

**VOLUNTEERS IN MEDICINE CLINIC**  
**APPLICATION SUMMARY**

***The Ward Foundation Board Meeting***

<b>Request Date:</b>	March 7, 2022
<b>Project Title:</b>	Disease Screening Tests that Enable Wellness of the Underserved Population of HHI
<b>Request Amount:</b>	\$18,000.00
<b>Program Area:</b>	Health and Human Services

<b>Organization Information</b>	<b>Contact Person for Application</b>
<b>Organization Name:</b> Volunteers In Medicine Clinic	Ms. Ginger Moran
<b>Physical Address of Organization:</b> 15 Northridge Drive Hilton Head Island, SD 29926	Director of Development (843) 689-6612 gmoran@vimclinic.org
<b>Phone:</b> Tel: (843) 689-6612 Fax: (843) 689-5694	
<b>Mailing Address (If awarded a grant, the check will be sent to this address):</b> 15 Northridge Drive Hilton Head Island, SC 29926	
<b>Organization's Web Address:</b> <a href="http://15 Northridge Drive">http://15 Northridge Drive</a>	
<b>Tax ID:</b> 570959206	
<b>Tax Status:</b> 501c(3)	

<b>Organization's annual operating budget:</b> \$2,910,640.00
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### Background

Founded in 1993, VIM Clinic provides free comprehensive medical, dental and mental health care for those in our community who cannot afford it and would otherwise go without. This is accomplished across 23 medical specialties and five disease management clinics through the efforts of more than 650 volunteers. This small army enables the clinic to offer our economically disadvantaged neighbors the care that they need in order to work, study, enjoy life and remain productive through their unique contributions to our local economy.

To be eligible to receive care at VIM, one must be at or below 250% of the Federal Poverty Level, be uninsured or underinsured and live or work on Hilton Head and Daufuskie Islands. With compassion, skill and dignity, we give the great gift of free healthcare to our neighbors and their families who need us. One in five of our neighbors is uninsured. The need is extraordinary as our patients are some of the most medically underserved in the country. Thousands of patients rely on us – adults, children and entire families. In fact, VIM Hilton Head Island now serves as the flagship model for 92 other free & charitable clinics across the nation.

**Project/Program Budget (if applicable):** \$120,000.00

**Project/Program Title:** Disease Screening Tests that Enable Wellness of the Underserved Population of HHI

### Detailed Project/Program Description

The proposed Disease Screening Tests that Enable Wellness of the Underserved Population of HHI program addresses a critical health need – guaranteeing that the underserved of Hilton Head and Daufuskie Islands have full access to disease screening lab tests. Serving as the cornerstone of VIM's Wellness and Prevention Program, disease screening labs are a critical component to promoting the wellness of our clients, enabling them to go to work or school in order to maintain their productivity in our community.

This program helps provide the underserved population of VIM HHI the annual disease screening lab tests that are necessary for the prevention and early detection of diseases such as diabetes, hepatitis, prostate disease, high cholesterol, HIV/AIDS, heart disease, liver and kidney and thyroid organ disease, anemia, autoimmune disease, etc.

Medical best practices indicate that annual disease screening lab testing is crucial for the prevention of serious chronic and poly-chronic disease and lowering the overall cost of care. However, VIM HHI is unable to raise the \$120,000 (about \$10 per month) necessary to fully fund the disease screening tests program that will enable the full implementation of our Wellness and Prevention Program for all 12 months of the coming fiscal year starting on July 1, 2022. Based on funds on hand, increased lab costs, and increase in medical orders for their use, and anticipated funding requests, we anticipate a significant shortfall in funds directed toward the disease screening test program in the coming fiscal year that is currently underfunded. By providing \$18,000 for the Disease Screening Tests that Enable Wellness of the Underserved Population of HHI program,

The Ward Foundation will help the underserved population living or working on Hilton Head receive the critical disease screening tests that promote wellness and prevention. As you know, the majority of the patients that we serve are working in the hospitality and tourism industries that fuel the economic engine of this island that we love to call home. We are grateful for the Ward Foundation's tremendous assistance in enabling the clinic to successfully meet its mission, making vast improvements in the lives of our less fortunate neighbors and families who need us the very most.

What other organizations in your geographical area provide similar services?

There are no other non-profit organizations that provide comprehensive disease screening labs to uninsured patients within this geographic area.

If funds were received from The Ward Foundation last year, how were they used?

Funds received last year from The Ward Foundation were directed to VIM's role in assisting with recovery from the COVID-19 pandemic. Specifically, funding was used to increase personnel through bi-lingual patient navigation efforts to effect an expedited vaccination effort of the at-risk Hilton Head Island low income population. VIM utilized our unique and trusting relationship with this population of our community to contact, educate and ultimately administer these vaccine hesitant individuals for a clearer understanding of the safety, efficacy and importance of vaccinations.

How will you measure the results of this grant?

Program success is providing each patient with the opportunity to receive an annual (or more immediate when medically required) disease screening test since this is the medical best practice to provide prevention and early diagnosis of chronic and poly-chronic diseases. Annual disease screening lab testing provides the best outcomes in the prevention or early diagnosis of diseases such as diabetes, hepatitis, prostate disease, high cholesterol, HIV/AIDS, heart disease, liver and kidney and thyroid organ disease, anemia, autoimmune disease, etc.

The success of VIM HHI's Wellness Program is based on the ability to provide clients with disease screening tests that are foundational to promoting the health of our clients rather than treating acute diseases in our clients. The outcomes of this proactive focus are lower health care costs and the increased ability of our clients to go to work or school in order to maintain their productivity in our community.

A significant measurable outcome of Disease Screening Tests that Enable Wellness of the Underserved Population of HHI program is increased health education of our patients.

The VIM HHI medical staff educates all patients on the health benefits of good nutrition, exercise, and regular testing, as well as the negative aspects of smoking, obesity, and risky behaviors. The success of this patient health education is measured by client behavior modification leading to better health outcomes (e.g., lower weight, lower blood pressure, lower body mass index (BMI), lower A1C, etc.).

The measurable outcomes of this program include: 1) delivery of annual disease screening lab tests; 2) patient education on the correlation between regular disease

screening tests and good health and productivity; and 3) patient ability to make informed decisions along with their doctor on prevention or early diagnosis of acute and chronic diseases.

**How many clients do you serve?**

4,212

**What is the cost per client served of this grant?**

5.85

**What percent are from low-income families?**

100

**Recommendation/Notes**

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**Volunteers In Medicine Clinic**  
**Approved FY 2022 Budget**

	<b>FY 22 Budget</b>
<b>Income</b>	
Patient Donations	140,000
Event Proceeds	410,000
Contributions	1,936,500
Miscellaneous Income	6,500
<b>Total Income</b>	<b>2,493,000</b>
<b>Expense</b>	
Promotional, Develop & Events	135,500
Administrative Costs	166,250
Depreciation Expense	140,000
Employee Costs	1,780,890
Occupancy Costs	157,000
Program Costs	531,000
<b>Total Expenses</b>	<b>2,910,640</b>
<b>Net Operating Income</b>	<b>\$ (417,640)</b>
<b>Other Income</b>	
Contributed Services & Materials	5,000,000
Investment Income	371,800
<b>Total Other Income</b>	<b>5,371,800</b>
<b>Other Expense</b>	
Cost of Contributed Services & Materials	5,000,000
Investment Expense	36,000
<b>Total Other Expense</b>	<b>5,036,000</b>
<b>Net Other Income &amp; Expense</b>	<b>\$ 335,800</b>
<b>Net Income</b>	<b>\$ (81,840)</b>

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**Hilton Head Island, South Carolina**

**June 30, 2021 and 2020**

**C O N T E N T S**

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***Independent Auditors' Report***

To the Board of Directors  
***The Volunteers in Medicine Clinic***  
Hilton Head Island, South Carolina

We have audited the accompanying financial statements of ***The Volunteers in Medicine Clinic*** (the "Clinic"), 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, cash flows, and functional expenses 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 audits 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 entity'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 entity'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 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 the Clinic 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.

*WebsterRogers LLP*

Bluffton, South Carolina  
December 15, 2021

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**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents		
Cash in deposit accounts	\$ 1,365,873	\$ 1,411,401
Cash in brokerage accounts	59,688	71,105
<b>Total cash and cash equivalents</b>	<b>1,425,561</b>	<b>1,482,506</b>
Investments	9,191,177	7,222,560
Receivables-other	7,840	9,610
Prepaid expenses	93,302	50,260
<b>Total current assets</b>	<b>10,717,880</b>	<b>8,764,936</b>
Property and Equipment, net	1,809,392	1,717,965
<b>TOTAL ASSETS</b>	<b>\$ 12,527,272</b>	<b>\$ 10,482,901</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 55,756	\$ 99,552
Deposits held for others	17,052	18,375
Accrued salaries	52,387	38,490
Other accrued liabilities	51,701	7,955
<b>Total current liabilities</b>	<b>176,896</b>	<b>164,372</b>
Long-term Liabilities		
Paycheck Protection Program loan	-	254,700
<b>Total long term liabilities</b>	<b>-</b>	<b>254,700</b>
<b>TOTAL LIABILITIES</b>	<b>176,896</b>	<b>419,072</b>
Net Assets		
Without donor restrictions		
Undesignated	3,224,712	2,508,412
Board designated	5,381,351	4,302,597
<b>Net assets without donor restrictions</b>	<b>8,606,063</b>	<b>6,811,009</b>
With donor restrictions		
Use restrictions	1,898,284	1,420,766
Perpetual in nature	1,846,029	1,832,054
<b>Net assets with donor restrictions</b>	<b>3,744,313</b>	<b>3,252,820</b>
<b>TOTAL NET ASSETS</b>	<b>12,350,376</b>	<b>10,063,829</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,527,272</b>	<b>\$ 10,482,901</b>

