

**COMMUNITY VOLUNTEERS  
IN MEDICINE**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2020 AND 2019**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**FRIEDMAN LLP<sup>®</sup>**

ACCOUNTANTS AND ADVISORS

# COMMUNITY VOLUNTEERS IN MEDICINE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Community Volunteers in Medicine  
West Chester, Pennsylvania

We have audited the accompanying financial statements of Community Volunteers in Medicine (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 auditor's 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 Organization'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 Organization'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 Community Volunteers in Medicine as of June 30, 2020 and 2019, 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.

Philadelphia, Pennsylvania  
DATE

**COMMUNITY VOLUNTEERS IN MEDICINE**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,517,630	\$ 1,355,858
Unconditional promises to give, current	282,090	137,950
Other current assets	43,320	67,498
Total current assets	2,843,040	1,561,306
Investments	10,045,019	10,743,489
Property and equipment, net	3,409,016	3,336,918
<b>Other assets</b>		
Unconditional promises to give, net of current portion	93,751	50,081
Total assets	\$ 16,390,826	\$ 15,691,794
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 6,462	\$ 146,755
Accrued expenses	228,782	181,688
Note payable, current portion	327,212	-
Total current liabilities	562,456	328,443
<b>Long-term liabilities</b>		
Note payable, net of current portion	416,788	-
Tenant security deposits	16,902	14,102
Total long-term liabilities	433,690	14,102
Total liabilities	996,146	342,545
<b>Net assets</b>		
Without donor restrictions	14,533,727	14,575,327
With donor restrictions	860,953	773,922
Total net assets	15,394,680	15,349,249
Total liabilities and net assets	\$ 16,390,826	\$ 15,691,794

See notes to financial statements.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**YEAR ENDED JUNE 30, 2020**

**(With Comparative Totals for the Year Ended June 30, 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>Support and revenue</b>				
Contributions and grants	\$ 3,052,351	\$ 255,162	\$ 3,307,513	\$ 2,924,437
Donated services	3,367,666	-	3,367,666	4,614,647
Donated materials	4,052,800	-	4,052,800	3,474,008
Patient contributions	67,768	-	67,768	82,234
Fundraising events	-	-	-	270,750
Investment income, net	388,847	-	388,847	637,207
Miscellaneous income	2,738	-	2,738	2,314
Net assets released from restrictions	168,131	(168,131)	-	-
<b>Total support and revenue</b>	<b>11,100,301</b>	<b>87,031</b>	<b>11,187,332</b>	<b>12,005,597</b>
<b>Expenses</b>				
Program services	10,407,939	-	10,407,939	10,839,677
Supporting services				
Management and general	312,451	-	312,451	328,896
Fundraising				
Direct donor benefit	-	-	-	40,950
Fundraising, other	472,017	-	472,017	444,242
<b>Total supporting services</b>	<b>784,468</b>	<b>-</b>	<b>784,468</b>	<b>814,088</b>
<b>Total expenses</b>	<b>11,192,407</b>	<b>-</b>	<b>11,192,407</b>	<b>11,653,765</b>
<b>Change in net assets from operations</b>	<b>(92,106)</b>	<b>87,031</b>	<b>(5,075)</b>	<b>351,832</b>
<b>Nonoperating</b>				
Building rental income	256,322	-	256,322	230,996
Building expenses	(205,816)	-	(205,816)	(175,006)
	50,506	-	50,506	55,990
Changes in net assets	(41,600)	87,031	45,431	407,822
Net assets, beginning of year	14,575,327	773,922	15,349,249	14,941,427
<b>Net assets, end of year</b>	<b>\$ 14,533,727</b>	<b>\$ 860,953</b>	<b>\$ 15,394,680</b>	<b>\$ 15,349,249</b>

