

FREE CLINIC OF SOUTHWEST WASHINGTON

FINANCIAL STATEMENTS

Year Ended June 30, 2023



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FREE CLINIC OF SOUTHWEST WASHINGTON

FINANCIAL STATEMENTS

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Free Clinic of Southwest Washington
Vancouver, Washington

Opinion

We have audited the accompanying financial statements of Free Clinic of Southwest Washington (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements 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 Free Clinic of Southwest Washington as of June 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 Free Clinic of Southwest Washington 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 Free Clinic of Southwest Washington'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, including omissions, 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.

To the Board of Directors
Free Clinic of Southwest Washington

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 Free Clinic of Southwest Washington'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 Free Clinic of Southwest Washington'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.

Report on Summarized Comparative Information

We have previously audited Free Clinic of Southwest Washington's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
October 19, 2023

FREE CLINIC OF SOUTHWEST WASHINGTON

STATEMENT OF FINANCIAL POSITION

June 30, 2023

(With Comparative Totals as of June 30, 2022)

ASSETS

	2023	2022
Cash and cash equivalents	\$ 722,853	\$ 615,021
Investments (Note C)	2,368,437	2,062,762
Accounts receivable	8,683	6,012
Grants and contributions receivable	-	25,000
Prepaid expenses	30,628	21,235
Property and equipment, net (Note G)	269,812	258,570
Total assets	\$ 3,400,413	\$ 2,988,600

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 17,804	\$ 10,186
Accrued payroll	30,723	24,790
Vacation payable	11,764	8,931
Total liabilities	60,291	43,907
Net assets		
Without donor restrictions		
Board designated (Note E)	-	100,000
Net investment in fixed assets	269,812	258,570
Available for operations	2,579,689	1,997,160
Total without donor restrictions	2,849,501	2,355,730
With donor restrictions (Note I)	490,621	588,963
Total net assets	3,340,122	2,944,693
Total liabilities and net assets	\$ 3,400,413	\$ 2,988,600

See notes to financial statements.

FREE CLINIC OF SOUTHWEST WASHINGTON

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Revenues and other support				
Individual donations	\$ 309,605	\$ 13,276	\$ 322,881	\$ 529,392
Business & organization donations	28,198	93,000	121,198	178,694
Patient donations	6,912	-	6,912	7,957
Foundation grants	75,001	395,000	470,001	332,917
Special events, net of expenses of \$41,891 and \$40,799	204,029	-	204,029	224,062
Bequests, memorials, planned gifts	19,300	500	19,800	204,733
Contract service revenue	30,043	-	30,043	16,336
Donated medical and dental services	495,917	-	495,917	361,403
Donated supplies	575	-	575	1,854
Donated use of facilities	89,520	-	89,520	89,520
Other revenue	49	-	49	-
	<u>1,259,149</u>	<u>501,776</u>	<u>1,760,925</u>	<u>1,946,868</u>
Net assets released from restrictions	655,124	(655,124)	-	-
Total revenue and support	<u>1,914,273</u>	<u>(153,348)</u>	<u>1,760,925</u>	<u>1,946,868</u>
Expenses				
Program services	1,323,117	-	1,323,117	1,045,627
Supporting services				
Management and general	137,312	-	137,312	105,895
Fundraising	144,543	-	144,543	113,043
Total expenses	<u>1,604,972</u>	<u>-</u>	<u>1,604,972</u>	<u>1,264,565</u>
Change in net assets before changes in investments	309,301	(153,348)	155,953	682,303
Investment return, net	184,470	55,006	239,476	(246,373)
Change in net assets	493,771	(98,342)	395,429	435,930
Net assets, beginning of year	2,355,730	588,963	2,944,693	2,508,763
Net assets, end of year	<u>\$ 2,849,501</u>	<u>\$ 490,621</u>	<u>\$ 3,340,122</u>	<u>\$ 2,944,693</u>

See notes to financial statements.