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021				2020			
	Without Donor Restrictions	With Donor Restrictions Time or Use	Perpetual	Total	Without Donor Restrictions	With Donor Restrictions Time or Use	Perpetual	Total
Support and Revenues								
Contributed support								
Contributions and grants	\$ 1,214,496	\$ 1,051,704	\$ 13,975	\$ 2,280,175	\$ 854,243	\$ 1,016,409	\$ 19,092	\$ 1,889,744
Services and materials donated	4,367,582	-	-	4,367,582	4,824,946	-	-	4,824,946
Benefit events	270,449	-	-	270,449	504,210	-	-	504,210
Other income - forgiveness of PPP loan	254,700	-	-	254,700	-	-	-	-
<b>Total contributed support</b>	<b>6,107,227</b>	<b>1,051,704</b>	<b>13,975</b>	<b>7,172,906</b>	<b>6,183,399</b>	<b>1,016,409</b>	<b>19,092</b>	<b>7,218,900</b>
Investment return, net of expenses	1,349,453	612,600	-	1,962,053	(1,348)	(581)	-	(1,929)
Administrative fees	120,541	-	-	120,541	128,448	-	-	128,448
Miscellaneous income	11,588	-	-	11,588	6,650	-	-	6,650
Rental income	5,250	-	-	5,250	2,400	-	-	2,400
Net assets released from restrictions	1,186,786	(1,186,786)	-	-	958,132	(958,132)	-	-
<b>Total support and revenues</b>	<b>8,780,845</b>	<b>477,518</b>	<b>13,975</b>	<b>9,272,338</b>	<b>7,277,681</b>	<b>57,696</b>	<b>19,092</b>	<b>7,354,469</b>
Expenses								
Program services	6,327,458	-	-	6,327,458	6,696,820	-	-	6,696,820
Support services								
Administrative and general	357,491	-	-	357,491	213,619	-	-	213,619
Fundraising	300,842	-	-	300,842	456,310	-	-	456,310
<b>Total expenses</b>	<b>6,985,791</b>	<b>-</b>	<b>-</b>	<b>6,985,791</b>	<b>7,366,749</b>	<b>-</b>	<b>-</b>	<b>7,366,749</b>
<b>Change in net assets</b>	<b>1,795,054</b>	<b>477,518</b>	<b>13,975</b>	<b>2,286,547</b>	<b>(89,068)</b>	<b>57,696</b>	<b>19,092</b>	<b>(12,280)</b>
Net Assets at Beginning of Year	6,811,009	1,420,766	1,832,054	10,063,829	6,900,077	1,363,070	1,812,962	10,076,109
<b>Net Assets at End of Year</b>	<b>\$ 8,606,063</b>	<b>\$ 1,898,284</b>	<b>\$ 1,846,029</b>	<b>\$ 12,350,376</b>	<b>\$ 6,811,009</b>	<b>\$ 1,420,766</b>	<b>\$ 1,832,054</b>	<b>\$ 10,063,829</b>

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE VOLUNTEERS IN MEDICINE CLINIC**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,286,547	\$ (12,280)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Forgiveness of Payroll Protection Program loan	(254,700)	-
Depreciation	138,824	142,753
Unrealized gains on investments	(1,453,117)	(59,010)
Realized (gain) loss on sale of investments	(390,061)	97,538
(Increase) decrease in:		
Receivables	1,770	5,640
Prepaid expenses	(43,042)	22,662
Increase (decrease) in:		
Accounts payable	(43,796)	48,712
Deposits held for others	(1,323)	3,602
Accrued expenses	57,643	22,645
Deferred revenue	-	(89,500)
<b>Net cash flows provided by operating activities</b>	<u>298,745</u>	<u>182,762</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	1,378,420	2,378,663
Purchase of investments	(1,503,859)	(2,223,593)
Purchase of property and equipment	(230,251)	(212,142)
<b>Net cash flows used in investing activities</b>	<u>(355,690)</u>	<u>(57,072)</u>
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	-	254,700
<b>Net cash flows provided by financing activities</b>	<u>-</u>	<u>254,700</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(56,945)</u>	<u>380,390</u>
Cash and Cash Equivalents at Beginning of Year	<u>1,482,506</u>	<u>1,102,116</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 1,425,561</u></u>	<u><u>\$ 1,482,506</u></u>

Schedule of Non-Cash Investing and Financing Activities

Grants awarded directly from investment funds	<u>\$ 17,121</u>	<u>\$ 17,400</u>
Forgiveness of Paycheck Protection Program loan	<u>\$ 254,700</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

	2021			
	Program Services	Administrative and General	Fundraising	Total
Compensation and related costs				
Contributed professional services	\$ 1,257,675	\$ -	\$ -	\$ 1,257,675
Salaries and wages	1,020,141	151,193	198,508	1,369,842
Payroll taxes	83,281	610	14,653	98,544
Employee benefits	4,354	1,648	1,014	7,016
Insurance	43,835	7,015	6,403	57,253
Education, training, and travel	560	34,590	239	35,389
Recruiting and recognition	1,690	11,863	884	14,437
<b>Total compensation and related costs</b>	<b>2,411,536</b>	<b>206,919</b>	<b>221,701</b>	<b>2,840,156</b>
Administrative and development costs				
Benefit expenses	-	-	11,539	11,539
Advertising, printing, and promotional	5,665	600	18,435	24,700
Board expenses	1,192	656	1,025	2,873
Computer network costs	64,315	1,961	16,688	82,964
Credit card processing fees	-	-	6,554	6,554
Copier lease and usage	6,429	994	927	8,350
General office expenses	13,843	4,650	1,732	20,225
Internet & web cost	-	-	750	750
Postage and delivery	2,706	392	2,044	5,142
Dues and memberships	10,208	397	1,727	12,332
Professional fees	24	124,665	-	124,689
<b>Total administrative and development costs</b>	<b>104,382</b>	<b>134,315</b>	<b>61,421</b>	<b>300,118</b>
Program costs				
Laboratory costs	69,441	-	-	69,441
Pathology services	17,644	-	-	17,644
Screenings	179,737	-	-	179,737
Medicine and drug costs	2,058,297	-	-	2,058,297
Medical supplies	41,851	-	-	41,851
Dental supplies	25,341	-	-	25,341
Patient support	36,735	-	-	36,735
Classroom instruction	11,030	-	-	11,030
Hospital/surgery center costs	719,972	-	-	719,972
Physician costs	282,682	-	-	282,682
Personal protection equipment	24,843	158	76	25,077
Software and equipment maintenance	34,730	-	-	34,730
Medical equipment and services	55,154	-	-	55,154
<b>Total program costs</b>	<b>3,557,457</b>	<b>158</b>	<b>76</b>	<b>3,557,691</b>

(Continued)

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	2021			
	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total</u>
Occupancy costs				
Rent/storage	\$ 1,430	\$ 1,266	\$ -	\$ 2,696
Utilities	32,904	1,763	1,773	36,440
Telephone and communications	10,039	2,045	1,424	13,508
Janitorial	31,390	1,627	650	33,667
Waste removal	7,839	757	944	9,540
Building repairs and maintenance	16,715	3,354	947	21,016
Insurance	28,284	(1,608)	2,758	29,434
Property taxes	2,268	114	320	2,702
<b>Total occupancy costs</b>	<u>130,869</u>	<u>9,318</u>	<u>8,816</u>	<u>149,003</u>
Depreciation	<u>123,214</u>	<u>6,781</u>	<u>8,828</u>	<u>138,823</u>
<b>Total expenses</b>	<u><u>\$ 6,327,458</u></u>	<u><u>\$ 357,491</u></u>	<u><u>\$ 300,842</u></u>	<u><u>\$ 6,985,791</u></u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	2020			
	Program Services	Administrative and General	Fundraising	Total
Compensation and related costs				
Contributed professional services	\$ 1,437,460	\$ -	\$ -	\$ 1,437,460
Salaries and wages	941,766	138,953	218,438	1,299,157
Payroll taxes	81,404	1,781	17,382	100,567
Employee benefits	4,238	1,923	1,594	7,755
Insurance	54,552	7,467	9,023	71,042
Education, training, and travel	3,250	5,386	3,211	11,847
Recruiting and recognition	3,559	1,017	323	4,899
<b>Total compensation and related costs</b>	<b>2,526,229</b>	<b>156,527</b>	<b>249,971</b>	<b>2,932,727</b>
Administrative and development costs				
Benefit expenses	-	-	135,322	135,322
Advertising, printing, and promotional	6,513	613	13,569	20,695
Board expenses	2,539	182	1,786	4,507
Computer network costs	59,429	4,234	15,579	79,242
Credit card processing fees	-	-	13,441	13,441
Copier lease and usage	7,073	604	1,199	8,876
General office expenses	14,509	3,031	2,631	20,171
Internet & web cost	-	750	-	750
Postage and delivery	3,193	408	1,853	5,454
Dues and memberships	10,128	364	749	11,241
Professional fees	80	25,525	-	25,605
<b>Total administrative and development costs</b>	<b>103,464</b>	<b>35,711</b>	<b>186,129</b>	<b>325,304</b>
Program costs				
Laboratory costs	72,698	-	-	72,698
Pathology services	37,823	-	-	37,823
Screenings	178,377	-	-	178,377
Medicine and drug costs	2,433,610	-	-	2,433,610
Medical supplies	49,624	-	-	49,624
Dental supplies	30,715	-	-	30,715
Patient support	21,466	-	-	21,466
Classroom instruction	10,550	-	-	10,550
Hospital/surgery center costs	769,189	-	-	769,189
Physician costs	151,289	-	-	151,289
Personal protection equipment	16,869	-	-	16,869
Software and equipment maintenance	37,638	-	-	37,638
Medical equipment and services	38,920	-	-	38,920
<b>Total program costs</b>	<b>3,848,768</b>	<b>-</b>	<b>-</b>	<b>3,848,768</b>

(Continued)

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

	2020			
	Program Services	Administrative and General	Fundraising	Total
Occupancy costs				
Rent/storage	\$ 153	\$ 1,104	\$ -	\$ 1,257
Utilities	30,679	3,604	3,963	38,246
Telephone and communications	9,098	1,476	1,206	11,780
Janitorial	16,932	1,475	1,133	19,540
Landscaping	1,925	250	325	2,500
Building repairs and maintenance	8,607	1,040	1,254	10,901
Insurance	25,688	2,375	3,611	31,674
Property taxes	1,082	64	153	1,299
<b>Total occupancy costs</b>	<b>94,164</b>	<b>11,388</b>	<b>11,645</b>	<b>117,197</b>
Depreciation	124,195	9,993	8,565	142,753
<b>Total expenses</b>	<b>\$ 6,696,820</b>	<b>\$ 213,619</b>	<b>\$ 456,310</b>	<b>\$ 7,366,749</b>

The accompanying Notes to Financial Statements are an integral part of these statements.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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#### **Note 1. Nature of Organization**

The Volunteers in Medicine Clinic (the "Clinic") was incorporated as a nonprofit organization on May 14, 1992, for the purposes of understanding and serving the health and wellness needs of the medically underserved population living and/or working on Hilton Head and Daufuskie Islands in South Carolina. The Clinic provides these services through proceeds from private contributions and grants.

