>(11,894)</u>
 Net cash provided (used) by operating activities	 <u>(279,576)</u>	 <u>223,149</u>
<b>Cash flows from investing activities</b>		
Purchase of endowment investments	(621,044)	(217,557)
Proceeds from sale of endowment investments	656,817	248,676
Purchase of property, plant, and equipment	<u>-</u>	<u>(5,808)</u>
 Net cash provided by investing activities	 <u>35,773</u>	 <u>25,311</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(243,803)</b>	<b>248,460</b>
Cash and cash equivalents, beginning of year	<u>850,514</u>	<u>602,054</u>
Cash and cash equivalents, end of year	<u>\$ 606,711</u>	<u>\$ 850,514</u>

The accompanying notes are an integral part of these statements.

VOLUNTEERS IN MEDICINE CLINIC  
NOTES TO FINANCIAL STATEMENTS

**1. Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

Volunteers in Medicine Clinic (the Organization) is a nonprofit organization that operates in Lane County, Oregon, providing for the health and wellness needs of the medically underserved and their households.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**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, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Endowment Investments**

Endowment investments are composed of certificate of deposits, mutual funds, bond funds, exchange traded products, common stocks, and REITs and are carried at fair value.

**Unconditional Promises to Give**

Unconditional promises to give are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give that are to be received in future periods are discounted at an appropriate rate. Management has determined that outstanding promises to give are fully collectible. Therefore, no allowance for uncollectible promises to give is considered necessary at September 30, 2022 and 2021.

**Medicine Inventory**

Inventory consists of purchased, free, and donated medicines. Purchased medicines are stated at the lower of cost at acquisition (first in, first out method) or market. Free and donated medicines are stated at the lower of fair market value at the date of the donation (first in, first out method) or market. Beginning October 1, 2015, the Organization elected to capitalize in inventory free and donated medicines on hand. Previously, such medicines were expensed at the date of donation.

VOLUNTEERS IN MEDICINE CLINIC  
NOTES TO FINANCIAL STATEMENTS

**1. Nature of Operations and Summary of Significant Accounting Policies, continued**

**Leasehold Improvements, Equipment, and Depreciation**

Leasehold improvements and equipment are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated on the double declining balance and straight-line method over their estimated useful lives.

**Revenue Recognition**

Contributions received are recorded as with or without donor restriction depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

Contributions of donated non-cash assets and services are recorded at their fair value in the period received.

**Income Tax Status**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, no provision for federal or state income taxes has been included in these financial statements.

**Concentration of Credit Risk**

The Organization maintains its cash in various financial institutions. The balances, at times, may exceed the federally insured limit of \$250,000. At September 30, 2022 and 2021, deposits exceeded the federally insured limit by \$237,634 and \$533,397, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and cash equivalents.

**Net Assets**

Net assets of the Organization consist of the following:

*Without donor restriction* – These net assets are available for general obligations of the Organization.

*With donor restriction* – These net assets are restricted by donors and grantors to be used for specific purposes.

VOLUNTEERS IN MEDICINE CLINIC  
NOTES TO FINANCIAL STATEMENTS

**1. Nature of Operations and Summary of Significant Accounting Policies, continued**

**Endowment Fund Policy**

The Board of Directors has established guidelines for the utilization of the Endowment Fund maintained to benefit the general purposes of the Organization. The policy sets forth that the Organization shall accept current and deferred gifts to the Endowment Fund. The Organization's policy is to allow for the release of any earnings above the Endowment's value of \$770,917 for operations.

The strategic objective of the Endowment is to attain a long-term rate of return modestly in excess of the long-term rate of inflation while maintaining a level of portfolio diversification, volatility and risk deemed appropriate for the Endowment by the Committee. The Organization engaged the services of an investment manager during 2022 and 2021.

Endowment Fund investments are limited to equity and directional strategies, debt instruments, and cash.