See notes to financial statements.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**YEAR ENDED JUNE 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue</b>			
Contributions and grants	\$ 2,555,484	\$ 368,953	\$ 2,924,437
Donated services	4,614,647	-	4,614,647
Donated materials	3,474,008	-	3,474,008
Patient contributions	82,234	-	82,234
Fundraising events	270,750	-	270,750
Investment income, net	637,207	-	637,207
Miscellaneous income	2,314	-	2,314
Net assets released from restrictions	460,456	(460,456)	-
<b>Total support and revenue</b>	<b>12,097,100</b>	<b>(91,503)</b>	<b>12,005,597</b>
<b>Expenses</b>			
Program services	10,839,677	-	10,839,677
Supporting services			
Management and general	328,896	-	328,896
Fundraising			
Direct donor benefit	40,950	-	40,950
Fundraising, other	444,242	-	444,242
<b>Total Supporting services</b>	<b>814,088</b>	<b>-</b>	<b>814,088</b>
<b>Total expenses</b>	<b>11,653,765</b>	<b>-</b>	<b>11,653,765</b>
Change in net assets from operations	443,335	(91,503)	351,832
<b>Nonoperating</b>			
Building rental income	230,996	-	230,996
Building expenses	(175,006)	-	(175,006)
	55,990	-	55,990
Changes in net assets	499,325	(91,503)	407,822
Net assets, beginning of year	14,076,002	865,425	14,941,427
<b>Net assets, end of year</b>	<b>\$ 14,575,327</b>	<b>\$ 773,922</b>	<b>\$ 15,349,249</b>

See notes to financial statements.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2020**

	<b>Supporting Services</b>					
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising Direct Donor Benefit</b>	<b>Fundraising, Other</b>	<b>Total Supporting Services</b>	<b>Total</b>
Salaries, payroll taxes and benefits	\$ 2,621,183	\$ 190,406	\$ -	\$ 380,812	\$ 571,218	\$ 3,192,401
Depreciation	88,035	-	-	-	-	88,035
Fundraising event	-	-	-	5,154	5,154	5,154
Insurance	7,631	28,350	-	-	28,350	35,981
Medical drugs, materials and supplies	135,148	892	-	-	892	136,040
Operating expenses	33,089	40,387	-	48,994	89,381	122,470
Professional services	66,190	20,024	-	19,422	39,446	105,636
Rent and occupancy	64,086	22,138	-	-	22,138	86,224
Donated services						
Medical and dental services	165,464	-	-	-	-	165,464
Medical consults	70,544	-	-	-	-	70,544
Professional volunteer hours	1,282,704	-	-	17,250	17,250	1,299,954
Labs and radiology	1,790,806	-	-	-	-	1,790,806
Professional services	40,898	-	-	-	-	40,898
Donated materials						
Prescription drugs	4,018,649	-	-	-	-	4,018,649
Other	23,512	10,254	-	385	10,639	34,151
<b>Total expenses</b>	<b>\$ 10,407,939</b>	<b>\$ 312,451</b>	<b>\$ -</b>	<b>\$ 472,017</b>	<b>\$ 784,468</b>	<b>\$ 11,192,407</b>

See notes to financial statements.



**COMMUNITY VOLUNTEERS IN MEDICINE**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2019**

	<b>Supporting Services</b>					
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising Direct Donor Benefit</b>	<b>Fundraising, Other</b>	<b>Total Supporting Services</b>	<b>Total</b>
Salaries, payroll taxes and benefits	\$ 2,441,594	\$ 188,301	\$ -	\$ 327,055	\$ 515,356	\$ 2,956,950
Depreciation	64,923	-	-	-	-	64,923
Fundraising event	-	-	40,950	17,773	58,723	58,723
Insurance	22,782	17,396	-	-	17,396	40,178
Medical drugs, materials and supplies	130,642	-	-	-	-	130,642
Operating expenses	44,696	42,975	-	67,063	110,038	154,734
Professional services	92,657	18,159	-	30,953	49,112	141,769
Rent and occupancy	58,853	20,680	-	-	20,680	79,533
Donated services						
Medical and dental services	144,039	-	-	-	-	144,039
Medical consults	32,904	-	-	-	-	32,904
Professional volunteer hours	1,625,713	33,402	-	-	33,402	1,659,115
Labs and radiology	2,673,590	-	-	-	-	2,673,590
Professional services	42,657	-	-	-	-	42,657
Donated materials						
Prescription drugs	3,432,389	-	-	-	-	3,432,389
Other	32,238	7,983	-	1,398	9,381	41,619
<b>Total expenses</b>	<b>\$ 10,839,677</b>	<b>\$ 328,896</b>	<b>\$ 40,950</b>	<b>\$ 444,242</b>	<b>\$ 814,088</b>	<b>\$ 11,653,765</b>

See notes to financial statements.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**STATEMENTS OF CASH FLOWS**

