

VOLUNTEERS IN MEDICINE CLINIC
FINANCIAL STATEMENTS
For the Year Ended September 30, 2023



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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 statement of financial position as of September 30, 2023, and the related statement of activities, functional expenses, and cash flows for the year 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, 2023, 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.

Basis for Opinion

We conducted our audit 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
June 26, 2024

FINANCIAL STATEMENTS

VOLUNTEERS IN MEDICINE CLINIC
STATEMENT OF FINANCIAL POSITION
September 30, 2023

Assets

Current assets

Cash and cash equivalents	\$ 474,845
Unconditional promise to give, current portion	42,000
Unconditional promises to give, facility, current portion	125,027
Employee Retention Credit receivable	172,133
Medicine inventory	73,381
Retail inventory	28,448
Prepaid expenses	<u>22,821</u>
Total current assets	<u>938,655</u>

Leasehold improvements and equipment, net

10,108

Other assets

Endowment investments	791,411
Unconditional promise to give, net of current portion	77,077
Unconditional promises to give, facility, net of current portion and discount	<u>23,583</u>
Total other assets	<u>892,071</u>

Total assets

\$ 1,840,834

Liabilities and Net Assets

Current liabilities

Accrued expenses	\$ 11,387
Accrued vacation	32,788
Deferred revenue	<u>12,495</u>
Total current liabilities	<u>56,670</u>

Net assets

Without donor restriction:	
Undesignated	614,575
Board-designated	<u>482,000</u>
Total without donor restriction	1,096,575
With donor restriction:	
Temporarily restricted	306,598
Perpetually restricted	<u>380,991</u>
Total with donor restriction	<u>687,589</u>
Total net assets	<u>1,784,164</u>

Total liabilities and net assets

\$ 1,840,834

The accompanying notes are an integral part of these statements.

VOLUNTEERS IN MEDICINE CLINIC
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net assets without donor restriction

Revenue and other support:

Contribution income	\$ 347,936
In-kind donations	634,259
Special events income	274,931
In-kind fundraising event donations	63,838
Auction sales	63,785
Patient income	7,251
Interest income	514
Endowment investment income	77,566
In-kind volunteer medical services	345,964
Thrift store	32,476
Other income	2,587
Employee Retention Credit	172,133
Net assets released from restrictions	<u>690,004</u>
Total revenue and other support	<u>2,713,244</u>

Expenses:

Program services:	
Medical clinic and thrift store	2,114,294
Support services:	
Management and general	202,420
Fundraising	<u>320,985</u>
Total expenses	<u>2,637,699</u>
Increase in net assets without donor restriction	<u>75,545</u>

Net assets with donor restriction

Revenues and other support:

Contribution income	115,033
Grant revenue	408,500
In-kind contribution, facility	54,080
Net assets released from restrictions	<u>(690,004)</u>
Decrease in net assets with donor restriction	<u>(112,391)</u>

Change in net assets

(36,846)

Net assets, beginning of year	<u>1,821,010</u>
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Net assets, end of year	<u>\$ 1,784,164</u>
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The accompanying notes are an integral part of these statements.

VOLUNTEERS IN MEDICINE CLINIC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2023