**Expense Allocation**

The Organization allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly to that program or support service according to their natural expenditure classification. Other expenses that are common to several functions are allocated among the programs and support services benefited.

**Recent Accounting Standard Adopted**

During the year ended September 30, 2022, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07 *Not-for-Profit Entities* (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 increased the transparency of contributed nonfinancial assets for not-for-profit entities through changes to presentation and disclosure. The ASU requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities. The ASU also requires a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category, along with the use, restrictions, and valuation techniques for each category. The Organization adopted the new standard effective October 1, 2021, using the full retrospective approach in these financial statements.

VOLUNTEERS IN MEDICINE CLINIC  
NOTES TO FINANCIAL STATEMENTS

**2. Liquidity and Availability of Resources**

The Organization has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At September 30, 2022 and 2021, the Organization's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 606,711	\$ 850,514
Endowments	<u>737,413</u>	<u>873,612</u>
	1,344,124	1,724,126
Less unspent grant funds	(20,673)	(25,711)
Less perpetually restricted portion of endowment	(380,991)	(380,991)
Less board designated funds	<u>(482,000)</u>	<u>(482,000)</u>
Financial assets available for general expenditure	<u>\$ 460,460</u>	<u>\$ 835,424</u>

The Board of Directors has designated a portion of the Organization's net assets without donor restrictions to be reserved for the purpose of future operating reserves. The Board designated funds are held in investments and endowments.

**3. Endowment Investments**

At September 30, the Endowment Fund consisted of the following:

	<u>2022</u>	<u>2021</u>
Earnings	\$ 356,422	\$ 492,621
Perpetually restricted	<u>380,991</u>	<u>380,991</u>
Total Endowment investments	<u>\$ 737,413</u>	<u>\$ 873,612</u>

The following table summarizes Endowment Fund activity:

	<u>2022</u>	<u>2021</u>
Balance, October 1	\$ 873,612	\$ 792,895
Distributions	(35,773)	(31,484)
Investment return, net	<u>(100,426)</u>	<u>112,201</u>
Balance, September 30	<u>\$ 737,413</u>	<u>\$ 873,612</u>

## VOLUNTEERS IN MEDICINE CLINIC NOTES TO FINANCIAL STATEMENTS

### 4. Fair Value Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to their fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022 and 2021.

*Securities:* Quoted market prices are used to value each security at year end.

*Certificates of deposit:* Valued at the quoted market value of certificates held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

VOLUNTEERS IN MEDICINE CLINIC  
NOTES TO FINANCIAL STATEMENTS

**4. Fair Value Measurement**, continued

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2022 and 2021:

	<u>Assets at Fair Value as of September 30, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 188,107	\$ -	\$ -	\$ 188,107
Securities, consisting of mutual funds, bond funds, exchange traded products, common stock, and REITs	<u>549,306</u>	<u>-</u>	<u>-</u>	<u>549,306</u>
Total assets at fair value	<u>\$ 737,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 737,413</u>
	<u>Assets at Fair Value as of September 30, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 301,000	\$ -	\$ -	\$ 301,000
Securities, consisting of mutual funds, bond funds, exchange traded products, common stock, and REITs	<u>572,612</u>	<u>-</u>	<u>-</u>	<u>572,612</u>
Total assets at fair value	<u>\$ 873,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873,612</u>

**5. Unconditional Promises to Give**

At September 30, unconditional promises to give consisted of the following:

	<u>2022</u>	<u>2021</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 76,000	\$ 75,000
One year to five years	<u>8,000</u>	<u>75,000</u>
Gross unconditional promises to give	84,000	150,000
Less discount to present value	<u>(1,856)</u>	<u>(6,218)</u>
Unconditional promises to give, net	<u>\$ 82,144</u>	<u>\$ 143,782</u>

Unconditional promises to give due in greater than one year were discounted by 4.50 percent and 6.00 percent during the years ended September 30, 2022, and 2021, respectively.