	<b>Year Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 45,431	\$ 407,822
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation	172,833	118,256
Net unrealized losses (gains) on investments	4,856	(373,393)
Realized gains on investments	(215,591)	(62,691)
Donated property and equipment	-	(62,342)
Donated stock	(89,678)	(62,611)
Changes in operating assets and liabilities		
Unconditional promises to give	(187,810)	67,124
Other current assets	24,178	13,314
Accounts payable	(140,293)	94,045
Accrued expenses	47,094	19,159
Tenant security deposits	2,800	-
Net cash (used in) provided by operating activities	(336,180)	158,683
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(244,931)	(253,852)
Purchase of investments	(2,010,871)	(1,240,414)
Proceeds from the sale of investments	3,009,754	1,339,813
Net cash provided by (used in) investing activities	753,952	(154,453)
<b>Cash flows from financing activities</b>		
Proceeds from note payable	744,000	-
Net increase in cash and cash equivalents	1,161,772	4,230
Cash and cash equivalents, beginning of year	1,355,858	1,351,628
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,517,630</b>	<b>\$ 1,355,858</b>

See notes to financial statements.

# COMMUNITY VOLUNTEERS IN MEDICINE

## NOTES TO FINANCIAL STATEMENTS

### 1 - NATURE OF ORGANIZATION

#### **Organization**

Community Volunteers in Medicine (“CVIM”) is a non-profit community based organization which provides compassionate medical and dental care and health education to people who live or work in Chester County who lack access to insurance in order to support their goals to lead productive, healthy and hopeful lives.

### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The accompanying financial statements reflect the accounts of CVIM and have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (US GAAP) and presented in accordance with Accounting Standards Update (“ASU”) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities.

#### **Support and Revenue Recognition**

Effective July 1, 2019, CVIM adopted Financial Accounting Standards Board (“FASB”) Topic 606, *Revenue from Contracts with Customers* (“ASC 606”). ASC 606 was applied using the modified retrospective method. There was no cumulative effect of the initial application to be recognized as an adjustment to opening net assets at July 1, 2019 as the adoption did not have a material impact on CVIM’s results of operations or financial condition. The initial application was applied to all contracts outstanding at July 1, 2019.

CVIM determines the amount of revenue to be recognized from contracts with customers through application of the following steps:

- Identification of the contract, or contracts with customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and recognition of revenue when or as CVIM satisfies the performance obligations.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Support and Revenue Recognition** (Continued)

*Special Event Revenue* – CVIM hosts an annual special event and receives contributions in advance of the event. The portion of the special event payment that is conditioned upon the event taking place is recognized as revenue when the donor receives the benefit of the services, which is typically at the point in time when the event is held. The portion of a special event payment that is not conditioned on the event taking place is recognized when received. Payment for these contracts are received upon registration for the events. For the year ended June 30, 2020, the special event was canceled. Payments received for the event, totaling approximately \$178,000 as of June 30, 2020, were not conditioned on the event taking place and were recognized as contributions when received. For the year ended June 30, 2019, the special event revenue totaled \$270,750.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This ASU provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. CVIM adopted ASU 2018-08 as of July 1, 2019 under the modified prospective approach. The adoption of this ASU did not materially impact the financial statements.

*Contributions and grants and patient contributions*– Unconditional promises to give cash and other assets to the Organization are reported as contributions and recorded at fair value on the date the promise is received. All contributions are considered to be available for use without restriction unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in without donor restriction net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified as without donor restriction net assets and reported in the statements of activities as net assets released from restrictions. Contributions and grants and patient contributions amounted to \$3,375,281 and \$3,006,671 for the years ended June 30, 2020 and 2019, respectively.

Endowment contributions and investments are restricted by the donor in perpetuity. Investment earnings available for distribution are recorded as net assets without donor restriction.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **In-kind Contributions and Expenses**

Contributions of donated noncash assets are recorded at their fair values in the period received. Donated drugs, laboratory testing, and supplies are recorded at their fair values in the period received as contributions, as donated services and materials with offsetting expenses. CVIM's policy is to record drugs donated for use of the patients through patient assistance programs as contributions with offsetting expenses. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received as contributions with offsetting expenses. In addition, CVIM receives services of unpaid officers, board members, and volunteers. The value of these services is not reflected in the accompanying financial statements as these services do not meet the criteria for recognition as contributed services. Non-cash contributions reflected in the accompanying statements of activities and changes in net assets exclude contributions of donated publicly traded stock. These contributions are recorded in the same manner as cash contributions, as typically CVIM sells all donated publicly traded stock upon receipt.

