

**COMMUNITY VOLUNTEERS
IN MEDICINE**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

AND

INDEPENDENT AUDITORS' REPORT

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, 2021 and 2020, 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, 2021 and 2020, 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.

A handwritten signature in black ink that reads "Freedman LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania
September 29, 2021

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,246,441	\$ 2,517,630
Unconditional promises to give, current	142,241	282,090
Other current assets	89,005	43,320
Total current assets	2,477,687	2,843,040
Investments	12,523,161	10,045,019
Property and equipment, net	3,544,506	3,409,016
Other assets		
Unconditional promises to give, net of current portion	122,862	93,751
Total assets	\$ 18,668,216	\$ 16,390,826
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 227,885	\$ 235,244
Note payable, current portion - Paycheck Protection Program	-	327,212
Total current liabilities	227,885	562,456
Long-term liabilities		
Note payable, net of current portion - Paycheck Protection Program	-	416,788
Tenant security deposits	16,902	16,902
Total long-term liabilities	16,902	433,690
Total liabilities	244,787	996,146
Net assets		
Without donor restrictions	17,381,194	14,533,727
With donor restrictions	1,042,235	860,953
Total net assets	18,423,429	15,394,680
Total liabilities and net assets	\$ 18,668,216	\$ 16,390,826

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and revenue				
Contributions and grants	\$ 2,677,949	\$ 508,965	\$ 3,186,914	\$ 3,307,513
Donated services	3,068,150	-	3,068,150	3,367,666
Donated materials	4,226,888	-	4,226,888	4,052,800
Patient contributions	66,230	-	66,230	67,768
Fundraising events	350,087	-	350,087	-
Investment income, net	2,655,108	-	2,655,108	388,847
Miscellaneous income	2,741	-	2,741	2,738
Net assets released from restrictions	327,683	(327,683)	-	-
Total support and revenue	13,374,836	181,282	13,556,118	11,187,332
Expenses				
Program services	10,316,806	-	10,316,806	10,407,939
Supporting services				
Management and general	341,383	-	341,383	312,451
Fundraising				
Direct donor benefit	60,177	-	60,177	-
Fundraising, other	662,412	-	662,412	472,017
Total supporting services	1,063,972	-	1,063,972	784,468
Total expenses	11,380,778	-	11,380,778	11,192,407
Change in net assets from operations	1,994,058	181,282	2,175,340	(5,075)
Nonoperating				
Forgiveness of debt - Paycheck Protection Program	744,000	-	744,000	-
Building rental income	285,207	-	285,207	256,322
Building expenses	(175,798)	-	(175,798)	(205,816)
	853,409	-	853,409	50,506
Changes in net assets	2,847,467	181,282	3,028,749	45,431
Net assets, beginning of year	14,533,727	860,953	15,394,680	15,349,249
Net assets, end of year	\$ 17,381,194	\$ 1,042,235	\$ 18,423,429	\$ 15,394,680

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions and grants	\$ 3,052,351	\$ 255,162	\$ 3,307,513
Donated services	3,367,666	-	3,367,666
Donated materials	4,052,800	-	4,052,800
Patient contributions	67,768	-	67,768
Investment income, net	388,847	-	388,847
Miscellaneous income	2,738	-	2,738
Net assets released from restrictions	168,131	(168,131)	-
Total support and revenue	11,100,301	87,031	11,187,332
Expenses			
Program services	10,407,939	-	10,407,939
Supporting services			
Management and general	312,451	-	312,451
Fundraising			
Fundraising, other	472,017	-	472,017
Total Supporting services	784,468	-	784,468
Total expenses	11,192,407	-	11,192,407
Change in net assets from operations	(92,106)	87,031	(5,075)
Nonoperating			
Building rental income	256,322	-	256,322
Building expenses	(205,816)	-	(205,816)
	50,506	-	50,506
Changes in net assets	(41,600)	87,031	45,431
Net assets, beginning of year	14,575,327	773,922	15,349,249
Net assets, end of year	\$ 14,533,727	\$ 860,953	\$ 15,394,680