VOLUNTEERS IN MEDICINE CLINIC  
NOTES TO FINANCIAL STATEMENTS

**6. Unconditional Promises to Give, Facility**

The Organization leases a 9,126 square foot building under a five-year operating lease where the annual lease payment is \$12. The original lease commenced on April 1, 2010, and had an expiration date of March 31, 2015. The lease has been extended multiple times and currently expires March 31, 2024.

The Organization moved into a leased 485 square foot building (storage) under a one-year operating lease where the annual lease payment is \$1. The lease commenced on October 1, 2017 and expired on September 30, 2018. The lease was extended for a one-year period starting on October 1, 2018, and again extended for one year starting on October 1, 2019. The lease was cancelled, effective January 1, 2020.

The Organization moved into a leased 922 square foot building (storage) under a one-year operating lease where the annual lease payment is \$1. The lease commenced on August 1, 2020 and expired on July 31, 2021. The lease has been extended multiple times and currently expires July 31, 2023.

The Organization leases a 1,513 square foot space (administrative office) under a two-year operating lease where the annual lease payment is \$12. The original lease commenced on November 1, 2011, and ended on November 30, 2013. The lease has been extended multiple times and currently expires on November 30, 2023.

At September 30, the present value of the estimated future fair value of these lease payments, using a discount rate of 6 percent, was treated as an unconditional promise to give and consisted of the following:

	2022	2021
Unconditional promises to give, facility	\$ 319,946	\$ 105,754
Unamortized discount	(3,773)	(1,682)
Net unconditional promises to give, facility	\$ 316,173	\$ 104,072
Amounts due in:		
Less than one year	\$ 220,384	\$ 104,072
One to five years	95,789	-
	\$ 316,173	\$ 104,072

**7. Operating Lease Obligations**

The Organization leases a building (thrift store) under a three-year operating lease where the monthly lease payment is \$2,500. The original lease commenced on April 1, 2019 and expired on March 31, 2022. The lease was extended and currently expires on April 31, 2024. Total lease expense for the years ended September 30, 2022 and 2021, was \$30,000.

VOLUNTEERS IN MEDICINE CLINIC  
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**7. Operating Lease Obligations, continued**

Future minimum payments under the above lease, as well as those in Note 6, are as follows:

<u>For the Year Ending September 30,</u>	
2023	\$ 30,024
2024	17,508
2025	-
2026	-
2027	-
Thereafter	<u>-</u>
Total	<u>\$ 47,532</u>

**8. Leasehold Improvements and Equipment**

At September 30, leasehold improvements and equipment consisted of the following:

	2022	2021
Medical equipment	\$ 77,522	\$ 77,522
Office equipment	94,780	94,780
Office furniture	19,046	19,046
Leasehold improvements	<u>289,056</u>	<u>289,056</u>
	480,404	480,404
Accumulated depreciation	<u>(473,867)</u>	<u>(472,493)</u>
Leasehold improvements and equipment, net	<u>\$ 6,537</u>	<u>\$ 7,911</u>

**9. Net Assets With Donor Restriction**

At September 30, net assets with donor restriction were available for the following purposes:

	2022	2021
In-kind facility lease donation	\$ 316,173	\$ 104,072
Unconditional promises to give	82,143	143,782
Grant revenue	20,673	25,711
Perpetual endowment	<u>380,991</u>	<u>380,991</u>
Total net assets with donor restriction	<u>\$ 799,980</u>	<u>\$ 654,556</u>

**10. Board-designated Net Assets**

At September 30, Board-designated net assets were available for the following purposes:

	2022	2021
Operating reserves	<u>\$ 482,000</u>	<u>\$ 482,000</u>

## VOLUNTEERS IN MEDICINE CLINIC NOTES TO FINANCIAL STATEMENTS

### 11. Retirement Plan

The Organization established a Savings Incentive Match Plan for Employees (SIMPLE) effective January 1, 2015. Under the SIMPLE plan, eligible employees may make elective contributions up to the maximum amount allowable by law. The Organization will make a non-elective contribution equal to 2 percent of the eligible employees' compensation each calendar year. Contributions to the plan totaled \$14,110 and \$14,255 for the years ended September 30, 2022 and 2021, respectively.