##### **Net Assets**

Net assets, revenues, and other support are classified based on the existence or absence of donor-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. From time to time the Board of Directors may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

*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 of time or other events or purposes specified by the donor. Other donor-imposed restrictions are permanent in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit CVIM to use all or part of the income earned on related investments for general or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, other support, and expenses during the reporting period. Actual results could differ from those estimates.

##### **Cash and Cash Equivalents**

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

##### **Unconditional Promises to Give**

Unconditional promises to give are recorded as received at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount these amounts. Amortization of discounts is included in contribution revenue. CVIM uses an allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

##### **Investments**

Investments in marketable securities, debt securities and pooled investments held by outside Foundations are reported at their fair values in the statements 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 unrestricted net assets 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.

##### **Property and Equipment and Depreciation**

Property and equipment are recorded at cost or, if donated, at the fair market value on the date of donation. Property and equipment are depreciated using a straight-line method over the estimated useful lives of the related assets, as follows:

Building and building improvements	30 years
Furniture and fixtures	5 years
Medical and dental equipment	5 years

Expenditures for major renewals and betterments that extend the useful life of property and equipment are capitalized. Repairs and maintenance are charged to expense as incurred.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Functional Allocation of Expenses**

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. CVIM incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. CVIM also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and management and general activities). The financial statements report certain categories of expenses that are attributed to more than one program or supporting function, therefore expenses require allocation on a reasonable basis that is consistently applied. Salaries, employee benefits, and payroll taxes are allocated based on estimates of time and effort incurred by personnel. Occupancy, insurance, office expenses, professional services, information technology/website, and personnel expenses are allocated based upon time and effort incurred by personnel or square footage, as applicable. Other expenses are based on actual costs directly related to the program services and supporting service categories.

##### **Building Expenses**

CVIM leases a portion of its building to unrelated tenants. Building expenses related to CVIM's operations are classified in program services and supporting services. Building expenses related to rental income are classified as non-operating activities.

##### **Income Taxes**

CVIM is exempt from federal income and excise taxes under the provisions of Internal Revenue Code Section 501(c)(3), as well as exempt from state income taxes. CVIM is not a private foundation.

Management of CVIM considers the likelihood of changes by taxing authorities in its filed income tax returns and understands its obligation to recognize a liability for or disclose potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to CVIM's status as a not-for-profit entity. Management believes CVIM met the requirements to maintain its tax-exempt status and has not identified any uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying financial statements.

##### **Underwater Endowment Funds**

CVIM considers a fund to be underwater if the fair value of the funds is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. CVIM has no underwater endowment funds as of June 30, 2020 and 2019.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

CVIM's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	June 30,	
	2020	2019
Cash and cash equivalents	\$ 2,517,630	\$ 1,355,858
Unconditional promises to give, current	282,090	137,950
Total financial assets available within one year	2,799,720	1,493,808
Less: amounts unavailable for general expenditures within one year, due to		
Restricted by donor with time and purpose restrictions	223,985	206,638
Add: Fiscal year spending rate allocation	415,103	412,356
Total financial assets available to management for general expenditure within one year	\$ 2,990,838	\$ 1,699,526

CVIM's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increase in program expenditures in fiscal year 2021.

CVIM has certain donor-restricted assets limited as to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the above qualitative information for financial assets to meet general expenditures within one year. CVIM has time restricted contributions that will also be available for general expenditures in the next year which are included as liquid assets available in the next year.

In addition, CVIM's spending policy allows for annual spending based on 4% of the trailing 3 year average of the market value of the investment account. A measure of this investment return is included in assets available to meet general expenditures over the next 12 months.



## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

##### Liquidity Management

CVIM has an investment policy authorized by the Board of Directors that provides guidance and oversight for the management of cash and cash equivalents, and investments. The policy provides that CVIM maintain an adequate level of cash to meet on-going operational requirements. In addition, the policy sets forth the structure for investment of excess cash based on the financial needs of CVIM, the time horizon of those needs and the Board of Directors' investment philosophy.

#### 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows:

	June 30,	
	2020	2019
Gross unrestricted promises to give	\$ 393,090	\$ 199,265
Less unamortized discount	(7,888)	(4,847)
Less allowances for uncollectible promises	(9,361)	(6,387)
Net unconditional promises to give	\$ 375,841	\$ 188,031
Amounts due in		
Less than one year	\$ 282,090	\$ 137,950
One to five years	111,000	61,315
Gross unconditional promises to give	\$ 393,090	\$ 199,265

Pledges to be received in future years are recorded at present value using a discount rate at the time of the pledge for the years ended June 30, 2020 and 2019.

