

**FREE CLINIC OF SOUTHWEST WASHINGTON**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2024**



**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**FREE CLINIC OF SOUTHWEST WASHINGTON**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2024**

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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, 2024, 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, 2024, and the changes in 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 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.

In performing an audit in accordance with generally accepted auditing standards, we:

To the Board of Directors  
Free Clinic of Southwest Washington

- 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 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 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 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Vancouver, Washington  
September 24, 2024

**FREE CLINIC OF SOUTHWEST WASHINGTON**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2024**

(With Comparative Totals as of June 30, 2023)

**ASSETS**

	<u>2024</u>	<u>2023</u> <u>(Restated)</u>
Cash and cash equivalents	\$ 382,318	\$ 722,853
Investments (Note E)	3,035,714	2,368,437
Accounts receivable	4,730	8,683
Grants and contributions receivable (Note D)	255,000	-
Prepaid expenses	37,560	30,628
Property and equipment, net (Note H)	<u>228,150</u>	<u>269,812</u>
<b>Total assets</b>	<b><u>\$ 3,943,472</u></b>	<b><u>\$ 3,400,413</u></b>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ 33,933	\$ 17,804
Accrued payroll	31,805	30,723
Vacation payable	<u>16,661</u>	<u>11,764</u>
<b>Total liabilities</b>	<b><u>82,399</u></b>	<b><u>60,291</u></b>
<b>Net assets</b>		
Without donor restrictions		
Net investment in fixed assets	228,150	269,812
Available for operations	<u>2,587,395</u>	<u>2,327,513</u>
Total without donor restrictions	2,815,545	2,597,325
With donor restrictions (Note J)	<u>1,045,528</u>	<u>742,797</u>
<b>Total net assets</b>	<b><u>3,861,073</u></b>	<b><u>3,340,122</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 3,943,472</u></b>	<b><u>\$ 3,400,413</u></b>

See notes to financial statements.

**FREE CLINIC OF SOUTHWEST WASHINGTON**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2024**

(With Comparative Totals for the Year Ended June 30, 2023)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2024</b>	<b>2023 (Restated)</b>
<b>Revenues and other support</b>				
Individual donations	\$ 173,720	\$ -	\$ 173,720	\$ 322,881
Business & organization donations	169,131	100,000	269,131	121,198
Patient donations	7,536	-	7,536	6,912
Foundation grants	78,654	440,846	519,500	470,001
Special events, net of expenses of \$63,473 and \$41,891	225,861	-	225,861	204,029
Bequests, memorials, planned gifts	44,006	-	44,006	19,800
Contract service revenue	26,621	-	26,621	30,043
Donated medical and dental services	420,820	-	420,820	495,917
Donated supplies	490	-	490	575
Donated use of facilities	89,520	-	89,520	89,520
Other revenue	-	-	-	49
	1,236,359	540,846	1,777,205	1,760,925
Net assets released from restrictions	314,181	(314,181)	-	-
<b>Total revenue and support</b>	<b>1,550,540</b>	<b>226,665</b>	<b>1,777,205</b>	<b>1,760,925</b>
<b>Expenses</b>				
Program services	1,325,308	-	1,325,308	1,323,117
Supporting services				
Management and general	166,062	-	166,062	137,312
Fundraising	136,436	-	136,436	144,543
<b>Total expenses</b>	<b>1,627,806</b>	<b>-</b>	<b>1,627,806</b>	<b>1,604,972</b>
<b>Change in net assets before changes in investments</b>	<b>(77,266)</b>	<b>226,665</b>	<b>149,399</b>	<b>155,953</b>
Investment return, net	295,486	76,066	371,552	239,476
<b>Change in net assets</b>	<b>218,220</b>	<b>302,731</b>	<b>520,951</b>	<b>395,429</b>
Net assets, beginning of year, as restated	2,597,325	742,797	3,340,122	2,944,693
<b>Net assets, end of year</b>	<b>\$ 2,815,545</b>	<b>\$ 1,045,528</b>	<b>\$ 3,861,073</b>	<b>\$ 3,340,122</b>

See notes to financial statements.