FREE CLINIC OF SOUTHWEST WASHINGTON

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>		<u>2023</u>	<u>2022</u>
	<u>Basic Health</u>	<u>Project Access</u>	<u>Dental</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries and accrued vacation expense	\$ 293,164	\$ 129,262	\$ 35,839	\$ 458,265	\$ 14,495	\$ 88,030	\$ 560,790	\$ 466,711
Payroll taxes and benefits	50,350	22,290	6,131	78,771	2,788	15,058	96,617	81,561
Bank and merchant fees	-	-	-	-	504	6,591	7,095	3,002
Bulk and vouchered pharmaceuticals	9,823	-	-	9,823	-	-	9,823	10,286
Dental van rental and referral services	-	-	6,750	6,750	-	-	6,750	3,745
Depreciation and amortization	19,336	9,301	4,723	33,360	550	2,913	36,823	30,240
Insurance	10,268	6,346	4,119	20,733	400	2,115	23,248	18,609
Medical, dental and clinic supplies	27,174	-	8,121	35,295	10	-	35,305	22,284
Occupancy	9,778	6,036	2,149	17,963	380	2,012	20,355	29,979
Printing, copying, postage and delivery	3,056	1,888	672	5,616	119	1,431	7,166	9,467
Professional fees	20,394	420	28,997	49,811	101,141	-	150,952	101,021
Technology	5,810	5,027	159	10,996	4,743	6,705	22,444	18,369
Miscellaneous	19,804	443	-	20,247	10,509	10,834	41,590	16,514
	<u>468,957</u>	<u>181,013</u>	<u>97,660</u>	<u>747,630</u>	<u>135,639</u>	<u>135,689</u>	<u>1,018,958</u>	<u>811,788</u>
In-kind expenses:								
Donated medical and dental services	408,798	86,682	438	495,918	-	-	495,918	361,403
Donated supplies	500	-	75	575	-	-	575	1,854
Donated use of facilities	42,979	26,561	9,454	78,994	1,673	8,854	89,521	89,520
	<u>468,957</u>	<u>181,013</u>	<u>97,660</u>	<u>747,630</u>	<u>135,639</u>	<u>135,689</u>	<u>1,018,958</u>	<u>811,788</u>
	<u>\$ 921,234</u>	<u>\$ 294,256</u>	<u>\$ 107,627</u>	<u>\$ 1,323,117</u>	<u>\$ 137,312</u>	<u>\$ 144,543</u>	<u>\$ 1,604,972</u>	<u>\$ 1,264,565</u>

See notes to financial statements.

FREE CLINIC OF SOUTHWEST WASHINGTON

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 395,429	\$ 435,930
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	36,823	30,240
(Gain) loss on investments	(239,476)	246,373
Changes in:		
Accounts receivable	(2,671)	(4,637)
Grants and contributions receivable	25,000	102,000
Prepaid expenses	(9,393)	(4,329)
Accounts payable accrued expenses	7,618	3,370
Accrued payroll	5,933	2,524
Vacation payable	2,833	(9,567)
Net cash provided by (used in) operating activities	222,096	801,904
Cash flows from investing activities:		
Purchase of property and equipment	(48,066)	(34,746)
Net purchases of investments	(66,198)	(726,571)
Net cash provided by (used in) investing activities	(114,264)	(761,317)
Net increase (decrease) in cash	107,832	40,587
Cash and cash equivalents, beginning of year	615,021	574,434
Cash and cash equivalents, end of year	\$ 722,853	\$ 615,021

See notes to financial statements.

FREE CLINIC OF SOUTHWEST WASHINGTON

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – DESCRIPTION OF ORGANIZATION

The Free Clinic of Southwest Washington (the “Free Clinic” or the “Organization”) is a nonprofit corporation located in Vancouver, Washington. The Organization provides and facilitates access to free, compassionate, quality health care for community members who are otherwise unable to obtain such services. The majority of those served lack access to health care as they cannot afford medical insurance and do not qualify for government assistance programs. A unique feature of the Free Clinic is that all medical services are provided by over 400 professional, technical and clerical volunteers. Donations fund nearly all operations.

The programs of the Free Clinic include:

- *Basic Health* – Provides basic medical services at the Free Clinic. Services additionally include health screenings, medication assistance, lab, medical imaging, immunizations, and basic vision services which include ophthalmology and optometry. Medical services under this program include assisting patients with certain chronic conditions manage their health and improve their condition through dietary and lifestyle modification.
- *Project Access* – Provides access to specialty medical care services in the community through a coordinated network of participating professional medical specialists, hospitals and ancillary providers. Project access care coordinators pre-screen clients for eligibility and assist clients in navigating the health system.
- *Dental* – Provides urgent dental services to alleviate pain and infection and provide fillings to arrest decay. Dental staff refer patients needing more specialized services to a network of dental providers who provide care in their own facilities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

FREE CLINIC OF SOUTHWEST WASHINGTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all liquid investments having initial maturities of three months or less to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and are included in investments. The Organization maintains cash in bank deposits which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments and Fair Value Measurements

Investments are reported at fair value and are the only assets measured at fair value on a recurring basis. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.

Level 3 – Unobservable inputs that reflect management's assumptions and best estimates based on available data.

Investments in mutual funds are carried at fair value based on quoted prices in active markets in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Accounts Receivable

Accounts receivable are recorded monthly as the related services are provided and billed. Management periodically assesses the need for an allowance for doubtful accounts based on historical experience and existing conditions affecting probable collection. Receivables are considered impaired if unpaid balances are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivables will not be collected.