#### 5 - INVESTMENTS

Investments consist of the following:

	June 30,	
	2020	2019
Common stocks	\$ 4,672,843	\$ 4,359,535
Community Foundation – pooled investments	125,889	138,478
Mutual funds and ETFs	2,296,159	2,505,106
Bonds	2,950,128	3,740,370
Total investments	\$ 10,045,019	\$ 10,743,489

**COMMUNITY VOLUNTEERS IN MEDICINE**

**NOTES TO FINANCIAL STATEMENTS**

**5 - INVESTMENTS (Continued)**

The following schedule summarizes the investment return in the statements of activities and changes in net assets:

	June 30,	
	2020	2019
Interest and dividends	\$ 248,918	\$ 271,745
Net realized and unrealized gains	210,735	436,084
Investment fees	(70,806)	(70,622)
Total investment income, net	\$ 388,847	\$ 637,207

**6 - PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of the following:

	June 30,	
	2020	2019
Land, building & building improvements	\$ 3,614,732	\$ 3,566,515
Computer equipment and software	201,625	38,872
Furniture and fixtures	240,221	232,550
Medical and dental equipment	516,919	490,629
	4,573,497	4,328,566
Less accumulated depreciation	(1,164,481)	(991,648)
	\$ 3,409,016	\$ 3,336,918

Total depreciation expense for the years ended June 30, 2020 and 2019 was \$172,883 and \$118,256, respectively.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 7 - NOTE PAYABLE

On April 23, 2020, CVIM qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$744,000 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon CVIM's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by CVIM. CVIM intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, CVIM will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020 principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

Future maturities of the note payable are as follows:

Year Ending June 30,	
2021	\$ 327,212
2022	416,788
	<u>\$ 744,000</u>

#### 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	June 30,	
	2020	2019
Subject to expenditure for specified purposes	\$ 223,985	\$ 101,639
Subject to the passage of time	111,000	156,315
Not subject to appropriation or expenditure		
Endowment investment fund held in perpetuity	515,968	515,968
Investment held in perpetuity	10,000	-
	<u>\$ 860,953</u>	<u>\$ 773,922</u>

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 8 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by the expiration of a time restriction or by the occurrence of other events specified by donors.

	June 30,	
	2020	2019
Purpose restrictions accomplished		
Education and program support	\$ 61,726	\$ 27,500
Pain, vision and dental services	52,590	316,736
Purchase of supplies	-	18,600
Time restrictions expired	53,815	97,620
	<u>\$ 168,131</u>	<u>\$ 460,456</u>

#### 9 - ENDOWMENT NET ASSETS

##### **Edgar R. Lawrence Dental Endowment Fund**

CVIM's Lawrence dental endowment consists of funds established to support the operating, program and capital needs of their dental program. Contributions to the endowment are subject to donor restrictions that stipulate the original principal to be held and invested indefinitely. The balance in this fund is approximately \$139,000 as of June 30, 2020 and 2019, and is included within net assets with donor restrictions on the statements of financial position.

##### **Gordon B. Hattersley, Jr. Endowment Fund**

CVIM's Hattersley endowment consists of funds established to support the general operating, program and capital needs of CVIM. Contributions to the endowment are subject to donor restrictions that stipulate the original principal to be held and invested indefinitely. The balance in the fund is approximately \$377,000 as of June 30, 2020 and 2019, and is included within net assets with donor restrictions on the statements of financial position.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 9 - ENDOWMENT NET ASSETS (Continued)

CVIM requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result, CVIM classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. CVIM considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

CVIM has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide current income. CVIM's objective is to provide capital for their medical programs, preserve endowment assets without subjecting them to substantial risk, and provide additional growth through new gifts.

Investment earnings on these endowment funds are considered without donor restriction and are utilized during the fiscal year.

#### 10 - FAIR VALUE MEASUREMENTS

US GAAP defines fair value, provides guidance for measuring fair value and requires certain disclosures. US GAAP discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost). US GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect management's own assumptions.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 10 - FAIR VALUE MEASUREMENTS (Continued)

The following is a description of the valuation methodologies used for the assets measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy, as applicable:

*Common stocks* – Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by CVIM are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by CVIM are deemed to be actively traded.