#### **Note 2. Summary of Significant Accounting Policies**

##### Basis of accounting

The Clinic maintains its accounts on the accrual basis of accounting. Revenues are recognized when the earnings process is completed and expenses are recognized in the period incurred.

##### Financial statement presentation

Financial statement presentation follows accounting standards issued by the Financial Accounting Standards Board ("FASB") for Not-for-Profit Organizations. These standards require the Clinic to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* – net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions also include funds designated for specific purposes by actions of the Board of Directors.

*Net assets with donor restrictions* – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

##### Cash and cash equivalents

The Clinic considers its short term, highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

##### Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position based on quoted market prices. Investments consist of equity securities, mutual funds, and debt securities. Realized gains and losses on dispositions are based on the net proceeds and the average cost of the shares sold. Unrealized gains and losses are charged or credited to the statements of activities. Investment returns are reported as without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

##### Fair value measurements

Accounting principles generally accepted in the United States of America provide a framework for measuring fair value (FASB ASC 820-10), *Fair Value Measurements and Disclosures*. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:



## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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#### Note 2. Summary of Significant Accounting Policies (Continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Clinic has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical or similar assets or liabilities in inactive markets,
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

#### Receivables - other

Receivables - other primarily represent accrued earnings on investments.

#### Property and equipment

The Clinic records newly acquired real and personal property and major improvements at cost and donated property at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. The Clinic calculates depreciation on fixed assets using straight line and accelerated methods over the estimated useful lives which are as follows:

	<u>Years</u>
Buildings and improvements	25
Equipment	3 - 10

Maintenance and repairs are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost is removed from the asset account, and the related depreciation reserve is adjusted with the difference charged to income.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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#### **Note 2. Summary of Significant Accounting Policies (Continued)**

##### Donated services and supplies

Donated services and supplies are recognized as contributions when such services require specialized skills or would otherwise need to be purchased by the Clinic. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as “services and materials donated” on the accompanying statement of activities and as “contributed professional services” and included in “medicine and drug costs” in the applicable expense category and statements of functional expenses, respectively. Donated services from individual volunteers in areas not requiring specialized skills are not recognized as contributions in the financial statements since they do not meet the recognition criteria under accounting standards.

##### Allocation of functional expenses

Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program and supporting services on the basis of personnel time or space utilized for the related activities. Administrative and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Clinic.

##### Compensated absences

Compensated absences are expensed as incurred.

##### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expense during the reporting period. Actual results could differ from those estimates, and those differences could be material.

##### Revenue recognition

The Clinic recognizes revenue from contracts with customers in accordance with ASC Topic 606 which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the performance obligations are satisfied

Contributions received are recorded as restricted or unrestricted by donor depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets unrestricted by donor 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 net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

#### **Note 2. Summary of Significant Accounting Policies (Continued)**

Individual grant arrangements are evaluated and determined whether they are nonreciprocal, meaning the granting entity has not received a direct benefit of commensurate value in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when the expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met.

#### Recently issued pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use leased asset and a liability for the corresponding lease obligation for leases with terms of more than 12 months. ASU 2016-02 is effective for annual periods beginning after December 15, 2020, with early adoption permitted. On May 20, 2020, the FASB extended the effective date to reporting periods beginning after December 15, 2021. The Clinic is currently evaluating the impact of this new guidance on its financial statements.

In February 2016, the FASB issued Accounting Standards Update ASU 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentations and disclosures. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. ASU 2020-07 is effective for annual periods beginning after June 15, 2021, with early adoption permitted. The Clinic is currently evaluating the impact of this new guidance on its financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standard-setting bodies are not expected to have a material impact on the Clinic's net assets or changes in net assets.

#### **Note 3. Liquidity and Availability**

The Clinic regularly monitors liquidity required to meet its operating needs while also striving to maximize the return on investments of its funds. As part of the Clinic's liquidity management plan, cash in excess of 75 to 125 percent of the current year's approved operating expense budget will be held in liquid securities.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Current assets, at June 30:	<b>\$ 10,717,880</b>	\$ 8,764,936
Less prepaid expenses	<b>93,302</b>	50,260
Less those unavailable for general expenditures within one year, due to donor restrictions or board designations:		
Restrictions by donor with time or purpose restrictions	<b>1,898,284</b>	1,420,766
Restrictions by donor in perpetuity	<b>1,846,029</b>	1,832,054
Board designated	<b>5,381,351</b>	4,302,597
Financial assets available to meet the cash requirement for operational expenditures within one year	<b><u>\$ 1,498,914</u></b>	<b><u>\$ 1,159,259</u></b>

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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#### Note 3. Liquidity and Availability (Continued)

During 1998, management conducted a fund-raising campaign which resulted in significant current and future contributions. The contributions received and invested represent the amount initially received in cash and invested. These funds were raised to provide a financial base to help provide the needed funds to sustain the Clinic, especially in the face of an economic downturn, disaster relief, or other financial challenges. Some of these donations were for perpetuity (current balance approximately \$1.8 million), others were board designated (current balance approximately \$5.2 million) to fund operations or in the case of a catastrophic event.

By policy established by the Board of Directors, the amount of funds that may be distributed in any year from the investments to the operating funds shall be no more than 4.5% of the trailing 12 quarter average of the endowment.

Donors may impose restrictions on the use of the contributed funds. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specified purpose.

#### Note 4. Concentrations of Credit Risk

Financial instruments that potentially subject the Clinic to concentrations of credit risk consist principally of cash and cash equivalent accounts held at financial institutions and investments. The credit worthiness of the parties to these transactions is subject to continuous review and evaluation.

The Clinic places its cash and cash equivalents on deposit with financial institutions in the United States. The Securities Investor Protection Corporation (SIPC) provides protection from loss resulting from brokerage firm fraud or failure for cash and securities up to \$500,000, including \$250,000 for cash. The Federal Deposit Insurance Corporation (FDIC) insures deposits held at insured financial institutions up to \$250,000 for each deposit ownership category.

The Clinic, from time to time, may have amounts on deposit in excess of the respective insurance and protection limits. The Clinic's uninsured or unprotected cash balances totaled \$1,102,096 and \$1,152,532 as of June 30, 2021 and 2020, respectively.

#### Note 5. Investments

Summary of investments at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Held at brokerage firm	<u>\$ 8,721,685</u>	<u>\$ 6,846,521</u>
Endowment fund held by other entity, the Community Foundation of the Lowcountry, Inc. (CFL)		
Board designated, invested by CFL	<u>456,927</u>	<u>367,589</u>
Donor restricted, spendable portion	<u>12,565</u>	<u>8,450</u>
Total held by CFL	<u>469,492</u>	<u>376,039</u>
Total reported on Statements of Financial Position	<u><u>\$ 9,191,177</u></u>	<u><u>\$ 7,222,560</u></u>

**THE VOLUNTEERS IN MEDICINE CLINIC**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**Note 5. Investments (Continued)**

Investments held at brokerage firm

The amortized costs, gross unrealized gains and losses, and estimated fair values of investment securities held at a brokerage firm are summarized as follows:

	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>June 30, 2021</b>				
Corporate debt	\$ 1,067,806	\$ 50,681	\$ -	\$ 1,118,487
Equity securities	2,374,170	1,705,142	(26,259)	4,053,053
Mutual funds	391,533	197,197	-	588,730
Exchange traded funds	2,540,208	428,929	(7,722)	2,961,415
Total	<u>\$ 6,373,717</u>	<u>\$ 2,381,949</u>	<u>\$ (33,981)</u>	<u>\$ 8,721,685</u>
	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>June 30, 2020</b>				
Certificates of Deposit	\$ 129,805	\$ 1,027	\$ -	\$ 130,832
Corporate debt	1,065,862	55,768	(19,373)	1,102,257
Equity securities	2,508,956	963,832	(118,341)	3,354,447
Mutual funds	233,610	29,438	-	263,048
Exchange traded funds	1,898,282	123,145	(25,490)	1,995,937
Total	<u>\$ 5,836,515</u>	<u>\$ 1,173,210</u>	<u>\$ (163,204)</u>	<u>\$ 6,846,521</u>

The following schedule details the investment return, net of expenses, as reflected in the statements of activities for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Dividends & capital gains	\$ 122,022	\$ 132,243
Interest	32,004	49,257
Investment fees	(35,151)	(35,565)
Realized/unrealized gains (losses) on investments	<u>1,843,178</u>	<u>(147,864)</u>
	<u>\$ 1,962,053</u>	<u>\$ (1,929)</u>

Endowment investment fund

During 1998, management conducted a fundraising campaign which resulted in significant contributions. The contributions received and invested represent the amount initially received in cash and invested. These funds were raised to provide a financial base to help provide the needed funds to sustain the Clinic, especially in the face of an economic downturn, disaster relief, or other financial challenges. Some of these donations were for perpetuity. Amounts related to this campaign reported in the statement of financial position in investment funds as of June 30, 2021 and 2020, were \$1,376,537 and \$1,456,015, respectively.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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#### **Note 5. Investments (Continued)**

##### Endowment investment fund – agency funds

The Board of Directors elected to invest funds in an endowment with the Community Foundation of the Lowcountry Inc. (the "Foundation"). These funds are managed by the Foundation as part of a pool of investments, and the Clinic has no control regarding investment decisions. Funds available for distribution on an annual basis are determined by calculating 4.5% of the average market value of the fund over a 12-quarter period. Assets may also be distributed to meet emergency funding needs of the Clinic as determined by the Foundation in its sole discretion. The Clinic may elect to add all or any part of the distribution back to the fund.

Amounts related to this fund reported in the statement of financial position included in investments as of June 30, 2021 and 2020, were \$456,927 and \$367,589, respectively.

The Foundation investments represent the proportional interest in the investment pool managed by the Foundation. The investments are reported at their fair value which is estimated as the fair value of the underlying assets held by the Foundation. This investment is categorized as Level 3 under the fair value measurement hierarchy. The components of the investment funds related to the endowment are classified as net assets donor restricted-perpetual in nature.

##### Endowment investment fund – third-party funds

The Clinic also has an endowment fund which is the accumulation of amounts donated to the Foundation by third-party donors for the ultimate benefit of The Volunteers in Medicine Clinic (Third Party Fund). In accordance with generally accepted accounting principles, the Clinic has excluded from their financial statements the non-spendable portion of the contributions and related investment gains, losses, and fees that are from third-party donors. The balance of the non-spendable portion excluded from the financial statements was \$164,573 and \$126,928 as of June 30, 2021 and 2020, respectively.

