



**VIRGINIA ASSOCIATION OF FREE
AND CHARITABLE CLINICS, INC.**

FINANCIAL REPORT

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors
Virginia Association of Free and
Charitable Clinics, Inc.
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Virginia Association of Free and Charitable Clinics, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Association of Free and Charitable Clinics, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Virginia Association of Free and Charitable Clinics, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia Association of Free and Charitable Clinics, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Virginia Association of Free and Charitable Clinic Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia Association of Free and Charitable Clinic Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Petersburg, Virginia
November 30, 2022

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 2,650,788	\$ 2,513,969
Accounts receivable	27,462	384,627
Accrued management fee receivable	109,338	124,810
Prepaid expenses	2,467	7,596
Investments (Note 2)	311,534	265,332
Deposit	2,000	2,000
Furniture, fixtures and equipment, less accumulated	4,620	4,678
Total assets	<u>3,108,209</u>	<u>\$ 3,303,012</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 20,871	\$ 2,953
Grants payable	1,682,121	2,015,881
Accrued expenses	28,648	26,087
Deferred revenue	68,611	25,400
Refundable advance	-	63,000
Total liabilities	<u>1,800,251</u>	<u>2,133,321</u>
 NET ASSETS		
Without donor restrictions	1,259,590	1,140,519
With donor restrictions (Note 5)	48,368	29,172
Total net assets	<u>1,307,958</u>	<u>1,169,691</u>
Total liabilities and net assets	<u>\$ 3,108,209</u>	<u>\$ 3,303,012</u>

See Independent Auditor's Report.

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

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Conference and meeting income	\$ 123,688	\$ -	\$ 123,688
Contributions and grants	75,038	40,903	115,941
COPN Charity Care	806,107	-	806,107
Net investment loss	(23,656)	-	(23,656)
Management fees	471,126	-	471,126
Membership dues	98,000	-	98,000
State funding grants	6,796,400	-	6,796,400
Paycheck Protection Program grant	63,000	-	63,000
Net assets released from restrictions	21,707	(21,707)	-
Total revenues and other support	<u>8,431,410</u>	<u>19,196</u>	<u>8,450,606</u>
EXPENSES			
Program services	8,080,399	-	8,080,399
Management and general	200,059	-	200,059
Fundraising	31,881	-	31,881
Total expenses	<u>8,312,339</u>	<u>-</u>	<u>8,312,339</u>
Changes in net assets	119,071	19,196	138,267
Net assets, beginning	<u>1,140,519</u>	<u>29,172</u>	<u>1,169,691</u>
Net assets, ending	<u><u>\$ 1,259,590</u></u>	<u><u>\$ 48,368</u></u>	<u><u>\$ 1,307,958</u></u>

See Independent Auditor's Report.

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

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Conference and meeting income	\$ 86,639	\$ -	\$ 86,639
Contributions and grants	69,547	22,385	91,932
COPN Charity Care	699,998	-	699,998
Net investment return	76,143	-	76,143
Management fees	499,098	-	499,098
Membership dues	95,750	-	95,750
State funding grants	9,796,400	-	9,796,400
Program fees - SEM project	23,952	-	23,952
Paycheck Protection Program grant	4,123	-	4,123
Net assets released from restrictions	47,425	(47,425)	-
Total revenues and other support	11,399,075	(25,040)	11,374,035
EXPENSES			
Program services	10,923,862	-	10,923,862
Management and general	148,509	-	148,509
Fundraising	51,339	-	51,339
Total expenses	11,123,710	-	11,123,710
Change in net assets	275,365	(25,040)	250,325
Net assets, beginning	865,154	54,212	919,366
Net assets, ending	\$ 1,140,519	\$ 29,172	\$ 1,169,691

See Independent Auditor's Report.