*Pooled accounts* - The pooled accounts held in Community Foundation are valued using the net asset value as a practical expedient to estimate fair value. This practical expedient would be used if it is determined to be probable that the pooled accounts would sell investments for an amount different from the reported net asset value. The underlying securities in the pooled accounts are listed on the national securities exchanges and valued on the basis of year-end closing prices. CVIM has concluded that the net asset value as adjusted (for mutual fund dividends, mutual fund splits and administrative maintenance charges and other items) and reported by Community Foundation approximates fair value of the investments.

*Corporate and government bonds* – Valued using pricing models maximizing the use of observable inputs for similar securities. This included basing value on yields available on comparable securities of issuers with similar credit ratings.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**NOTES TO FINANCIAL STATEMENTS**

**10 - FAIR VALUE MEASUREMENTS (Continued)**

The following table summarizes investment assets measured at fair value:

June 30, 2020				
Investments at Fair Value				
	Level 1	Level 2	Level 3	Total
<b>Common stocks</b>				
Basic materials sector	\$ 397,127	\$ -	\$ -	\$ 397,127
Consumer goods sector	1,109,696	-	-	1,109,696
Financial sector	582,370	-	-	582,370
Healthcare sector	930,449	-	-	930,449
Industrial goods sector	426,347	-	-	426,347
Services sector	541,361	-	-	541,361
Technology sector	685,493	-	-	685,493
<b>Mutual funds and ETFs</b>				
Diversified emerging markets	710,240	-	-	710,240
Diversified Pacific and Asia	153,142	-	-	153,142
Foreign large blend	316,209	-	-	316,209
Foreign small/mid blend	108,698	-	-	108,698
Mid-cap blend	558,249	-	-	558,249
Small blend	449,621	-	-	449,621
<b>Bonds</b>				
Corporate bonds	2,289,383	-	-	2,289,383
US government agency bonds	660,745	-	-	660,745
<hr/>				
Total assets in the fair value hierarchy	\$ 9,919,130	\$ -	\$ -	9,919,130
<hr/>				
<b>Community Foundation</b>				
Pooled accounts (a)	-	-	-	125,889
<hr/>				
Investments at fair value	-	-	-	\$ 10,045,019
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**COMMUNITY VOLUNTEERS IN MEDICINE**

**NOTES TO FINANCIAL STATEMENTS**

**10 - FAIR VALUE MEASUREMENTS (Continued)**

	June 30, 2019			
	Investments at Fair Value			
	Level 1	Level 2	Level 3	Total
<b>Common stocks</b>				
Basic materials sector	\$ 317,500	\$ -	\$ -	\$ 317,500
Consumer goods sector	679,273	-	-	679,273
Financial sector	759,932	-	-	759,932
Healthcare sector	729,142	-	-	729,142
Industrial goods sector	644,668	-	-	644,668
Services sector	602,169	-	-	602,169
Technology sector	626,851	-	-	626,851
<b>Mutual funds and ETFs</b>				
Diversified emerging markets	767,536	-	-	767,536
Diversified Pacific and Asia	158,988	-	-	158,988
Foreign large blend	679,207	-	-	679,207
Foreign small/mid blend	118,417	-	-	118,417
Mid-cap blend	265,562	-	-	265,562
Small blend	515,396	-	-	515,396
<b>Bonds</b>				
Corporate bonds	2,501,393	-	-	2,501,393
US government agency bonds	1,238,977	-	-	1,238,977
Total assets in the fair value hierarchy	\$ 10,605,011	\$ -	\$ -	10,605,011
<b>Community Foundation</b>				
Pooled accounts (a)	-	-	-	138,478
Investments at fair value	-	-	-	\$ 10,743,489

(a) Certain investments that are measured at fair value using the net asset value per share expedient have not been classified in the fair value hierarchy. The net asset value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

**11 - FINANCIAL RISK AND CONCENTRATION OF CREDIT RISK**

CVIM's investments are exposed to various risks such as interest rate, market and credit. Due to the level of these risks, it is possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the financial statements.



## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 11 - FINANCIAL RISK AND CONCENTRATION OF CREDIT RISK (Continued)

CVIM maintains cash at various financial institutions. At times, cash in these accounts may exceed the Federal Deposit Insurance Corporation limit and the National Credit Union Administration limit of \$250,000. Uninsured cash at June 30, 2020 was approximately \$1,613,000. Per CVIM's investment policy, a cash reserve of approximately six months' operating expenses is required to be maintained.