Funds available for distribution from this fund on an annual basis (the spendable portion) are determined by calculating 4.5% of the average market value of the fund over a 12-quarter period. The Clinic may elect to add all or any part of the distribution back to the fund. The Clinic made no such election in 2021 or 2020. The spendable portion of this fund reported in the statements of financial position included as investments as of June 30, 2021 and 2020, was \$12,565 and \$8,450, respectively.

#### **Note 6. Fair Value Measurements**

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2021 and 2020.

- *U.S. Treasuries, equity securities, and exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Debt securities:* Valued at the closing price reported on the active market on which the individual bonds are traded.
- *Mutual funds:* Valued at the quoted net asset value (NAV) of shares held by the Clinic at year end.
- *Investment held by other entity:* As the Clinic does not know the precise allocation of the underlying assets on an ongoing basis, the asset is classified as Level 3 within the valuation hierarchy based upon the asset's fair value as represented by the fund's management.

**THE VOLUNTEERS IN MEDICINE CLINIC**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**Note 6. Fair Value Measurements (Continued)**

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Clinic believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Clinic's assets at fair value as of June 30, 2021 and 2020:

<b>Assets at Fair Value as of June 30, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Total Fair Value</b>
Corporate debt	\$ 1,118,487	\$ -	\$ 1,118,487
Equity securities	4,053,053	-	4,053,053
Mutual funds	588,730	-	588,730
Exchange traded funds	2,961,415	-	2,961,415
Investments held by CFL	-	-	469,492
			<b>469,492</b>
Total assets	<b>\$ 8,721,685</b>	<b>\$ -</b>	<b>\$ 469,492</b>
			<b>\$ 9,191,177</b>

<b>Assets at Fair Value as of June 30, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Total Fair Value</b>
Certificates of deposit	\$ 130,832	\$ -	\$ 130,832
Corporate debt	1,102,257	-	1,102,257
Equity securities	3,354,447	-	3,354,447
Mutual funds	263,048	-	263,048
Exchange traded funds	1,995,937	-	1,995,937
Investments held by CFL	-	-	376,039
			<b>376,039</b>
Total assets	<b>\$ 6,846,521</b>	<b>\$ -</b>	<b>\$ 376,039</b>
			<b>\$ 7,222,560</b>

# THE VOLUNTEERS IN MEDICINE CLINIC

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### Note 6. Fair Value Measurements (Continued)

The following table sets forth a summary of changes in the fair value of the Clinic's Level 3 assets for the years ended June 30, 2021 and 2020:

	Investments Held by CFL
Balance, June 30, 2019	\$ 390,112
Grants given	(20,648)
Unrealized gains	10,299
Management fees	(3,724)
Balance, June 30, 2020	376,039
Grants given	(17,121)
Unrealized gains	115,154
Management fees	(4,580)
<b>Balance, June 30, 2021</b>	<b>\$ 469,492</b>

Total net gains and losses for Level 3 assets for the periods ended June 30, 2021 and 2020, are included in net realized and unrealized gains (losses) on investments in the statements of activities. The transfers out of Level 3 assets for the years ended June 30, 2021 and 2020, were \$17,121 and \$20,648, respectively.

### Note 7. Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
Land	\$ 781,240	\$ 781,240
Buildings	2,012,300	1,888,033
Computers and software	673,956	650,169
Medical furniture, fixtures, and equipment	647,474	580,143
Office furniture, fixtures, and equipment	555,439	540,574
Subtotal	4,670,409	4,440,159
Less accumulated depreciation	2,861,017	2,722,194
Net property and equipment	<b>\$ 1,809,392</b>	<b>\$ 1,717,965</b>

### Note 8. Debt

Under the Coronavirus, Aid, Relief, and Economic Security (CARES) Act, the Clinic received \$254,700 on April 16, 2020, under the Small Business Administration Payroll Protection Program (PPP loan). The interest rate is 1%, and payments start 7 months from the date of disbursement. The payment term is 24 months, with the first 6 months of principal and interest being deferred, with interest accruing, then converting to monthly principal and interest payment amortized over 18 months. The loan was forgiven in December 2020 and is reported as Other Income - forgiveness of PPP loan on the statement of activities.



# THE VOLUNTEERS IN MEDICINE CLINIC

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

### Note 9. Net Assets – Without Donor Restrictions

Net assets without donor restrictions consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Board designated endowed funds	\$ 5,219,557	\$ 4,035,672
Imlay/McConnell fund	<u>161,794</u>	<u>266,925</u>
Total board designated funds	5,381,351	4,302,597
Undesignated	<u>3,224,712</u>	<u>2,508,412</u>
Total net assets without donor restrictions	<u>\$ 8,606,063</u>	<u>\$ 6,811,009</u>

### Note 10. Net Assets – With Donor Restrictions – Time or Use

The Clinic has received various contributions which are restricted in their use. Net assets restricted by donor-use restrictions are available for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Dental clinic	\$ 92,766	\$ 118,344
Healing services	208	320
Mammography	127,547	89,214
Patient surgical navigation	105,161	141,293
Wellness program	19,685	29,631
Other restricted programs	248,883	277,247
Endowment available for appropriations	<u>1,304,034</u>	<u>764,717</u>
Total net assets restricted by donor regarding use	<u>\$ 1,898,284</u>	<u>\$ 1,420,766</u>

The Clinic had no net assets with donor restrictions due to time at June 30, 2021 or 2020.

### Note 11. Net Assets – Endowment

The Clinic's endowment consists of net assets restricted by donor and designated by the Board. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of South Carolina adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2008. The Board of Directors of the Clinic has interpreted the UPMIFA as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Clinic classifies as net assets restricted by donor-perpetual in nature: (1) the original value of the gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations or reductions to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to or the reduction subtracted from the fund.

**THE VOLUNTEERS IN MEDICINE CLINIC**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**Note 11. Net Assets – Endowment (Continued)**

The remaining portion of the endowment fund that is not classified in net assets restricted by donor-perpetual in nature is classified as net assets with donor restrictions-use restrictions and net assets without donor restrictions-board designated funds until these amounts are appropriated for expenditure by the Clinic in a manner consistent with the standard of prudence described in the UPMIFA. In accordance with the UPMIFA, the Clinic considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Clinic and the restricted by donor endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Clinic
- The investment policy of the Clinic

At June 30, 2021, the Foundation held the following endowment net assets composition by type of fund:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>		
	<b>Board Designated</b>	<b>Time or Use</b>	<b>Perpetual</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 1,302,155	\$ 1,846,029	\$ 3,148,184
Board-designated endowment funds	<u>5,219,592</u>	<u>-</u>	<u>-</u>	<u>5,219,592</u>
Total funds	<u><u>\$ 5,219,592</u></u>	<u><u>\$ 1,302,155</u></u>	<u><u>\$ 1,846,029</u></u>	<u><u>\$ 8,367,776</u></u>

The following are the changes in endowment net assets for the year ended June 30, 2021:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>		
	<b>Board Designated</b>	<b>Time or Use</b>	<b>Perpetual</b>	<b>Total</b>
Endowment net assets, July 1, 2020	\$ 4,035,707	\$ 764,717	\$ 1,832,054	\$ 6,632,478
Investment return:				
Investment income, net of expenses	1,349,453	612,600	-	1,962,053
Contribution	-	-	13,975	13,975
Appropriation of endowment assets for expenditure	<u>(165,568)</u>	<u>(75,162)</u>	<u>-</u>	<u>(240,730)</u>
Endowment net assets, June 30, 2021	<u><u>\$ 5,219,592</u></u>	<u><u>\$ 1,302,155</u></u>	<u><u>\$ 1,846,029</u></u>	<u><u>\$ 8,367,776</u></u>

# THE VOLUNTEERS IN MEDICINE CLINIC

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### Note 11. Net Assets – Endowment (Continued)

At June 30, 2020, the Foundation had the following endowment net assets composition by type of fund:

	Without donor restrictions	With donor restrictions		
	Board Designated	Time or Use	Perpetual	Total
Donor-restricted endowment funds	\$ -	\$ 764,717	\$ 1,832,054	\$ 2,596,771
Board-designated endowment funds	4,035,707	-	-	4,035,707
Total funds	<u>\$ 4,035,707</u>	<u>\$ 764,717</u>	<u>\$ 1,832,054</u>	<u>\$ 6,632,478</u>

The following are the changes in endowment net assets for the year ended June 30, 2020:

	Without donor restrictions	With donor restrictions		
	Board Designated	Time or Use	Perpetual	Total
Endowment net assets, July 1, 2019	\$ 4,205,266	\$ 837,816	\$ 1,812,962	\$ 6,856,044
Investment return:				
Investment income, net of expenses	(1,348)	(581)	-	(1,929)
Contribution	-	-	19,092	19,092
Appropriation of endowment assets for expenditure	<u>(168,211)</u>	<u>(72,518)</u>	<u>-</u>	<u>(240,729)</u>
Endowment net assets, June 30, 2020	<u>\$ 4,035,707</u>	<u>\$ 764,717</u>	<u>\$ 1,832,054</u>	<u>\$ 6,632,478</u>

Funds with deficiencies – From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the Clinic to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021 and 2020.

Return objectives and risk parameters – The Clinic has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by the Clinic. Endowment assets include those assets of donor-restricted funds that the Clinic must hold in perpetuity or for a donor specified period as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk. The Clinic expects its endowment funds, over time, to provide an average rate of return of approximately 4.5% annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives – To satisfy long-term rate-of-return objectives, the Clinic relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Clinic targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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#### Note 11. Net Assets – Endowment (Continued)

Spending policy and how the investment objectives relate to spending policy – The Clinic's spending policy is to appropriate for distribution each year up to 4.5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Clinic considered the long-term expected return on its endowment. Accordingly, over the long term, the Clinic expects the current spending policy to allow its endowment to grow at an average of 1.5% annually. This is consistent with the Clinic's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. In June 2020, \$304,000 was taken from the endowment investments and transferred to the operating fund. As of June 30, 2021, the endowment investments designated by the Board or restricted by donors that is not perpetual in nature is \$6,521,748.

At June 30, 2021 and 2020, the Clinic's net assets restricted by donor-perpetual in nature consist of investments providing a permanent source of income for operations and for the use of furthering the mission of the Clinic.