	Program		Fundraising	Total	
	Services	Support Services			
	Medical Clinic & Thrift Store	Management and General			
Expenses					
Payroll	\$ 561,867	\$ 109,079	\$ 115,469	\$ 786,415	
Payroll taxes	50,568	10,160	10,957	71,685	
Employee benefits	44,779	14,207	12,878	71,864	
Medicine	19,800	-	-	19,800	
Medical record and transcription services	10,620	-	-	10,620	
Cleaning and maintenance	4,492	-	-	4,492	
Equipment rental and maintenance	1,615	829	31,516	33,960	
Professional services	119,580	29,956	35,528	185,064	
Utilities	19,255	-	-	19,255	
Insurance, general	20,898	4,456	-	25,354	
Bank fees	-	122	7,316	7,438	
Volunteer and staff appreciation	2,753	317	1,045	4,115	
Marketing and public relations	1,659	7,950	2,949	12,558	
Telephone	8,300	450	850	9,600	
Office supplies	5,516	1,037	982	7,535	
Printing	1,520	118	11,799	13,437	
Travel and education	585	28	1,327	1,940	
Medical supplies	22,731	-	-	22,731	
Miscellaneous	199	681	10,305	11,185	
Rent	7,669	6,185	2,190	16,044	
Alarm system	735	-	-	735	
Thrift store expenses	36,891	-	-	36,891	
	<u>942,032</u>	<u>185,575</u>	<u>245,111</u>	<u>1,372,718</u>	
Total accrued expenses					
In-kind and depreciation expenses					
In-kind medicine	608,820	-	-	608,820	
In-kind volunteer services	345,964	-	-	345,964	
In-kind clinical, lab services, and other	18,883	-	-	18,883	
In-kind lease expense	191,644	16,829	13,170	221,643	
In-kind expenses, other	5,543	-	62,704	68,247	
Depreciation	1,408	16	-	1,424	
	<u>1,172,262</u>	<u>16,845</u>	<u>75,874</u>	<u>1,264,981</u>	
Total in-kind and depreciation expenses					
Total expenses	<u>\$ 2,114,294</u>	<u>\$ 202,420</u>	<u>\$ 320,985</u>	<u>\$ 2,637,699</u>	
Percentage of total expenses	80.2%	7.7%	12.2%		

The accompanying notes are an integral part of these statements.

VOLUNTEERS IN MEDICINE CLINIC
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023

Cash flows from operating activities

Change in net assets	\$ (36,846)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Non-cash contribution of facility	(54,080)
Depreciation	1,424
Endowment investment income	(77,566)
Amortization of donated facility	221,643
Non-cash donations of medicine inventory	3,158
Non-cash donations of retail inventory	(5,305)
(Increase) decrease in:	
Medicine inventory	2,037
Prepaid expenses	(5,288)
Employee Retention Credit receivable	(172,133)
Unconditional promises to give	(36,933)
Increase (decrease) in:	
Deferred revenue	10,215
Accrued expenses	(10,171)
Accrued vacation	<u>9,406</u>
 Net cash used by operating activities	 <u>(150,439)</u>

Cash flows from investing activities

Purchase of endowment investments	(178,566)
Proceeds from sale of endowment investments	202,134
Purchase of property, plant, and equipment	<u>(4,995)</u>
 Net cash provided by investing activities	 <u>18,573</u>

Decrease in cash and cash equivalents

	(131,866)
Cash and cash equivalents, beginning of year	<u>606,711</u>
Cash and cash equivalents, end of year	<u>\$ 474,845</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 certificates of deposit, mutual funds, bond funds, exchange traded products, common stocks, and Real Estate Investment Trusts (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, 2023.

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 are recorded when received or promised and 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 statement 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, 2023, deposits exceeded the federally insured limit by \$172,582. 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 \$600,000 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 2023.

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.

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, 2023, the Organization's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

Cash and cash equivalents	\$ 474,845
Endowments	<u>791,411</u>
	1,266,256
Less unspent grant funds	(36,713)
Less perpetually restricted portion of endowment	(380,991)
Less board designated funds	<u>(482,000)</u>
Financial assets available for general expenditure	<u>\$ 366,552</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.

VOLUNTEERS IN MEDICINE CLINIC
NOTES TO FINANCIAL STATEMENTS

3. Endowment Investments

At September 30, 2023 the Endowment Fund consisted of the following:

Earnings	\$ 410,420
Perpetually restricted	<u>380,991</u>
Total Endowment investments	<u>\$ 791,411</u>

The following table summarizes Endowment Fund activity:

Balance, October 1, 2022	\$ 737,413
Distributions	(23,568)
Investment return, net	<u>77,566</u>
Balance, September 30, 2023	<u>\$ 791,411</u>

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.