### 12. Related Party Transactions

The Board of Directors made contributions to the Organization of \$6,916 and \$20,942 during the years ended September 30, 2022 and 2021, respectively.

### 13. Contributions of Nonfinancial Assets

The Organization's financial statements include the following contributions of nonfinancial assets:

#### **Medicine**

The Organization receives donated medicine to be used for patient care. The donated items are recognized as in-kind contributions at fair value, with a corresponding expense allocated to the program benefitted. The valuation of these items is determined by retail price.

#### **Medical Supplies**

The Organization receives donated medical supplies to be used for patient care. The donated items are recognized as in-kind contributions at fair value, with a corresponding expense allocated to the program benefitted. The valuation of these items is determined by retail price.

#### **Other**

Other in-kind contributions consist primarily of supplies and other items to be used for various purposes. These items are recognized as in-kind contributions at fair value, with a corresponding expense as they are used. The valuation of these items is determined by the donor.

#### **Fundraising Event Donations**

The Organization receives donated items to be auctioned off or used during annual fundraising events. The donated items are recognized as in-kind contributions at fair value, with a corresponding expense allocated to the programs benefitted. The valuation of these items is determined by the donor.

#### **Volunteer Medical Services**

The Organization receives donated professional medical services from volunteers that would need to be purchased if not provided as an in-kind contribution. These medical services, which require specialized skills, are recognized as in-kind contributions at fair value, and are expensed when the services are rendered. The fair value of these services is estimated by using hourly wages.

#### **Facility**

The Organization has three in-kind leases for the administration office, medical clinic, and storage facilities, respectively. The leases are recognized as an in-kind contribution at the discounted value of the lease, as determined by the rental market. As the lease term expires, in-kind expense is recognized for the portion of the lease used. The leases are restricted in use as an administrative office, medical clinic, and storage facility, respectively.

VOLUNTEERS IN MEDICINE CLINIC  
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**13. Contributions of Nonfinancial Assets, continued**

The Organization received the following contributions of nonfinancial assets during the years ended September 30:

	<u>2022</u>	<u>2021</u>
Medicine	\$ 369,400	\$ 393,296
Medical supplies	21,483	4,859
Other	<u>1,220</u>	<u>3,089</u>
Total in-kind donations	392,103	401,244
Fundraising event donations	38,402	41,131
Volunteer medical services	167,961	160,984
Facility	<u>433,636</u>	<u>20,018</u>
Total contributions of nonfinancial assets	<u>\$ 1,032,102</u>	<u>\$ 623,377</u>

**14. Special Events**

At September 30, special events consisted of the following:

	<u>2022</u>	<u>2021</u>
Special events income	\$ 192,090	\$ 155,828
Auction sales	67,220	33,128
Less: Direct donor benefits	<u>(86,562)</u>	<u>(37,078)</u>
Special events income, net	<u>\$ 172,748</u>	<u>\$ 151,878</u>

**15. Paycheck Protection Program Loan Forgiveness**

In March 2021, to mitigate the effect of the COVID-19 outbreak, the Organization requested and was granted a second loan under the Paycheck Protection Program by Umpqua Bank, administered through the United States Small Business Administration, in the amount of \$176,422. Allowable uses for the loan proceeds include payroll, rent, and other operating expenses in accordance with the provisions of the Coronavirus Aid, Relief and Economic Security Act (the CARES Act).

As of September 30, 2021, the Organization had expended all of the funds and management believed the entire amount of the loan will be forgiven. As such, the funds were recognized as grant revenue on the statement of activities for the year ended September 30, 2021. The Organization received an official letter of forgiveness in January 2022 noting the loan was forgiven as of December 31, 2021.

**16. Subsequent Events**

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.