#### Note 12. Operating Leases

##### Clinic as lessor

The Clinic had a non-cancelable lease agreement for the rental of a portion of the Clinic's facilities. The lease income was \$200 per month until May 31, 2020, and then \$400 per month for the remaining 7 months of the lease. The lease expired at December 31, 2020, and was renewed for 12 months ending December 31, 2021, with a new monthly payment of \$475. As of June 30, 2021 and 2020, the total cost and accumulated depreciation of the facility and improvements of which a portion is leased was as follows:

	<u>2021</u>	<u>2020</u>
Cost of facility and improvements	\$ 1,327,794	\$ 1,296,233
Accumulated depreciation	<u>(585,115)</u>	<u>(542,943)</u>
	<u>\$ 742,679</u>	<u>\$ 753,290</u>

The lease income under this lease was approximately \$5,250 and \$2,400 for the years ended June 30, 2021 and 2020, respectively.

##### Clinic as lessee

During May of 2019, the Clinic entered into a five-year operating lease for two copiers. Per the lease agreement, the lease will automatically renew on a month-to month basis after the ending of the lease term. Lease payments are \$370 per month.

In June 2021, the Clinic entered into a forty-five-year lease agreement with the Town of Hilton Head Island. The lease is for land to be used as a parking lot and the payments will be \$1 per year.

THE VOLUNTEERS IN MEDICINE CLINIC

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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**Note 12. Operating Leases (Continued)**

The future annual lease payments are summarized below:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 4,493
2023	4,493
2024	3,703
Thereafter	42
	<u>\$ 12,731</u>

**Note 13. Income Taxes**

The Clinic is a not-for-profit organization under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal or state income taxes is reflected in the accompanying financial statements. The Clinic believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements as of June 30, 2021 and 2020. The Clinic files information returns in the U.S. federal jurisdiction and the state of South Carolina.

**Note 14. Retirement Plan**

The Clinic sponsors a 403(b)-tax deferred annuity plan in which any employee may elect to defer a portion of their compensation. The Plan does not include a provision for employer contributions.

**Note 15. Commitments and Contingent Liabilities**

Grants

Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the Clinic. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Clinic expects such amounts, if any, to be immaterial.

**Note 16. COVID-19**

The COVID-19 pandemic has constrained the Clinic's ability to provide the volume of care typically available due to safety concerns for their volunteers and patients. The extent of the impact of COVID-19 on the Clinic's operational and financial performance will depend on certain developments, including the duration and spread of the pandemic, the availability and effectiveness of vaccines, the effects on the U.S. and global economy, and the impacts on the Clinic's donors, employees, and vendors. The overall extent to which COVID-19 may impact the Clinic's future financial position and changes in net assets and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**Note 17. Subsequent Events**

The Clinic has evaluated subsequent events through December 15, 2021, in connection with the preparation of these financial statements, which is the date that the financial statements were available to be issued. There are no subsequent events to report at this date.

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**Hilton Head Island, South Carolina**

**June 30, 2020 and 2019**

**C O N T E N T S**

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***Independent Auditors' Report***

To the Board of Directors  
***The Volunteers in Medicine Clinic***  
Hilton Head Island, South Carolina

We have audited the accompanying financial statements of ***The Volunteers in Medicine Clinic*** (the "Clinic"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 audits 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 entity'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 entity'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 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 the Clinic as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*WebsterRogers LLP*

Bluffton, South Carolina  
December 17, 2020

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**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents		
Cash in deposit accounts	\$ 1,411,401	\$ 913,620
Cash in brokerage accounts	71,105	188,496
<b>Total cash and cash equivalents</b>	<b>1,482,506</b>	<b>1,102,116</b>
Investments	7,222,560	7,416,158
Receivables-other	9,610	15,250
Prepaid expenses	50,260	72,922
<b>Total current assets</b>	<b>8,764,936</b>	<b>8,606,446</b>
Property and Equipment, net	1,717,965	1,648,576
<b>TOTAL ASSETS</b>	<b>\$ 10,482,901</b>	<b>\$ 10,255,022</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 99,552	\$ 50,840
Deposits held for others	18,375	14,773
Accrued salaries	38,490	23,800
Deferred revenue	-	89,500
Other accrued liabilities	7,955	-
<b>Total current liabilities</b>	<b>164,372</b>	<b>178,913</b>
Long-term Liabilities		
Paycheck Protection Program loan	254,700	-
<b>Total long term liabilities</b>	<b>254,700</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>419,072</b>	<b>178,913</b>
Net Assets		
Without donor restrictions		
Undesignated	2,508,412	2,606,850
Board restrictions	4,302,597	4,293,227
<b>Net assets without donor restrictions</b>	<b>6,811,009</b>	<b>6,900,077</b>
With donor restrictions		
Use restrictions	1,420,766	1,363,070
Perpetual in nature	1,832,054	1,812,962
<b>Net assets with donor restrictions</b>	<b>3,252,820</b>	<b>3,176,032</b>
<b>TOTAL NET ASSETS</b>	<b>10,063,829</b>	<b>10,076,109</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,482,901</b>	<b>\$ 10,255,022</b>

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020				2019			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
		Time Use	Perpetual			Time Use	Perpetual	
Support and Revenues								
Contributed support								
Contributions and grants	\$ 854,243	\$ 1,016,409	\$ 19,092	\$ 1,889,744	\$ 825,510	\$ 1,029,585	\$ 19,072	\$ 1,874,167
Services and materials donated	4,824,946	-	-	4,824,946	4,795,643	-	-	4,795,643
Benefit events, net	504,210	-	-	504,210	464,067	-	-	464,067
<b>Total contributed support</b>	<b>6,183,399</b>	<b>1,016,409</b>	<b>19,092</b>	<b>7,218,900</b>	<b>6,085,220</b>	<b>1,029,585</b>	<b>19,072</b>	<b>7,133,877</b>
Investment return, net of expenses	(1,348)	(581)	-	(1,929)	297,732	131,218	-	428,950
Rental income	2,400	-	-	2,400	6,989	-	-	6,989
Administrative fees	128,448	-	-	128,448	176,498	-	-	176,498
Miscellaneous income	6,650	-	-	6,650	9,104	-	-	9,104
Net assets released from restrictions	958,132	(958,132)	-	-	920,605	(920,605)	-	-
<b>Total support and revenues</b>	<b>7,277,681</b>	<b>57,696</b>	<b>19,092</b>	<b>7,354,469</b>	<b>7,496,148</b>	<b>240,198</b>	<b>19,072</b>	<b>7,755,418</b>
Expenses								
Program services	6,696,820	-	-	6,696,820	6,640,851	-	-	6,640,851
Support services								
Administrative and general	213,619	-	-	213,619	210,269	-	-	210,269
Fundraising	456,310	-	-	456,310	457,754	-	-	457,754
<b>Total expenses</b>	<b>7,366,749</b>	<b>-</b>	<b>-</b>	<b>7,366,749</b>	<b>7,308,874</b>	<b>-</b>	<b>-</b>	<b>7,308,874</b>
<b>Change in net assets</b>	<b>(89,068)</b>	<b>57,696</b>	<b>19,092</b>	<b>(12,280)</b>	<b>187,274</b>	<b>240,198</b>	<b>19,072</b>	<b>446,544</b>
Net Assets at Beginning of Year	6,900,077	1,363,070	1,812,962	10,076,109	6,712,803	1,122,872	1,793,890	9,629,565
<b>Net Assets at End of Year</b>	<b>\$ 6,811,009</b>	<b>\$ 1,420,766</b>	<b>\$ 1,832,054</b>	<b>\$ 10,063,829</b>	<b>\$ 6,900,077</b>	<b>\$ 1,363,070</b>	<b>\$ 1,812,962</b>	<b>\$ 10,076,109</b>

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE VOLUNTEERS IN MEDICINE CLINIC**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (12,280)	\$ 446,544
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	142,753	175,212
Unrealized gains on investments	(59,010)	(132,951)
Realized (gain) loss on sale of investments	97,538	(111,244)
In-kind donations of investments	-	(29,331)
(Increase) decrease in:		
Receivables	5,640	5,190
Inventory	-	2,870
Prepaid expenses	22,662	(14,344)
Increase (decrease) in:		
Accounts payable	48,712	2,002
Deposits held for others	3,602	(4,864)
Accrued expenses	22,645	(5,960)
Deferred revenue	(89,500)	(19,250)
<b>Net cash flows provided by operating activities</b>	<u>182,762</u>	<u>313,874</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	2,378,663	1,268,834
Purchase of investments	(2,223,593)	(1,305,964)
Purchase of property and equipment	(212,142)	(189,440)
<b>Net cash flows used in investing activities</b>	<u>(57,072)</u>	<u>(226,570)</u>
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	254,700	-
<b>Net cash flows provided by financing activities</b>	<u>254,700</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>380,390</u>	<u>87,304</u>
Cash and Cash Equivalents at Beginning of Year	<u>1,102,116</u>	<u>1,014,812</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,482,506</u>	<u>\$ 1,102,116</u>

Schedule of Non-Cash Investing Activities

In-kind donations of investments	\$ -	\$ 29,331
In-kind donations of property and equipment	\$ -	\$ 17,750
Grants awarded directly from investment funds	\$ 17,400	\$ 34,312

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	2020			
	Program Services	Administrative and General	Fundraising	Total
Compensation and related costs				
Contributed professional services	\$ 1,437,460	\$ -	\$ -	\$ 1,437,460
Salaries and wages	941,766	138,953	218,438	1,299,157
Payroll taxes	81,404	1,781	17,382	100,567
Employee benefits	4,238	1,923	1,594	7,755
Insurance	54,552	7,467	9,023	71,042
Education, training, and travel	3,250	5,386	3,211	11,847
Recruiting and recognition	3,559	1,017	323	4,899
<b>Total compensation and related costs</b>	<b>2,526,229</b>	<b>156,527</b>	<b>249,971</b>	<b>2,932,727</b>
Administrative and development costs				
Benefit expenses	-		135,322	135,322
Advertising, printing, and promotional	6,513	613	13,569	20,695
Board expenses	2,539	182	1,786	4,507
Computer network costs	59,429	4,234	15,579	79,242
Credit card processing fees	-	-	13,441	13,441
Copier lease and usage	7,073	604	1,199	8,876
General office expenses	14,509	3,031	2,631	20,171
Internet & web cost	-	750	-	750
Postage and delivery	3,193	408	1,853	5,454
Dues and memberships	10,128	364	749	11,241
Professional fees	80	25,525	-	25,605
<b>Total administrative and development costs</b>	<b>103,464</b>	<b>35,711</b>	<b>186,129</b>	<b>325,304</b>
Program costs				
Laboratory costs	72,698	-	-	72,698
Pathology services	37,823	-	-	37,823
Screenings	178,377	-	-	178,377
Medicine and drug costs	2,433,610	-	-	2,433,610
Medical supplies	49,624	-	-	49,624
Dental supplies	30,715	-	-	30,715
Patient support	21,466	-	-	21,466
Classroom instruction	10,550	-	-	10,550
Hospital/surgery center costs	769,189	-	-	769,189
Physician costs	151,289	-	-	151,289
Personal protection equipment	16,869	-	-	16,869
Software and equipment maintenance	37,638	-	-	37,638
Medical equipment and services	38,920	-	-	38,920
<b>Total program costs</b>	<b>3,848,768</b>	<b>-</b>	<b>-</b>	<b>3,848,768</b>