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	<u>Supporting Services</u>						Total
	Program Services	Management and General	Fundraising Direct Donor Benefit	Fundraising, Other	Total Supporting Services		
Salaries, payroll taxes and benefits	\$ 2,685,932	\$ 213,727	\$ -	\$ 514,234	\$ 727,961	\$ 3,413,893	
Depreciation	127,868	-	-	-	-	127,868	
Fundraising event	-	-	52,959	497	53,456	53,456	
Insurance	8,462	27,695	-	-	27,695	36,157	
Medical drugs, materials and supplies	174,209	-	-	-	-	174,209	
Operating expenses	67,398	15,117	-	35,354	50,471	117,869	
Professional services	115,568	20,843	1,250	37,366	59,459	175,027	
Occupancy	74,094	21,024	-	-	21,024	95,118	
Donated services							
Medical and dental services	79,249	-	-	-	-	79,249	
Medical consults	58,449	-	-	-	-	58,449	
Professional volunteer hours	1,033,873	-	100	66,920	67,020	1,100,893	
Labs and radiology	1,706,125	-	-	-	-	1,706,125	
Professional services	-	42,434	-	-	42,434	42,434	
Donated materials							
Prescription drugs	4,185,579	-	-	-	-	4,185,579	
Other	-	543	5,868	8,041	14,452	14,452	
Total expenses	\$ 10,316,806	\$ 341,383	\$ 60,177	\$ 662,412	\$ 1,063,972	\$ 11,380,778	

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	<u>Supporting Services</u>						Total
	Program Services	Management and General	Fundraising Direct Donor Benefit	Fundraising, Other	Total Supporting Services		
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	
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	
Total expenses	\$ 10,407,939	\$ 312,451	\$ -	\$ 472,017	\$ 784,468	\$ 11,192,407	

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2021	2020
Cash flows from operating activities		
Changes in net assets	\$ 3,028,749	\$ 45,431
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	208,993	172,833
Net unrealized gains on investments	(2,171,298)	(215,591)
Realized (gains) losses on investments	(335,761)	4,856
Donated property and equipment	(107,857)	-
Donated stock	(84,918)	(89,678)
Forgiveness of debt - Paycheck Protection Program	(744,000)	-
Changes in operating assets and liabilities		
Unconditional promises to give	110,738	(187,810)
Other current assets	(45,685)	24,178
Accounts payable	10,117	(140,293)
Accrued expenses	(17,476)	47,094
Tenant security deposits	-	2,800
Net cash used in operating activities	(148,398)	(336,180)
Cash flows from investing activities		
Purchase of property and equipment	(236,626)	(244,931)
Purchase of investments	(3,222,443)	(2,010,871)
Proceeds from the sale of investments	3,336,278	3,009,754
Net cash (used in) provided by investing activities	(122,791)	753,952
Cash flows from financing activities		
Proceeds from note payable - Paycheck Protection Program	-	744,000
Net (decrease) increase in cash and cash equivalents	(271,189)	1,161,772
Cash and cash equivalents, beginning of year	2,517,630	1,355,858
Cash and cash equivalents, end of year	\$ 2,246,441	\$ 2,517,630

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 (U.S. 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

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.

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, 2021, the special event revenue totaled \$350,087. 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.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue Recognition (Continued)

Contributions and grants and patient contributions – CVIM recognizes revenue from contribution and grants in accordance with ASU 2018-08, *Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Unconditional promises to give cash and other assets to CVIM 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 \$3,253,144 and \$3,375,281 for the years ended June 30, 2021 and 2020, 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.

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.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	5 - 30 years
Computer equipment and software	5 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.

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.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020.