FREE CLINIC OF SOUTHWEST WASHINGTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional fees, depreciation, amortization, insurance and office expenses, which are allocated on the basis of estimates of time and effort.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the various assets. Expenditures for additions, major renewals, and betterments are capitalized, and expenditures for repairs and maintenance are charged to income as incurred. Donated assets are reflected as contributions at their estimated fair value at the date of receipt.

The Free Clinic capitalizes fixed assets costing at least \$1,000. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally 5 to 15 years. Leasehold improvements are amortized over the life of the lease.

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

Estimates

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

Reclassification

Certain prior year balances in the accompanying financial statements have been reclassified to conform to the current year presentation.

FREE CLINIC OF SOUTHWEST WASHINGTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Summarized Financial Information

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

NOTE C – INVESTMENTS

Fair values of investments as of June 30, 2023 are as follows:

	Level 1	Level 2	Level 3	Fair Value Total
Vanguard Investment Account				
Vanguard Brokered Certificates of Deposit	\$ 448,680	\$ -	\$ -	\$ 448,680
Vanguard Total Stock Market Index Mutual Fund	507,730	-	-	507,730
Vanguard International Stock Index Mutual Fund	139,683	-	-	139,683
Vanguard Short-term Investment Grade Mutual Fund	360,215	-	-	360,215
Total Vanguard Investment Account	<u>1,456,308</u>	<u>-</u>	<u>-</u>	<u>1,456,308</u>
American Funds Mutual Funds				
AMCAP Fund	67,177	-	-	67,177
EuroPacific Growth Fund	74,635	-	-	74,635
Growth Fund of America	74,119	-	-	74,119
New Economy Fund	43,825	-	-	43,825
Washington Mutual Investors	94,455	-	-	94,455
Investment Company of America	91,413	-	-	91,413
Total American Funds Mutual Funds	<u>445,624</u>	<u>-</u>	<u>-</u>	<u>445,624</u>
Endowment Investments				
Vanguard Balanced Index Mutual Fund - Endowment	413,484	-	-	413,484
Community Foundation Pooled Investments - Endowment	-	-	53,021	53,021
Total Endowment Investments	<u>413,484</u>	<u>-</u>	<u>53,021</u>	<u>466,505</u>
Total Investments	<u>\$ 2,315,416</u>	<u>\$ -</u>	<u>\$ 53,021</u>	<u>\$ 2,368,437</u>

The changes in investments valued using Level 3 measurements are as follows:

Beginning balance	\$ 49,299
Unrealized gain on investments	<u>3,722</u>
Total investments at fair value	<u>\$ 53,021</u>

The Free Clinic did not provide variance power to the Community Foundation. Earnings can be withdrawn upon written request of the President and Treasurer of the Free Clinic and can be payable only to the Free Clinic. The Free Clinic must provide the Community Foundation at least three months notice for a withdrawal of all or a portion of the principal and at least 180 days notice for a withdrawal that exceeds \$100,000.

FREE CLINIC OF SOUTHWEST WASHINGTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE D – ENDOWMENT

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been enacted by the state of Washington. UPMIFA eliminates the historic dollar value threshold, an amount below which an organization could not spend from an endowment fund and establishes a set of prudent management and investment standards for boards to follow when managing endowment funds. Under UPMIFA, the Organization may spend so much of an endowment fund as it considers prudent, regardless of whether the fund is below its historic dollar value.

A donor's intent to maintain an endowment in perpetuity must still be considered and the fund managed accordingly. However, the Organization retains variance power over its endowment assets. The Organization's organizing documents and fund agreements set forth the power to modify any restrictions or conditions on distributions from funds if, in the Organization's judgment, such restrictions or conditions become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area being served.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Overview of Endowment Funds Spending Policy

The Board of Directors of the Free Clinic recognize their responsibility to manage all funds entrusted to the Endowment Fund in a prudent manner, with the understanding that the primary purpose of these funds is to meet the long range needs of the Free Clinic. These policies are intended to assure the optimum investment opportunity for all of the money received, whether funds are to be expended in the short or long term. The Finance Committee shall determine each year, based on the annual budget, whether any of the Endowment Fund will be appropriated for expenditure.

The annual expenditure from the Endowment Fund shall generally be equal to not more than 5% of the average ending balance in the Endowment Funds as of the end of the prior three fiscal years. To the extent such funds are not needed for operations, such amounts may remain in the Endowment Fund accounts to continue to grow for future needs. \$10,000 of Endowment Fund was appropriated for expenditure during the year ended June 30, 2023.