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

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 256,556	\$ 65,535	\$ 21,804	\$ 343,895
Employee benefits	39,528	10,097	3,359	52,984
Payroll taxes	19,379	4,950	1,647	25,976
Total salaries and related expenses	315,463	80,582	26,810	422,855
Board and committee support	692	5,562	327	6,581
Conferences	46,800	-	-	46,800
Consultants and other clinic support	218,043	-	-	218,043
COPN Charity Care payments	806,107	-	-	806,107
Depreciation	-	1,336	-	1,336
Dues and publications	26,326	7,020	1,755	35,101
Insurance	-	7,958	-	7,958
Member clinic contractual fees	6,628,530	-	-	6,628,530
Office	8,986	1,991	443	11,420
Printing	476	192	43	711
Professional fees	-	84,152	-	84,152
Rent	20,250	8,161	1,813	30,224
Staff development	884	-	-	884
Telephone	4,419	1,781	396	6,596
Travel	3,286	1,324	294	4,904
Workshops and other	137	-	-	137
Total expenses	\$ 8,080,399	\$ 200,059	\$ 31,881	\$ 8,312,339

See Independent Auditor's Report.

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

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 224,310	\$ 64,665	\$ 39,236	\$ 328,211
Employee benefits	26,320	7,588	4,604	38,512
Payroll taxes	15,991	6,238	3,763	25,992
Total salaries and related expenses	266,621	78,491	47,603	392,715
Board and Committee Support	326	38	19	383
Conferences	14,419	-	-	14,419
Consultants and other clinic support	262,750	-	-	262,750
COPN Charity Care payments	699,998	-	-	699,998
Depreciation	-	1,006	-	1,006
Dues and publications	18,314	4,885	1,221	24,420
Insurance	-	8,209	-	8,209
Member clinic contractual fees	9,622,825	-	-	9,622,825
Office	6,396	1,882	426	8,704
Printing	617	102	7	726
Professional fees	-	47,693	-	47,693
Rent	23,590	4,423	1,474	29,487
Staff development	728	86	43	857
Telephone	6,089	1,624	406	8,119
Travel	1,189	70	140	1,399
Total expenses	\$ 10,923,862	\$ 148,509	\$ 51,339	\$ 11,123,710

See Independent Auditor's Report.

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

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 138,267	\$ 250,325
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,336	1,006
Realized gain on sale of investments	(9,355)	(8,507)
Unrealized (gain) loss on investments	38,020	(64,084)
Changes in operating assets:		
Accounts receivable	357,165	(351,403)
Accrued management fee receivable	15,472	37,963
Prepaid expenses	5,129	(1,495)
Changes in operating liabilities:		
Accounts payable	17,918	(35,756)
Grants payable	(333,760)	(93,058)
Accrued expenses	2,561	5,396
Deferred revenue	43,211	1,346
Refundable advance	(63,000)	58,877
Net cash provided by (used in) operating activities	<u>212,964</u>	<u>(199,390)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,278)	(2,217)
Purchase of investments	(129,528)	(69,411)
Proceeds from sale of investments	<u>54,661</u>	<u>65,922</u>
Net cash used in investing activities	<u>(76,145)</u>	<u>(5,706)</u>
Net change in cash	136,819	(205,096)
CASH, beginning	<u>2,513,969</u>	<u>2,719,065</u>
CASH, ending	<u><u>\$ 2,650,788</u></u>	<u><u>\$ 2,513,969</u></u>

See Independent Auditor's Report.

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

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 1. Nature of Business and Summary of Significant Accounting Policies

The mission of the Virginia Association of Free and Charitable Clinics, Inc. (the Organization) is to support and advocate for our member clinics so that Virginia's underserved have access to quality care. To this end, the Organization provides education, training, technical assistance, research, marketing, resource development, and financial support through contractual relationships with member clinics that serve in a subcontractor capacity on behalf of the Organization, policy analysis, and legislative monitoring for Virginia's Free and Charitable Clinics.

The Organization administers funding from the Commonwealth of Virginia and contracts with its member clinics (i.e., subcontractors) for the purpose of providing access to medical, dental, mental health care, and prescription medications for patients. Although certain requirements are stipulated for each contractual relationship with the member clinics, management has assessed the possibility that those requirements will not be met as remote and, therefore, they are considered as unconditional. The subcontractors are reimbursed for health care and pharmaceutical services per the "Memorandum of Agreement" on a quarterly basis.

General

The Organization maintains its accounts on the accrual basis. These financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of balances and transactions into classes of net assets, either net assets with donor restrictions or net assets without donor restrictions.

Cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable

The Organization will routinely extend credit in connection with its activities to Virginia's subcontractors located in the Commonwealth of Virginia. Receivables past due are considered delinquent receivables and are written off based on individual credit evaluation of the collectability of individual accounts receivable.