(Continued)

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

	2020			
	Program Services	Administrative and General	Fundraising	Total
Occupancy costs				
Rent/storage	\$ 153	\$ 1,104	\$ -	\$ 1,257
Utilities	30,679	3,604	3,963	38,246
Telephone and communications	9,098	1,476	1,206	11,780
Janitorial	16,932	1,475	1,133	19,540
Landscaping	1,925	250	325	2,500
Building repairs and maintenance	8,607	1,040	1,254	10,901
Insurance	25,688	2,375	3,611	31,674
Property taxes	1,082	64	153	1,299
<b>Total occupancy costs</b>	<b>94,164</b>	<b>11,388</b>	<b>11,645</b>	<b>117,197</b>
Depreciation	124,195	9,993	8,565	142,753
<b>Total expenses</b>	<b>\$ 6,696,820</b>	<b>\$ 213,619</b>	<b>\$ 456,310</b>	<b>\$ 7,366,749</b>

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	2019			
	Program Services	Administrative and General	Fundraising	Total
Compensation and related costs				
Contributed professional services	\$ 2,026,209	\$ -	\$ -	\$ 2,026,209
Salaries and wages	868,675	121,478	220,064	1,210,217
Payroll taxes	67,006	7,692	15,014	89,712
Contract labor	23,973	-	3,000	26,973
Employee benefits	6,778	2,626	1,992	11,396
Insurance	44,242	7,369	7,919	59,530
Education, training, and travel	1,801	2,614	4,018	8,433
Recruiting and recognition	3,971	1,386	247	5,604
<b>Total compensation and related costs</b>	<b>3,042,655</b>	<b>143,165</b>	<b>252,254</b>	<b>3,438,074</b>
Administrative and development costs				
Benefit expenses	-	-	122,648	122,648
Development expenses	-	-	2,536	2,536
Advertising, printing, and promotional	339	-	13,190	13,529
Board expenses	-	-	700	700
Computer network costs	51,606	2,882	20,921	75,409
Credit card processing fees	-	-	10,152	10,152
Copier lease and usage	7,699	1,232	1,334	10,265
General office expenses	23,809	3,250	5,967	33,026
Internet & web cost	-	-	750	750
Postage and delivery	3,231	620	4,068	7,919
Dues and memberships	7,938	140	-	8,078
Professional fees	94	23,500	-	23,594
<b>Total administrative and development costs</b>	<b>94,716</b>	<b>31,624</b>	<b>182,266</b>	<b>308,606</b>
Program costs				
Laboratory costs	80,896	-	-	80,896
Pathology services	54,786	-	-	54,786
Screenings	292,307	-	-	292,307
Medicine and drug costs	1,966,390	-	-	1,966,390
Medical supplies	105,190	-	-	105,190
Dental supplies	41,827	-	-	41,827
Patient education materials	30	-	-	30
Patient support	21,697	-	-	21,697
Classroom instruction	3,735	-	-	3,735
Classroom supplies	953	-	-	953
Hospital/surgery center costs	436,056	-	-	436,056
Physician costs	204,761	-	-	204,761
Software and equipment maintenance	44,581	-	-	44,581
Medical equipment and services	17,146	-	-	17,146
<b>Total program costs</b>	<b>3,270,355</b>	<b>-</b>	<b>-</b>	<b>3,270,355</b>

(Continued)

**THE VOLUNTEERS IN MEDICINE CLINIC**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

	2019			
	Program Services	Administrative and General	Fundraising	Total
Occupancy costs				
Rent/storage	\$ -	\$ 1,086	\$ -	\$ 1,086
Utilities	27,456	6,842	3,692	37,990
Telephone and communications	7,127	1,099	1,183	9,409
Janitorial	14,678	1,514	876	17,068
Landscaping	-	405	-	405
Building repairs and maintenance	11,429	4,847	2,213	18,489
Insurance	22,643	4,979	3,181	30,803
Property taxes	1,019	220	138	1,377
<b>Total occupancy costs</b>	<b>84,352</b>	<b>20,992</b>	<b>11,283</b>	<b>116,627</b>
Depreciation	148,773	14,488	11,951	175,212
<b>Total expenses</b>	<b>\$ 6,640,851</b>	<b>\$ 210,269</b>	<b>\$ 457,754</b>	<b>\$ 7,308,874</b>

The accompanying Notes to Financial Statements are an integral part of these statements.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

---

#### **Note 1. Nature of Organization**

The Volunteers in Medicine Clinic (the "Clinic") was incorporated as a nonprofit organization on May 14, 1992, for the purposes of understanding and serving the health and wellness needs of the medically underserved population living and/or working on Hilton Head and Daufuskie Islands in South Carolina. The Clinic provides these services through proceeds from private contributions and grants.

#### **Note 2. Summary of Significant Accounting Policies**

##### Basis of accounting

The Clinic maintains its accounts on the accrual basis of accounting. Revenues are recognized when the earnings process is completed and expenses are recognized in the period incurred.

##### Financial statement presentation

Financial statement presentation follows accounting standards issued by the Financial Accounting Standards Board ("FASB") for Not-for-Profit Organizations. These standards require the Clinic to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* – net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions also include funds designated for specific purposes by actions of the Board of Directors.

*Net assets with donor restrictions* – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

##### Cash and cash equivalents

The Clinic considers its investments with an original maturity of three months or less to be cash equivalents.

##### Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position based on quoted market prices. Investments consist of equity securities, mutual funds, and debt securities. Realized gains and losses on dispositions are based on the net proceeds and the average cost of the shares sold. Unrealized gains and losses are charged or credited to the statements of activities. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

##### Receivables - other

Receivables-other represent accrued earnings on investments and overpaid unemployment taxes to be refunded.



## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### Property and equipment

The Clinic records newly acquired real and personal property and major improvements at cost and donated property at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. The Clinic calculates depreciation on fixed assets over the estimated useful lives using straight line and accelerated methods which are as follows:

	<u>Years</u>
Buildings and improvements	25
Equipment	3 - 10

Maintenance and repairs are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost is removed from the asset account, and the related depreciation reserve is adjusted with the difference charged to income.

##### Donated services and supplies

Donated services and supplies are recognized as contributions when such services require specialized skills and would otherwise need to be purchased by the Clinic. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as "services and materials donated" and as "contributed professional services" and in the applicable expense category on the accompanying statement of activities and statements of functional expenses, respectively. Donated services from individual volunteers in areas not requiring specialized skills are not recognized as contributions in the financial statements since they do not meet the recognition criteria under accounting standards.

##### Functional expenses

Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program and supporting services on the basis of personnel time and space utilized for the related activities. Administrative and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Clinic.

##### Compensated absences

Compensated absences are expensed as incurred.

##### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expense during the reporting period. Actual results could differ from those estimates, and those differences could be material.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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#### **Note 2. Summary of Significant Accounting Policies (Continued)**

##### Revenue recognition – beginning July 1, 2019

In May 2014, the Financial Accounting Standards Board (FASB) issued ASC 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606). Effective July 1, 2019, the Clinic recognizes revenue from contracts with customers in accordance with ASU Topic 606 which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the performance obligations are satisfied

##### *Impact of ASU 2014-09 Adoption*

The Clinic adopted ASU 2014-09 using the modified retrospective method. Accordingly, the new guidance was applied retrospectively to contracts that were not completed as of July 1, 2019 (the date of the initial application). In addition, the Clinic utilized the practical expedient which allows it to evaluate the impact of contract modifications as of the adoption date rather than evaluating the impact of the modifications at the time they occurred prior to the adoption date. There were no uncompleted contracts at July 1, 2019. As such, there were no effects to the Clinic's financial statements upon adoption of ASU 2014-09.

Contributions received are recorded as restricted or unrestricted by donor depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets unrestricted by donor 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 net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

##### Recent accounting guidance

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. The amendments in this update were effective for annual financial statements issued for fiscal years beginning after December 15, 2018. The Organization implemented the standard for the year ended June 30, 2020, and has adjusted the presentation of these statements accordingly. The pronouncement has been applied retrospectively to all periods presented. There was no effect on previously stated total net assets and cash and cash equivalents.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

#### Note 2. Summary of Significant Accounting Policies (Continued)

##### Recent accounting guidance (continued)

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The new guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provided guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions. The amendments in this update were effective for annual financial statements issued for fiscal years beginning after December 15, 2018. The adoption of this standard for the year ended June 30, 2020, did not result in a change to the financial statements of the Clinic.

##### Recently issued pronouncements

In February 2016, the FASB issued new guidance ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use leased asset and a liability for the corresponding lease obligation for leases with terms of more than 12 months. ASU 2016-02 is effective for annual periods beginning after December 15, 2020, with early adoption permitted. On May 20, 2020, the FASB extended the effective date to reporting periods beginning after December 15, 2021. The Clinic is currently evaluating the impact of this new guidance on its financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standard-setting bodies are not expected to have a material impact on the Clinic's net assets or changes in net assets.

##### Reclassifications

Certain reclassifications were made to the 2019 financial statements in order to conform to 2020 presentation. These reclassifications had no effect on changes in net assets with donor restrictions, changes in net assets without donor restrictions, and total net assets.