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,	
	2021	2020
Cash and cash equivalents	\$ 2,246,441	\$ 2,517,630
Unconditional promises to give, current	142,241	282,090
Total financial assets available within one year	2,388,682	2,799,720
Less: amounts unavailable for general expenditures within one year, due to		
Restricted by donor with time and purpose restrictions	381,267	223,985
Add: Fiscal year spending rate allocation	444,156	415,103
Total financial assets available to management for general expenditure within one year	\$ 2,451,571	\$ 2,990,838

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

CVIM's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and program expenditures in fiscal year 2022.

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.

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,	
	2021	2020
Gross unrestricted promises to give	\$ 277,241	\$ 393,090
Less unamortized discount	(10,544)	(7,888)
Less allowances for uncollectible promises	(1,594)	(9,361)
Net unconditional promises to give	\$ 265,103	\$ 375,841
Amounts due in		
Less than one year	\$ 142,241	\$ 282,090
One to five years	135,000	111,000
Gross unconditional promises to give	\$ 277,241	\$ 393,090

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

4 - UNCONDITIONAL PROMISES TO GIVE (Continued)

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, 2021 and 2020.

5 - INVESTMENTS

Investments consist of the following:

	June 30,	
	2021	2020
Common stocks	\$ 6,216,025	\$ 4,672,843
Community Foundation – pooled investments	139,573	125,889
Mutual funds and ETFs	3,814,329	2,296,159
Bonds	2,353,234	2,950,128
Total investments	\$ 12,523,161	\$ 10,045,019

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

	June 30,	
	2021	2020
Interest and dividends	\$ 220,712	\$ 248,918
Net realized and unrealized gains	2,507,059	210,735
Investment fees	(72,663)	(70,806)
Total investment income, net	\$ 2,655,108	\$ 388,847

6 - PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	June 30,	
	2021	2020
Land, building & building improvements	\$ 3,637,304	\$ 3,614,732
Computer equipment and software	443,238	201,625
Furniture and fixtures	243,155	240,221
Medical and dental equipment	594,283	516,919
	4,917,980	4,573,497
Less accumulated depreciation	(1,373,474)	(1,164,481)
	\$ 3,544,506	\$ 3,409,016

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

6 - PROPERTY AND EQUIPMENT, NET (Continued)

Total depreciation expense for the years ended June 30, 2021 and 2020 was \$208,993 and \$172,833, respectively.

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"). During the fiscal year ended June 30, 2021, CVIM applied for and received forgiveness in the amount of \$744,000 for the entire principal amount of the PPP Loan. The income associated with the forgiveness is recognized and presented in nonoperating activities on the statement of activities and changes in net assets as of June 30, 2021.

8 - NET ASSETS WITH DONOR RESTRICTIONS

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

	June 30,	
	2021	2020
Subject to expenditure for specified purposes	\$ 381,267	\$ 223,985
Subject to the passage of time	135,000	111,000
Not subject to appropriation or expenditure		
Endowment investment fund held in perpetuity	515,968	515,968
Investment held in perpetuity	10,000	10,000
	<u>\$ 1,042,235</u>	<u>\$ 860,953</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,	
	2021	2020
Purpose restrictions accomplished		
Education and program support	\$ 26,728	\$ 61,726
Pain, vision and dental services	78,755	52,590
Purchase of supplies	30,000	-
Vaccine clinics	50,000	-
Capital upgrades and equipment	30,000	-
Time restrictions expired	112,200	53,815
	<u>\$ 327,683</u>	<u>\$ 168,131</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, 2021 and 2020, 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, 2021 and 2020, and is included within net assets with donor restrictions on the statements of financial position.