FREE CLINIC OF SOUTHWEST WASHINGTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE D – ENDOWMENT (CONTINUED)

Overview of Endowment Funds Spending Policy (Continued)

Changes in endowment net assets at June 30, 2023, consist of the following:

	With Donor Restrictions		Total Net
	Accumulated	Corpus	Endowment
	Gains	Corpus	Assets
Endowment net assets, June 30, 2022	\$ 180,700	\$ 251,205	\$ 431,905
Investment return:			
Net investment return	43,690	-	43,690
	224,390	251,205	475,595
Contributions	-	910	910
Appropriations for expenditure	(10,000)	-	(10,000)
	(10,000)	910	(9,090)
Endowment net assets, June 30, 2023	\$ 214,390	\$ 252,115	\$ 466,505

NOTE E – BOARD DESIGNATED FUNDS

The Board of Directors has eliminated the \$100,000 board designated reserve to be used for general operations in the event of unexpected circumstances. During the year ended June 30, 2023, \$100,000 was moved into net assets available for general operations.

NOTE F – IN-KIND CONTRIBUTIONS

The Free Clinic receives a significant amount of in-kind donations from volunteers with specialized clinical skills, as well as supplies and donated facility space. Without these non-financial donations, the Organization would not be able to provide programming to the community.

During the year ended June 30, 2023, \$495,917 of contributed medical services were recorded as follows:

Project Access –		
Valued at Medicaid reimbursement rates	\$	86,682
Monthly Health Volunteers –		
Valued at US Department of Labor rates		409,235
	\$	495,917

The Free Clinic also receives in-kind contributions of medical supplies and other items which are recorded when there is an objective basis upon which to value those contributions and where the contributions are an essential part of the Organization's activities. During the year ended June 30, 2023, \$575 of contributed furniture was recorded.

FREE CLINIC OF SOUTHWEST WASHINGTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE F – IN-KIND CONTRIBUTIONS (CONTINUED)

The Organization received office space valued at \$89,520 in-kind from Vancouver School District No. 37. The terms of the agreement require that the Organization pay only for its allocated share of monthly utilities based on the Organization's square footage. The Organization is also responsible for all insurance, janitorial, maintenance, repairs and taxes on their portion of the facility. The School District has agreed to provide space through 2030, although it may end the agreement with one year written notice to Free Clinic.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 consists of the following:

Leasehold improvements	\$	614,918
Equipment		<u>203,526</u>
		818,444
Less accumulated depreciation		<u>(548,632)</u>
	\$	<u><u>269,812</u></u>

Depreciation and amortization expense for the year ended June 30, 2023 was \$36,823.

NOTE H – RETIREMENT PLAN

The Organization sponsors a SIMPLE IRA for the benefit of its employees. The Organization contributes 3% of eligible compensation to the plan. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code. The Organization contributed \$7,462 for the year ended June 30, 2023.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets restricted for purpose at June 30, 2023 consist of the following:

Subject to donor restrictions, Organization's endowment policy, UPMIFA and appropriation:		
Donations to perpetual endowment	\$	252,115
Unappropriated endowment earnings		<u>214,390</u>
Total donor restrictions subject to appropriation		<u>466,505</u>
Subject to expenditure for donor specified purpose:		
Dental program		850
Basic health clinics		5,937
Outreach, fund raising, and team building		<u>17,329</u>
Total donor restrictions subject to purpose		<u>24,116</u>
Total net assets with donor restrictions	\$	<u><u>490,621</u></u>

FREE CLINIC OF SOUTHWEST WASHINGTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and certificates of deposit. At June 30, 2023, all cash on deposit with banks covered by the Federal Deposit Insurance Corporation (FDIC) was insured. At June 30, 2023, \$571,787 held in the Vanguard Federal Money Market Fund is a cash equivalent and is not FDIC insured.

NOTE K – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2023:

Financial assets at year-end	
Cash and cash equivalents	\$ 722,853
Investments	2,368,437
Accounts receivable	8,683
Total financial assets	<u>3,099,973</u>
Less amounts unavailable for use within one year due to:	
Purpose restriction by donor	(24,116)
Endowment fund	(466,505)
Total unavailable financial assets	<u>(490,621)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,609,352</u>

The board has appropriated \$30,000 of endowment funds for expenditure for the year ending June 30, 2024.

It is the policy of the Free Clinic to keep sufficient funds on hand in order to meet its current operating needs. Cash in excess of daily requirements is invested in certificates of deposit, money market funds and short-term investments consisting of actively traded mutual funds sponsored by major mutual fund families. Management prepares a monthly cash flow projection at the beginning of each fiscal year. Liquidity sufficiency for future monthly, quarterly, and annual needs are monitored by the Organization's management, Finance Committee, and Board of Directors.

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 19, 2023, which is the date the financial statements were available to be issued.