#### Note 3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Current assets, at June 30:	\$ 8,764,936	\$ 8,606,446
Less prepaid expenses	50,260	72,922
Less those unavailable for general expenditures within one year, due to donor or board restrictions:		
Restrictions by donor with time or purpose restrictions	1,420,766	1,363,070
Restrictions by donor in perpetuity	1,832,054	1,812,962
Board restricted	<u>4,302,597</u>	<u>4,293,227</u>
Financial assets available to meet the cash requirement for operational expenditures within one year	<u>\$ 1,159,259</u>	<u>\$ 1,064,265</u>

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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#### Note 3. Liquidity and Availability (Continued)

During 1998, management conducted a fund-raising campaign which resulted in significant current and future contributions. The contributions received and invested represent the amount initially received in cash and invested. These funds were raised to provide a financial base to help provide the needed funds to sustain the Clinic, especially in the face of an economic downturn, disaster relief, or other financial challenges. Some of these donations were for perpetuity (current balance approximately \$1.8 million), others were board designated (current balance approximately \$4.1 million) to fund operations or in the case of a catastrophic event.

By policy established by the Board of Directors, the amount of funds that may be distributed in any year from the investments to the operating funds shall be no more than 4.5% of the trailing 12 quarter average of the endowment.

Donors may impose restrictions on the use of the contributed funds. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specified purpose.

#### Note 4. Concentrations of Credit Risk

Financial instruments that potentially subject the Clinic to concentrations of credit risk consist principally of cash and cash equivalent accounts held at financial institutions and investments. The credit worthiness of the parties to these transactions is subject to continuous review and evaluation.

The Clinic places its cash and cash equivalents on deposit with financial institutions in the United States. The Securities Investor Protection Corporation (SIPC) provides protection from loss resulting from brokerage firm fraud or failure for cash and securities up to \$500,000, including \$250,000 for cash. The Federal Deposit Insurance Corporation (FDIC) insures deposits held at insured financial institutions up to \$250,000 for each deposit ownership category.

The Clinic, from time to time, may have amounts on deposit in excess of the respective insurance and protection limits. The Clinic's uninsured or unprotected cash balances totaled \$1,152,532 and \$650,493 as of June 30, 2020 and 2019, respectively.

#### Note 5. Investments

Summary of investments at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Held at brokerage firm	<u>\$ 6,846,521</u>	<u>\$ 7,026,046</u>
Endowment fund held by other entity, the Community Foundation of the Lowcountry, Inc. (CFL)		
Board designated, invested by CFL	367,589	381,662
Donor restricted, spendable portion	<u>8,450</u>	<u>8,450</u>
Total held by CFL	<u>376,039</u>	<u>390,112</u>
Total reported on Statements of Financial Position	<u>\$ 7,222,560</u>	<u>\$ 7,416,158</u>

# THE VOLUNTEERS IN MEDICINE CLINIC

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

### Note 5. Investments (Continued)

#### Investments held at brokerage firm

The amortized costs, gross unrealized gains and losses, and estimated fair values of investment securities held at a brokerage firm are summarized as follows:

	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>June 30, 2020</b>				
Certificates of Deposit	\$ 129,805	\$ 1,027	\$ -	\$ 130,832
Corporate debt	1,065,862	55,768	(19,373)	1,102,257
Equity securities	2,508,956	963,832	(118,341)	3,354,447
Mutual funds	233,610	29,438	-	263,048
Exchange traded funds	1,898,282	123,145	(25,490)	1,995,937
Total	<u>\$ 5,836,515</u>	<u>\$ 1,173,210</u>	<u>\$ (163,204)</u>	<u>\$ 6,846,521</u>
	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>June 30, 2019</b>				
Corporate debt	\$ 804,411	\$ 28,759	\$ (392)	\$ 832,778
Municipal debt	84,314	-	(8,142)	76,172
Equity securities	2,459,956	890,950	(43,707)	3,307,199
Mutual funds	795,444	-	(57,940)	737,504
Exchange traded funds	1,927,599	149,065	(4,271)	2,072,393
Total	<u>\$ 6,071,724</u>	<u>\$ 1,068,774</u>	<u>\$ (114,452)</u>	<u>\$ 7,026,046</u>

The following schedule details the investment return, net of expenses, as reflected in the statements of activities for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Dividends & capital gains	\$ 132,243	\$ 124,384
Interest	49,257	54,063
Investment fees	(35,565)	(34,285)
Realized/unrealized gains (losses) on investments	<u>(147,864)</u>	<u>284,788</u>
	<u>\$ (1,929)</u>	<u>\$ 428,950</u>

#### Endowment investment fund – agency funds

The Board of Directors elected to invest funds in an endowment with the Community Foundation of the Lowcountry Inc. (the "Foundation"). These funds are managed by the Foundation as part of a pool of investments, and the Clinic has no control regarding investment decisions. Funds available for distribution on an annual basis are determined by calculating 4.5% of the average market value of the fund over a 12-quarter period. Assets may also be distributed to meet emergency funding needs of the Clinic as determined by the Foundation in its sole discretion. The Clinic may elect to add all or any part of the distribution back to the fund.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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#### **Note 5. Investments (Continued)**

##### Endowment investment fund – agency funds (continued)

Amounts related to this fund reported in the statement of financial position as investment funds as of June 30, 2020 and 2019, were \$367,589 and \$381,662, respectively.

The Foundation investments represent the proportional interest in the investment pool managed by the Foundation. The investments are reported at their fair value which is estimated as the fair value of the underlying assets held by the Foundation. This investment is categorized as Level 3 under the fair value measurement hierarchy. The components of the investment funds related to the endowment are classified as net assets donor restricted-perpetual in nature.

##### Endowment investment fund – third-party funds

The Clinic also has an endowment fund which is the accumulation of amounts donated to the Foundation by third-party donors for the ultimate benefit of The Volunteers in Medicine Clinic (Third Party Fund). In accordance with generally accepted accounting principles, the Clinic has excluded from their financial statements the non-spendable portion of the contributions and related investment gains, losses, and fees that are from third-party donors. The balance of the non-spendable portion excluded from the financial statements was \$126,928 and \$128,547 as of June 30, 2020 and 2019, respectively.

Funds available for distribution from this fund on an annual basis (the spendable portion) are determined by calculating 4.5% of the average market value of the fund over a 12-quarter period. The Clinic may elect to add all or any part of the distribution back to the fund. The Clinic made no such election in 2020 or 2019. The spendable portion of this fund reported in the statements of financial position as investment funds as of June 30, 2020 and 2019, was \$8,450 and \$8,450, respectively.

#### **Note 6. Fair Value Measurements**

Accounting principles generally accepted in the United States of America provide a framework for measuring fair value (FASB ASC 820-10), *Fair Value Measurements and Disclosures*. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Clinic has the ability to access.
- Level 2 Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets,
  - Quoted prices for identical or similar assets or liabilities in inactive markets,
  - Inputs other than quoted prices that are observable for the asset or liability,
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

# THE VOLUNTEERS IN MEDICINE CLINIC

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

### Note 6. Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2020 and 2019.

- *U.S. Treasuries, equity securities, and exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Debt securities:* Valued at the closing price reported on the active market on which the individual bonds are traded.
- *Mutual funds:* Valued at the quoted net asset value (NAV) of shares held by the Clinic at year end.
- *Investment held by other entity:* As the Clinic does not know the precise allocation of the underlying assets on an ongoing basis, the asset is classified as Level 3 within the valuation hierarchy based upon the asset's fair value as represented by the fund's management.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Clinic believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Clinic's assets at fair value as of June 30, 2020 and 2019:

Assets at Fair Value as of June 30, 2020				
	Level 1	Level 2	Level 3	Total Fair Value
Certificates of deposit	\$ 130,832	\$ -	\$ -	\$ 130,832
Corporate debt	1,102,257	-	-	1,102,257
Equity securities	3,354,447	-	-	3,354,447
Mutual funds	263,048	-	-	263,048
Exchange traded funds	1,995,937	-	-	1,995,937
Investments held by CFL	-	-	376,039	376,039
Total assets	<u>\$ 6,846,521</u>	<u>\$ -</u>	<u>\$ 376,039</u>	<u>\$ 7,222,560</u>

**THE VOLUNTEERS IN MEDICINE CLINIC**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 6. Fair Value Measurements (Continued)**

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total Fair Value
Corporate debt	\$ 832,778	\$ -	\$ -	\$ 832,778
Municipal debt	76,172	-	-	76,172
Equity securities	3,307,199	-	-	3,307,199
Mutual funds	737,504	-	-	737,504
Exchange traded funds	2,072,393	-	-	2,072,393
Investments held by CFL	-	-	390,112	390,112
Total assets	<u>\$ 7,026,046</u>	<u>\$ -</u>	<u>\$ 390,112</u>	<u>\$ 7,416,158</u>

The following table sets forth a summary of changes in the fair value of the Clinic's Level 3 assets for the years ended June 30, 2020 and 2019:

	Investments Held by CFL
Balance, June 30, 2018	\$ 408,801
Grants given	(34,312)
Unrealized gains	19,344
Management fees	(3,721)
Balance, June 30, 2019	390,112
Grants given	(20,648)
Unrealized gains	10,299
Management fees	(3,724)
<b>Balance, June 30, 2020</b>	<b><u>\$ 376,039</u></b>

Total net gains and losses for Level 3 assets for the periods ended June 30, 2020 and 2019, are included in net realized and unrealized gains (losses) on investments in the statements of activities. The transfers out of Level 3 assets for the years ended June 30, 2020 and 2019, were \$20,648 and \$34,312, respectively.



**THE VOLUNTEERS IN MEDICINE CLINIC**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 7. Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 781,240	\$ 781,240
Buildings	1,888,033	1,722,429
Computers and software	650,169	610,851
Medical furniture, fixtures, and equipment	580,143	580,143
Office furniture, fixtures, and equipment	<u>540,574</u>	<u>533,354</u>
Subtotal	4,440,159	4,228,017
Less accumulated depreciation	<u>2,722,194</u>	<u>2,579,441</u>
Net property and equipment	<u><u>\$ 1,717,965</u></u>	<u><u>\$ 1,648,576</u></u>

**Note 8. Debt**

Under the Coronavirus, Aid, Relief and Economic Security (CARES) Act, the Clinic received \$254,700 on April 16, 2020. The interest rate is 1%, and payments start 7 months from the date of disbursement. The payment term is 24 months, with the first 6 months of principal and interest being deferred, with interest accruing, then converting to monthly principal and interest payment amortized over 18 months. The loan may be forgiven under certain circumstances. The balance as of June 30, 2020, is \$254,700.