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.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

9 - ENDOWMENT NET ASSETS (Continued)

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

U.S. GAAP defines fair value, provides guidance for measuring fair value and requires certain disclosures. U.S. 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). U.S. 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, 2021			
	Investments at Fair Value			
	Level 1	Level 2	Level 3	Total
Common stocks				
Basic materials sector	\$ 505,953	\$ -	\$ -	\$ 505,953
Consumer goods sector	1,393,441	-	-	1,393,441
Financial sector	883,120	-	-	883,120
Healthcare sector	1,198,438	-	-	1,198,438
Industrial goods sector	605,604	-	-	605,604
Services sector	633,148	-	-	633,148
Technology sector	996,321	-	-	996,321
Mutual funds and ETFs				
Diversified emerging markets	1,432,745	-	-	1,432,745
Diversified Pacific and Asia	214,911	-	-	214,911
Intermediate government ETF	365,276	-	-	365,276
Inflation-protected ETF	153,356	-	-	153,356
Foreign large blend	414,126	-	-	414,126
Foreign small/mid blend	153,506	-	-	153,506
Mid-cap blend	508,843	-	-	508,843
Small blend	571,566	-	-	571,566
Bonds				
Corporate bonds	1,612,821	-	-	1,612,821
US government agency bonds	740,413	-	-	740,413
Total assets in the fair value hierarchy	\$ 12,383,588	\$ -	\$ -	12,383,588
Community Foundation				
Pooled accounts (a)				139,573
Investments at fair value				\$ 12,523,161

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

10 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2020				
Investments at Fair Value				
	Level 1	Level 2	Level 3	Total
Common stocks				
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
Mutual funds and ETFs				
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
Bonds				
Corporate bonds	2,289,383	-	-	2,289,383
US government agency bonds	660,745	-	-	660,745
Total assets in the fair value hierarchy				
	\$ 9,919,130	\$ -	\$ -	9,919,130
Community Foundation				
Pooled accounts (a)				125,889
Investments at fair value				\$ 10,045,019

(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, 2021 was approximately \$1,291,000. 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 within other current assets 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,	
2022	\$ 189,788
2023	166,460
2024	108,374
2025	72,383
	<u>\$ 537,005</u>

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

	Year Ended June 30,	
	2021	2020
Common area maintenance	\$ 48,018	\$ 52,949
Depreciation	81,125	84,798
Insurance	3,671	21,393
Real estate taxes	38,165	37,604
Other	4,819	9,072
	<u>\$ 175,798</u>	<u>\$ 205,816</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 \$97,519 and \$77,894 for the years ended June 30, 2021 and 2020, 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,	
	2021	2020
Donated services		
Medical and dental professional services	\$ 1,180,142	\$ 1,465,418
Medical consultant fees, labs and radiology	1,764,574	1,861,350
Professional services	42,434	40,898
Donated materials		
Prescription drugs and medical and dental supplies	4,185,579	4,018,649
Other materials and supplies	14,452	34,151
Total donated services and materials	\$ 7,187,181	\$ 7,420,466

During the years ended June 30, 2021 and 2020, CVIM received and subsequently sold donated securities in the amount of \$84,918 and \$89,678, respectively.

During the years ended June 30, 2021 and 2020, CVIM received donated property and equipment totaling \$107,857 and \$0, respectively.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

15 - RELATED PARTY TRANSACTIONS

During the years ended June 30, 2021 and 2020, Main Line Health System donated services of \$1,217,681 and \$1,209,022, respectively, and materials of \$0 and \$2,690, respectively. During the years ended June 30, 2021 and 2020, Penn Medicine Chester County Hospital donated services of \$563,601 and \$606,320, respectively, and materials of \$0 and \$65, respectively. During the years ended June 30, 2021 and 2020, Dilworth Paxson LLP and Saul Ewing Arnstein & Lehr LLP donated legal services totaling \$16,182 and \$17,733, respectively. During the years ended June 30, 2021 and 2020, SEI donated services of \$51,000 and \$17,250, respectively. These amounts are included in the donated services and materials amounts disclosed in footnote 14. Officers of Main Line Health System, Penn Medicine Chester County Hospital, Dilworth Paxson LLP, Saul Ewing Arnstein & Lehr LLP, and SEI 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 September 29, 2021, the date on which the financial statements were available to be issued.