Accounts receivable are charged off to bad debts by the direct write-off method in the year in which the account is determined to be uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements.

(Continued)

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Investments

Investments in common stocks with readily determinable fair values and all investments in corporate bonds, money market funds, and mutual funds are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

The Organization evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. The Organization employs a systematic methodology that considers available evidence in evaluating potential impairment of its investments. In the event that the cost of an investment exceeds its fair value, the Organization evaluates, among other factors, the magnitude and duration of the decline in fair value; for equity and debt securities the financial health of and business outlook for the issuer; the performance of the underlying assets for interests in securitized assets; and the Organization's intent and ability to hold the investment. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in investment income and a new cost basis in the investment is established.

Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Member clinic contractual fees

The Organization makes payments to various member free and charitable clinics, who serve as subcontractors, to carry out its mission. Member clinic contractual fees are recognized as an expense in the year the Organization's Funds-Accreditation-Membership Committee authorizes the member clinic contractual fees. Although certain requirements are stipulated for each contract, the Organization has assessed the possibility that those requirements will not be met as remote and, therefore, they are considered to be unconditional.

Property and equipment

Property and equipment are recorded at cost. Major additions and betterments are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets are expensed currently. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets.

(Continued)

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Revenue recognition

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards established a new contract and control-based revenue recognition model, changed the basis for deciding when revenue is recognized over time or at a point in time, and expanded disclosures about revenue.

The Organization's revenue consists of contributions, grants, membership fees, management fees, and program fees. Below is a summary of the Organization's significant revenue streams:

Contributions and grants:

The Organization receives contributions and grants to fund the mission of the Organization that are not subject to ASC 606 and are recorded in which the promise to give is made, in accordance with ASC 958. Contributions that include unconditional promises to give are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be without donor restriction unless specifically restricted by the donor. Program support grants are recognized as revenue at the time of award if they are unconditional. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Revenues from cost reimbursement grants are recognized to the extent allowable expenses are incurred under the respective agreements. Amounts reported as accounts receivable include grant program expenses incurred in advance of the receipt of funds. Funds received in advance of grant program expenses are reported as deferred revenue.

Management fees, membership dues, and program fees:

Management fee revenue is recognized when earned. Revenues from membership dues are recognized over the terms of the memberships. Revenues from program fees are recognized over the terms of the program and the period of service provided. Funds received in advance of being earned results in a contract liability (deferred revenue).

Net assets with donor restrictions

The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities and changes in net assets as net assets released from restrictions.

(Continued)

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Note 2. Investments

Investments at June 30, 2022 and 2021 consist of the following:

June 30, 2022				
	Cost	Fair Value	Gross Unrealized Losses	Gross Unrealized Gains
Money market funds	\$ 13,712	\$ 13,712	\$ -	\$ -
Common stock	260,573	297,822	(12,303)	49,552
	<u>\$ 274,285</u>	<u>\$ 311,534</u>	<u>\$ (12,303)</u>	<u>\$ 49,552</u>

June 30, 2021				
	Cost	Fair Value	Gross Unrealized Losses	Gross Unrealized Gains
Money market funds	\$ 7,929	\$ 7,929	\$ -	\$ -
Common stock	182,134	257,403	(2,956)	78,225
	<u>\$ 190,063</u>	<u>\$ 265,332</u>	<u>\$ (2,956)</u>	<u>\$ 78,225</u>

Note 3. Concentrations of Credit Risk

The Organization grants credit to subcontractors, all of whom are located in the Commonwealth of Virginia. The Organization also maintains various deposit accounts that are occasionally in excess of federally insured limits. The risk is managed by maintaining these accounts in a high quality financial institution.