**Note 9. Net Assets – Without Donor Restrictions**

Net assets without donor restrictions consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Board designated endowed funds	\$ 4,035,672	\$ 4,205,229
Imlay/McConnell fund	<u>266,925</u>	<u>87,998</u>
Total board designated funds	4,302,597	4,293,227
Undesignated	<u>2,508,412</u>	<u>2,606,850</u>
Total net assets without donor restrictions	<u><u>\$ 6,811,009</u></u>	<u><u>\$ 6,900,077</u></u>

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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#### Note 10. Net Assets – With Donor Restrictions - Use

The Clinic has received various contributions which are restricted in their use. Net assets restricted by donor-use restrictions are available for the following purposes at June 30:

	2020	2019
Dental clinic	\$ 118,344	\$ 51,060
Healing services	320	320
Mammography	89,214	55,083
Patient surgical navigation	141,293	116,411
Wellness program	29,631	50,409
Other restricted programs	277,247	251,971
Endowment available for appropriations	764,717	837,816
Total net assets restricted by donor	<u>\$ 1,420,766</u>	<u>\$ 1,363,070</u>

#### Note 11. Net Assets – Endowment

The Clinic's endowment consists of net assets restricted by donor and the Board. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of South Carolina adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2008. The Board of Directors of the Clinic has interpreted the UPMIFA as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Clinic classifies as net assets restricted by donor-perpetual in nature: (1) the original value of the gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations or reductions to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to or the reduction subtracted from the fund.

The remaining portion of the endowment fund that is not classified in net assets restricted by donor-perpetual in nature is classified as net assets with donor restrictions-use restrictions and net assets without donor restrictions-board designated funds until these amounts are appropriated for expenditure by the Clinic in a manner consistent with the standard of prudence described in the UPMIFA. In accordance with the UPMIFA, the Clinic considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Clinic and the restricted by donor endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Clinic
- The investment policy of the Clinic

**THE VOLUNTEERS IN MEDICINE CLINIC**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**Note 11. Net Assets – Endowment (Continued)**

At June 30, 2020, the Foundation had the following endowment net assets composition by type of fund:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>		
	<u>Board Designated</u>	<u>Time Use</u>	<u>Perpetual</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 764,717	\$ 1,832,054	\$ 2,596,771
Board-designated endowment funds	<u>4,035,707</u>	<u>-</u>	<u>-</u>	<u>4,035,707</u>
Total funds	<u>\$ 4,035,707</u>	<u>\$ 764,717</u>	<u>\$ 1,832,054</u>	<u>\$ 6,632,478</u>

The following are the changes in endowment net assets for the year ended June 30, 2020:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>		
	<u>Board Designated</u>	<u>Time Use</u>	<u>Perpetual</u>	<u>Total</u>
Endowment net assets, July 1, 2019	\$ 4,205,266	\$ 837,816	\$ 1,812,962	\$ 6,856,044
Investment return:				
Investment income, net of expenses	(1,348)	(581)	-	(1,929)
Contribution	-	-	19,092	19,092
Appropriation of endowment assets for expenditure	<u>(168,211)</u>	<u>(72,518)</u>	<u>-</u>	<u>(240,729)</u>
Endowment net assets, June 30, 2020	<u>\$ 4,035,707</u>	<u>\$ 764,717</u>	<u>\$ 1,832,054</u>	<u>\$ 6,632,478</u>

At June 30, 2019, the Foundation had the following endowment net assets composition by type of fund:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>		
	<u>Board Designated</u>	<u>Time Use</u>	<u>Perpetual</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 837,816	\$ 1,812,962	\$ 2,650,778
Board-designated endowment funds	<u>4,205,266</u>	<u>-</u>	<u>-</u>	<u>4,205,266</u>
Total funds	<u>\$ 4,205,266</u>	<u>\$ 837,816</u>	<u>\$ 1,812,962</u>	<u>\$ 6,856,044</u>

# THE VOLUNTEERS IN MEDICINE CLINIC

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

### Note 11. Net Assets – Endowment (Continued)

The following are the changes in endowment net assets for the year ended June 30, 2019:

	Without donor restrictions	With donor restrictions		
	Board Designated	Time Use	Perpetual	Total
Endowment net assets, July 1, 2018	\$ 4,070,348	\$ 778,354	\$ 1,793,890	6,642,592
Investment return:				
Investment income	297,732	131,218	-	428,950
Contribution	-	-	19,072	19,072
Appropriation of endowment assets for expenditure	(162,814)	(71,756)	-	(234,570)
Endowment net assets, June 30, 2019	<u>\$ 4,205,266</u>	<u>\$ 837,816</u>	<u>\$ 1,812,962</u>	<u>\$ 6,856,044</u>

Funds with deficiencies – From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the Clinic to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2020 and 2019.

Return objectives and risk parameters – The Clinic has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by the Clinic. Endowment assets include those assets of donor-restricted funds that the Clinic must hold in perpetuity or for a donor specified period as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk. The Clinic expects its endowment funds, over time, to provide an average rate of return of approximately 4.5% annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives – To satisfy long-term rate-of-return objectives, the Clinic relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Clinic targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy – The Clinic's spending policy is to appropriate for distribution each year up to 4.5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Clinic considered the long-term expected return on its endowment. Accordingly, over the long term, the Clinic expects the current spending policy to allow its endowment to grow at an average of 1.5% annually. This is consistent with the Clinic's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. In June 2020, \$304,000 was taken from the endowment investments and transferred to the operating fund. As of June 30, 2020, the endowment investments restricted by the Board or donors that is not perpetual in nature is \$4,800,424.

At June 30, 2020 and 2019, the Clinic's net assets restricted by donor-perpetual in nature consist of investments providing a permanent source of income for operations and for the use of furthering the mission of the Clinic.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

#### Note 12. Operating Leases

##### Clinic as lessor

The Clinic has a non-cancelable lease agreement for the rental of a portion of the Clinic's facilities. The lease income was \$200 per month until May 31, 2020, and then \$400 per month for the remaining 7 months of the lease. The lease expires at December 31, 2020. As of June 30, 2020 and 2019, the total cost and accumulated depreciation of the facility and improvements of which a portion is leased was as follows:

	<u>2020</u>	<u>2019</u>
Cost of facility and improvements	\$ 1,296,233	\$ 1,265,607
Accumulated depreciation	<u>(542,943)</u>	<u>(504,516)</u>
	<u>\$ 753,290</u>	<u>\$ 761,091</u>

The lease income under this lease was approximately \$2,400 and \$7,000 for the years ended June 30, 2020 and 2019, respectively.

##### Clinic as lessee

During May of 2019, the Clinic entered into a five-year operating lease for two copiers. Per the lease agreement, the lease will automatically renew on a month-to month basis after the ending of the lease term. Lease payments are \$370 per month.

The future annual lease payments are summarized below:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 4,492
2022	4,492
2023	4,492
2024	<u>3,702</u>
	<u>\$ 17,178</u>

#### Note 13. Income Taxes

The Clinic is a not-for-profit organization under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal or state income taxes is reflected in the accompanying financial statements. The Clinic believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements as of June 30, 2020 and 2019. The Clinic files information returns in the U.S. federal jurisdiction and the state of South Carolina.

#### Note 14. Retirement Plan

The Clinic sponsors a 403(b), tax deferred annuity plan in which any employee may elect to defer a portion of their compensation. The Plan does not include a provision for employer contributions.

## THE VOLUNTEERS IN MEDICINE CLINIC

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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#### **Note 15. Commitments and Contingent Liabilities**

##### Grants

Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the Clinic. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Clinic expects such amounts, if any, to be immaterial.

#### **Note 16. COVID-19**

The COVID-19 pandemic has constrained the clinic's ability to provide the volume of care typically available due to safety concerns for our volunteers and patients. The extent of the impact of COVID-19 on the Clinic's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Clinic's donors, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Clinic's financial position and changes in net assets and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

#### **Note 17. Subsequent Events**

The Clinic has evaluated subsequent events through December 17, 2020, in connection with the preparation of these financial statements, which is the date that the financial statements were available to be issued.

## BOARD DIRECTORY 2021-2022

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2<sup>nd</sup> term expires 6/24

Technology Committee Co-chair

Senior Vice President / Director of  
Loan Operations –  
Coastal States Bank

### KAYE BLACK

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Development Committee

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Technology Committee Co-chair

Retired IT Executive –  
JP Morgan Chase & Co., IBM

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Governance Committee

Deacon - The Historic First African  
Baptist Church;  
Retired –  
Beaufort County Government

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Development Committee

Grassroots organizer of  
Latinos Unidos

## BOARD DIRECTORY 2021-2022

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Board Chair  
Executive Committee Chair

Senior Vice President of Risk  
Management and Patient Safety &  
Chief Privacy Officer – Catholic  
Healthcare System of Long Island

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Governance & Planning Committee  
Executive Committee Secretary

Former President –  
National Middle School Association;  
Former Faculty - Association for  
Supervision and Curriculum Dev.

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Medical Executive Committee

Director of Dentistry -VIM

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Development Committee

Retired nephrologist  
Retired CEO/managing partner  
Greater Columbus  
Regional Dialysis

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Development Committee

Former Educator,  
Former Restaurant Owner



## BOARD DIRECTORY 2021-2022

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Finance Committee Chair  
Executive Committee Treasurer

Business Services Manager –  
Exxon Mobil

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Development Committee

Paralegal / Notary Public /  
Interpreter  
Mogil Law Firm

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Medical Executive Committee

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Susquehanna Health System

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Governance & Planning Committee

Retired New Jersey K - 12th Grade  
Public School Educator/Grant Writer

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Governance & Planning  
Committee Chair

Business Executive

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Development Committee Chair

Real Estate - Charter One

## BOARD DIRECTORY 2021-2022

### STEVEN SIEGELBAUM, MD

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2<sup>nd</sup> term expires 6/24

Medical Executive Committee Chair  
Executive Committee

Retired Gastroenterology Physician;  
VIM Volunteer Doctor

### PATRICK SNOWMAN, MD

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Medical Executive Committee

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HH Regional Medical Center;  
Medical Control Physician (MCPh) –  
HHI Fire & Rescue

### JEANETTE TAYLOR JONES

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Governance & Planning Committee

RN and JD  
Health Care and Law  
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Finance Committee

Vice President/Senior Financial  
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Board Vice Chair  
Development Committee

Retired CEO - GfK US Healthcare  
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## BOARD DIRECTORY 2021-2022

### HONORARY BOARD MEMBERS

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TERM: Continuous

### EX-OFFICIO

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Continuous term  
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Executive Director of VIM HHI

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GE Consumer Financing