**FREE CLINIC OF SOUTHWEST WASHINGTON**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2024**

(With Comparative Totals for the Year Ended June 30, 2023)

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>		<u>2024</u>	<u>2023</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	\$ 370,460	\$ 114,540	\$ 37,866	\$ 522,866	\$ 18,278	\$ 91,576	\$ 632,720	\$ 560,790
Payroll taxes and benefits	59,113	18,142	5,911	83,166	2,927	14,653	100,746	96,617
Bank and merchant fees	-	-	-	-	3,008	3,330	6,338	7,095
Bulk and vouchered pharmaceuticals	6,353	-	-	6,353	425	-	6,778	9,823
Dental van rental and referral services	-	-	6,500	6,500	-	-	6,500	6,750
Depreciation and amortization	19,901	14,433	6,776	41,110	563	2,981	44,654	36,823
Insurance	9,297	5,745	4,045	19,087	362	1,915	21,364	23,248
Medical, dental and clinic supplies	20,199	-	-	20,199	1,078	-	21,277	35,305
Occupancy	5,199	3,213	1,143	9,555	203	1,071	10,829	20,355
Printing, copying, postage and delivery	4,306	2,556	882	7,744	845	1,653	10,242	7,166
Professional fees	38,312	702	27,068	66,082	117,917	-	183,999	150,952
Technology	3,537	10,590	-	14,127	10,659	7,374	32,160	22,444
Miscellaneous	22,727	4,070	1,418	28,215	8,124	3,030	39,369	41,590
	<u>559,404</u>	<u>173,991</u>	<u>91,609</u>	<u>825,004</u>	<u>164,389</u>	<u>127,583</u>	<u>1,116,976</u>	<u>1,018,958</u>
In-kind expenses:								
Donated medical and dental services	384,648	-	36,172	420,820	-	-	420,820	495,918
Donated supplies	490	-	-	490	-	-	490	575
Donated use of facilities	42,980	26,560	9,454	78,994	1,673	8,853	89,520	89,521
	<u>42,980</u>	<u>26,560</u>	<u>9,454</u>	<u>78,994</u>	<u>1,673</u>	<u>8,853</u>	<u>89,520</u>	<u>89,521</u>
	<u>\$ 987,522</u>	<u>\$ 200,551</u>	<u>\$ 137,235</u>	<u>\$ 1,325,308</u>	<u>\$ 166,062</u>	<u>\$ 136,436</u>	<u>\$ 1,627,806</u>	<u>\$ 1,604,972</u>

See notes to financial statements.

**FREE CLINIC OF SOUTHWEST WASHINGTON**

**STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2024**

(With Comparative Totals for the Year Ended June 30, 2023)

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ 520,951	\$ 395,429
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	44,654	36,823
(Gain) loss on investments	(371,552)	(239,476)
Changes in:		
Accounts receivable	3,953	(2,671)
Grants and contributions receivable	(255,000)	25,000
Prepaid expenses	(6,932)	(9,393)
Accounts payable accrued expenses	16,129	7,618
Accrued payroll	1,082	5,933
Vacation payable	4,897	2,833
<b>Net cash provided by (used in) operating activities</b>	<b>(41,818)</b>	<b>222,096</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(2,992)	(48,066)
Net purchases of investments	(295,725)	(66,198)
<b>Net cash provided by (used in) investing activities</b>	<b>(298,717)</b>	<b>(114,264)</b>
<b>Net increase (decrease) in cash</b>	<b>(340,535)</b>	<b>107,832</b>
Cash and cash equivalents, beginning of year	722,853	615,021
<b>Cash and cash equivalents, end of year</b>	<b>\$ 382,318</b>	<b>\$ 722,853</b>

See notes to financial statements.



## FREE CLINIC OF SOUTHWEST WASHINGTON

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024

#### 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, 2024**

**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, 2024**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions Revenue and Receivable**

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. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both 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. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

**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.

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

June 30, 2024

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassification**

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

**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, 2023, from which the summarized information was derived.

**NOTE C – RESTATEMENT**

Net assets with donor restrictions as of June 30, 2023, has been restated to reflect a bequest received during the year that should have been categorized as restricted to the endowment.

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
As originally reported as of June 30, 2023	\$ 2,849,501	\$ 490,621	\$ 3,340,122
Change in balance	(252,176)	252,176	-
Adjusted balance as of June 30, 2023	\$ 2,597,325	\$ 742,797	\$ 3,340,122

Overall net assets have not changed due to this restatement.

**NOTE D – GRANTS AND CONTRIBUTIONS RECEIVABLE**

As of June 30, 2024, grants and contributions receivable consist of the following:

The Oregon Community Foundation	\$ 25,000
Legacy Foundation	50,000
PacificSource Foundation	80,000
Marie Lamfrom Foundation	50,000
PeaceHealth	50,000
Total	\$ 255,000

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

**June 30, 2024**

**NOTE D – GRANTS AND CONTRIBUTIONS RECEIVABLE (CONTINUED)**

As of June 30, 2024, grants and contributions receivable are expected to be collected as follows:

Year Ending June 30,	
2025	\$ 230,000
2026	<u>25,000</u>
Total	<u><u>\$ 255,000</u></u>

**NOTE E – INVESTMENTS**

Fair values of investments as of June 30, 2024 are as follows:

	Level 1	Level 2	Level 3	Fair Value Total
Vanguard Investment Account				
Vanguard Brokered Certificates of Deposit	\$ -	\$ 720,520	\$ -	\$ 720,520
Vanguard Total Stock Market Index Mutual Fund	565,438	-	-	565,438
Vanguard Intermediate Term	114,179	-	-	114,179
Vanguard International Stock Index Mutual Fund	89,357	-	-	89,357
Vanguard Short-term Investment Grade Mutual Fund	204,718	-	-	204,718
Total Vanguard Investment Account	<u>973,692</u>	<u>720,520</u>	<u>-</u>	<u>1,694,212</u>
American Funds Mutual Funds				
AMCAP Fund	83,390	-	-	83,390
EuroPacific Growth Fund	82,407	-	-	82,407
Growth Fund of America	96,537	-	-	96,537
New Economy Fund	55,773	-	-	55,773
Washington Mutual Investors	114,437	-	-	114,437
Investment Company of America	116,211	-	-	116,211
Total American Funds Mutual Funds	<u>548,755</u>	<u>-</u>	<u>-</u>	<u>548,755</u>
Endowment Investments				
Vanguard Balanced Index Mutual Fund - Endowment	735,579	-	-	735,579
Community Foundation Pooled Investments - Endowment	-	-	57,168	57,168
Total Endowment Investments	<u>735,579</u>	<u>-</u>	<u>57,168</u>	<u>792,747</u>
Total Investments	<u>\$ 2,258,026</u>	<u>\$ 720,520</u>	<u>\$ 57,168</u>	<u>\$ 3,035,714</u>

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

Beginning balance	\$ 53,021
Unrealized gain on investments	<u>4,147</u>
Total investments at fair value	<u><u>\$ 57,168</u></u>

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

**June 30, 2024**

**NOTE E – INVESTMENTS (CONTINUED)**

The Free Clinic has not provided 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.

**NOTE F – 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. \$2,000 of Endowment Fund was appropriated for expenditure during the year ended June 30, 2024.

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

**June 30, 2024**

**NOTE F – ENDOWMENT (CONTINUED)**

**Overview of Endowment Funds Spending Policy (Continued)**

Changes in endowment net assets at June 30, 2024, consist of the following:

	With Donor Restrictions		Total Net
	Accumulated	Corpus	Endowment
	Gains	Corpus	Assets
Endowment net assets, June 30, 2023	\$ 214,390	\$ 504,291	\$ 718,681
Investment return:			
Net investment return	76,066	-	76,066
	290,456	504,291	794,747
Contributions	-	-	-
Appropriations for expenditure	(2,000)	-	(2,000)
	(2,000)	-	(2,000)
Endowment net assets, June 30, 2024	\$ 288,456	\$ 504,291	\$ 792,747

**NOTE G – 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, 2024, \$420,821 of contributed medical services were recorded based on U.S. Department of Labor rates multiplied by volunteer hours.

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, 2024, \$490 of contributed furniture was recorded.

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.

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

**June 30, 2024**

**NOTE H – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2024 consists of the following:

Leasehold improvements	\$	614,918
Equipment		<u>206,518</u>
		821,436
Less accumulated depreciation		<u>(593,286)</u>
	\$	<u><u>228,150</u></u>

Depreciation and amortization expense for the year ended June 30, 2024 was \$44,654.

**NOTE I – 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 \$10,565 for the year ended June 30, 2024.

**NOTE J – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets restricted for purpose at June 30, 2024 consist of the following:

Subject to endowment donor restrictions		
Donations to perpetual endowment	\$	504,291
Unappropriated endowment earnings		<u>288,456</u>
Total donor restrictions subject to appropriation		<u>792,747</u>
Subject to expenditure for donor specified purpose:		
Dental program		850
Basic health clinics		57,382
Outreach, fund raising, and team building		119,549
Project access		<u>75,000</u>
Total donor restrictions subject to purpose		<u>252,781</u>
Total net assets with donor restrictions	\$	<u><u>1,045,528</u></u>



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

**June 30, 2024**

**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, 2024:

Financial assets at year-end	
Cash and cash equivalents	\$ 382,318
Investments	3,035,714
Accounts receivable	4,730
Grants and contributions receivable	<u>255,000</u>
Total financial assets	<u>3,677,762</u>
Less amounts unavailable for use within one year due to:	
Purpose restriction by donor	(252,781)
Endowment fund	<u>(792,747)</u>
Total unavailable financial assets	<u>(1,045,528)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,632,234</u>

The board has appropriated \$30,000 of endowment funds for expenditure for the year ending June 30, 2025.

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 – 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, 2024, all cash on deposit with banks covered by the Federal Deposit Insurance Corporation (FDIC) was insured. At June 30, 2024, \$176,228 held in the Vanguard Federal Money Market Fund is a cash equivalent and is not FDIC insured.

**NOTE M – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 24, 2024, which is the date the financial statements were available to be issued.