(Continued)

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 4. Economic Dependency

The Organization received approximately 80% and 86% of its support from the Commonwealth of Virginia and approximately 0% and 5% of its support from one funding source for the years ended June 30, 2022 and 2021, respectively. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Note 5. Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes or period:

	2022	2021
Mel Leaman Memorial Scholarship	\$ 18,025	\$ 16,373
Other	2,150	150
Americares grant	21,742	6,298
PPE Covid-19 Testing	6,451	6,351
	<u>\$ 48,368</u>	<u>\$ 29,172</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by grantors as follows:

	2022	2021
Purpose restrictions accomplished:		
Mel Leaman Memorial Scholarship	\$ 3,150	\$ 575
PPE Covid-19 Testing	-	40,648
Americares	18,557	6,202
	<u>\$ 21,707</u>	<u>\$ 47,425</u>

Note 6. Fair Value Measurements

U. S. GAAP has established a framework to measure fair value and defined the required disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance also established 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

(Continued)

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 6. Fair Value Measurements (Continued)

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The classification of investments by level within the valuation hierarchy as of June 30, 2022 and 2021 is as follows:

	Fair Value Measurements at Reporting Date Using			
	June 30			
	2022	Level 1	Level 2	Level 3
Assets				
Money market funds	\$ 13,712	\$ 13,712	\$ -	\$ -
Common stock:				
Large Cap	188,820	188,820	-	-
Mid Cap	52,323	52,323	-	-
Small Cap	14,342	14,342	-	-
International	42,337	42,337	-	-
	<u>\$ 311,534</u>	<u>\$ 311,534</u>	<u>\$ -</u>	<u>\$ -</u>

	Fair Value Measurements at Reporting Date Using			
	June 30			
	2021	Level 1	Level 2	Level 3
Assets				
Money market funds	\$ 7,929	\$ 7,929	\$ -	\$ -
Common stock:				
Large Cap	156,641	156,541	-	-
Mid Cap	45,091	45,091	-	-
Small Cap	8,102	8,102	-	-
International	47,569	47,569	-	-
	<u>\$ 265,332</u>	<u>\$ 265,232</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 7. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocable include salaries and related expenses, board and committee support, dues and publications, office, printing, rent, staff development, telephone, and travel.

Note 8. Lease Commitments

The Organization leases office space in Henrico, Virginia. Total rental expense recognized for the years ended June 30, 2022 and 2021 was \$30,224 and \$29,487, respectively. During fiscal year 2019, the lease agreement was renewed for an additional term from August 1, 2019 to July 31, 2022. The minimum long-term rental commitments under this noncancelable lease as of June 30, 2022 are as follows:

June 30, 2023	\$ 2,537
	<u>\$ 2,537</u>

Subsequent to June 30, 2022, the Organization renewed the above lease for an additional year to end on July 31, 2023, with monthly payments of \$2,671.

Note 9. Employee Savings Plan

The Organization has a SEP-IRA plan for all employees 21 years or older who have been employed by the Organization for at least two years and who make at least \$450 per year. The SEP-IRA plan calls for a 4% discretionary employer contribution for all eligible employees. The retirement provision provided by the Board of Directors for the years ended June 30, 2022 and 2021 was \$16,635 and \$8,509, respectively.

(Continued)

VIRGINIA ASSOCIATION OF FREE AND CHARITABLE CLINICS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 10. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021 are:

	2022	2021
Cash	\$ 2,650,788	\$ 2,513,969
Accounts receivable	27,462	384,627
Accrued management fee receivable	109,338	124,810
Investments	311,534	265,332
Total financial assets	3,099,122	3,288,738
Less financial assets held to meet donor-imposed restrictions		
Purpose-restricted net assets	48,368	29,172
Amounts available for general expenditures within one year	\$ 3,050,754	\$ 3,259,566

Of the financial assets, \$1,682,121 and \$2,015,881 of the amounts available for general expenditures within one year have been designated to be disbursed to member clinics and are recorded as grants payable as of June 30, 2022 and 2021. As part of its liquidity management, the Organization holds a diversified portfolio of liquid assets, including marketable equity securities and money market funds. Management and the Board of Directors regularly monitor the liquidity needs of the Organization.

Note 11. COVID-19 and Paycheck Protection Program Loan

The Organization applied for a second draw of the PPP and received a loan in the amount of \$63,000. The Organization accounted for the proceeds as a financial liability in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under this standard, a transfer of assets that is a conditional contribution is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the resource provider. Interest in the amount of 1% is due and payable at the time of the SBA's measurement of possible forgiveness. The second draw was forgiven by the SBA on August 16, 2021 and the Organization has recognized contribution income of \$63,000 for the year ended June 30, 2022.

Note 12. Subsequent Events

Management has evaluated subsequent events through November 30, 2022, the date the financial statements were available for issue.