VOLUNTEERS IN MEDICINE CLINIC
NOTES TO FINANCIAL STATEMENTS

4. Fair Value Measurement, continued

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, 2023.

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.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2023:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 179,696	\$ -	\$ -	\$ 179,696
Securities, consisting of mutual funds, bond funds, exchange traded products, common stock, and REITs	611,715	-	-	611,715
Total assets at fair value	\$ 791,411	\$ -	\$ -	\$ 791,411

5. Unconditional Promises to Give

At September 30, 2023, unconditional promises to give consisted of the following:

Unconditional promises expected to be collected in:	
Less than one year	\$ 42,000
One to five years	83,900
Gross unconditional promises to give	125,900
Less discount to present value	(6,823)
Unconditional promises to give, net of discount	\$ 119,077

Unconditional promises to give due in greater than one year were discounted by 4.50 percent during the year ended September 30, 2023.

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 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 expired July 31, 2024.

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, 2025.

At September 30, 2023, 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:

Unconditional promises to give, facility, expected to be collected in:	
Less than one year	\$ 125,027
One to five years	<u>26,831</u>
Gross unconditional promises to give, facility	151,858
Less discount to present value	<u>(3,248)</u>
Unconditional promises to give, facility, net of discount	<u>\$ 148,610</u>

7. Leasehold Improvements and Equipment

At September 30, 2023, leasehold improvements and equipment consisted of the following:

Medical equipment	\$ 82,517
Office equipment	94,780
Office furniture	19,046
Leasehold improvements	<u>289,056</u>
	485,399
Accumulated depreciation	<u>(475,291)</u>
Leasehold improvements and equipment, net	<u>\$ 10,108</u>

VOLUNTEERS IN MEDICINE CLINIC
NOTES TO FINANCIAL STATEMENTS

8. Net Assets With Donor Restriction

At September 30, 2023, net assets with donor restriction were available for the following purposes:

In-kind facility lease donation	\$	148,609
Unconditional promises to give		121,276
Grant revenue		36,713
Perpetual endowment		<u>380,991</u>
Total net assets with donor restriction	\$	<u>687,589</u>

9. Board-designated Net Assets

At September 30, 2023 Board-designated net assets were available for the following purposes:

Operating reserves	\$	<u>482,000</u>
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10. 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 \$12,835 for the year ended September 30, 2023.

11. Related Party Transactions

The Board of Directors made contributions to the Organization of \$13,650 during the year ended September 30, 2023.

12. 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.

VOLUNTEERS IN MEDICINE CLINIC
NOTES TO FINANCIAL STATEMENTS

12. Contributions of Nonfinancial Assets, continued

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.

The Organization received the following contributions of nonfinancial assets during the year ended September 30, 2023

Medicine	\$	606,920
Medical supplies		22,931
Other		<u>4,408</u>
Total in-kind donations		634,259
Fundraising event donations		63,838
Volunteer medical services		345,964
Facility		<u>54,080</u>
Total contributions of nonfinancial assets	\$	<u><u>1,098,141</u></u>

13. Special Events

At September 30, 2023, special events consisted of the following:

Special events income	\$	274,931
In-kind fundraising event donations		63,838
Auction sales		63,785
Less: Direct donor benefits		<u>(89,857)</u>
Special events income, net	\$	<u><u>312,697</u></u>

VOLUNTEERS IN MEDICINE CLINIC
NOTES TO FINANCIAL STATEMENTS

14. Employee Retention Credit

Under the provisions of the Coronavirus Aid, Relief and Economic Security Act and subsequent extension and modification of the provisions to expand eligibility, the Organization applied for employee retention credits during the year ended September 30, 2023. The employee retention credit is a refundable tax credit against certain employment taxes and eligibility is subject to specific criteria. The credits are considered nonexchange transactions accounted for as conditional contributions. Management of the Organization believes they had substantially met the conditions for the credits as of September 30, 2023.

15. 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.