#### 12 - LEASING ARRANGEMENTS

CVIM leases space to unrelated tenants under non-cancelable operating leases. These leases will expire at various times through May 2025. These leases have escalation clauses which are recognized ratably over the lease term, with the deferred rental income recorded as an other current asset within the statements of financial position. As part of the lease, the tenants remitted security deposits which are to be returned at the conclusion of the lease if all lease obligations are met.

The following is a schedule by years of future minimum rentals expected to be received under the leases:

Year Ending June 30,	
2021	\$ 208,948
2022	189,903
2023	162,880
2024	108,374
2025	72,383
	<u>\$ 742,488</u>

Building expenses allocated to building rental income consist of the following:

	Year Ended June 30,	
	2020	2019
Common area maintenance	\$ 52,949	\$ 50,506
Depreciation	84,798	53,333
Insurance	21,393	21,990
Real estate taxes	37,604	40,736
Other	9,072	8,441
	<u>\$ 205,816</u>	<u>\$ 175,006</u>

**COMMUNITY VOLUNTEERS IN MEDICINE**

**NOTES TO FINANCIAL STATEMENTS**

**13 - RETIREMENT PLAN**

CVIM sponsors a 401(k) profit sharing plan for all current employees meeting certain eligibility requirements. The plan allows for employee salary deferrals and discretionary employer matching and profit-sharing contributions. CVIM's plan contributions were \$77,894 and \$87,225 for the years ended June 30, 2020 and 2019, respectively.

**14 - DONATED SERVICES AND MATERIALS**

CVIM receives significant contributions of medical and professional services, prescription drugs, laboratory testing and supplies. Due to various factors, the amount of donated services and materials may vary from year to year. Non-cash contributions and offsetting expenses have been recognized in the accompanying financial statements:

	Year Ended June 30,	
	2020	2019
Donated services		
Medical and dental professional services	\$ 1,465,418	\$ 1,803,154
Medical consultant fees, labs and radiology	1,861,350	2,706,494
Professional services	40,898	42,657
Donated materials		
Prescription drugs and medical and dental supplies	4,018,649	3,432,389
Other materials and supplies	34,151	41,619
<b>Total donated services and materials</b>	<b>\$ 7,420,466</b>	<b>\$ 8,026,313</b>

During the years ended June 30, 2020 and 2019, CVIM received and subsequently sold donated securities in the amount of \$89,678 and \$62,611, respectively.

During the years ended June 30, 2020 and 2019, CVIM received donated property and equipment totaling \$0 and \$62,342, respectively.

## **COMMUNITY VOLUNTEERS IN MEDICINE**

### **NOTES TO FINANCIAL STATEMENTS**

#### **15 - RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2020 and 2019, Main Line Health System donated services of \$1,209,022 and \$2,068,370, respectively, and materials of \$2,690 and \$3,185, respectively. During the years ended June 30, 2020 and 2019, Penn Medicine Chester County Hospital donated services of \$606,320 and \$619,839, respectively, and materials of \$65 and \$2,407, respectively. During the years ended June 30, 2020 and 2019, Dilworth Paxson LLP and Saul Ewing Arnstein & Lehr LLP donated legal services totaling \$17,733 and \$28,032, respectively. These amounts are included in the donated services and materials amounts disclosed in footnote 13. Officers of Main Line Health System, Penn Medicine Chester County Hospital, Dilworth Paxson LLP and Saul Ewing Arnstein & Lehr LLP are on the board of directors of CVIM.

#### **16 - RISKS AND UNCERTAINTIES**

During the COVID-19 pandemic, CVIM's services have generally been considered essential in nature and have not been materially interrupted. As the situation continues to evolve, CVIM is closely monitoring the impact of the COVID-19 pandemic on all aspects of the Organization, including how it impacts its patients, suppliers, donors and employees, in addition to how the COVID-19 pandemic impacts its ability to provide services to its patients. CVIM believes the ultimate impact of the COVID-19 pandemic on its operating results, cash flows and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of its control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely impact CVIM's operations.

#### **17 - SUBSEQUENT EVENTS**

CVIM has evaluated events and transactions for potential recognition or disclosure in the financial statements through DATE, the date on which the financial statements were available to be issued.