

**COMMUNITY VOLUNTEERS  
IN MEDICINE**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2017 AND 2016**

**AND**

**INDEPENDENT AUDITORS' REPORT**

# COMMUNITY VOLUNTEERS IN MEDICINE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Community Volunteers in Medicine  
West Chester, Pennsylvania

We have audited the accompanying financial statements of Community Volunteers in Medicine (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Volunteers in Medicine as of June 30, 2017 and 2016, 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.

*Friedmann LLP*

Philadelphia, PA  
September 7, 2017

**COMMUNITY VOLUNTEERS IN MEDICINE**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,711,105	\$ 2,200,003
Unconditional promises to give, current	297,804	277,928
Other current assets	76,577	85,261
Total current assets	2,085,486	2,563,192
Investments	9,839,003	9,161,745
Property and equipment, net	3,212,597	3,311,008
<b>Other assets</b>		
Unconditional promises to give, net of current portion	37,738	149,231
Total assets	\$ 15,174,824	\$ 15,185,176
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 11,144	\$ 44,673
Accrued expenses	159,006	93,437
Total current liabilities	170,150	138,110
<b>Long-term liabilities</b>		
Tenant security deposits	14,102	14,102
Total liabilities	184,252	152,212
<b>Net assets</b>		
Unrestricted	13,969,063	14,048,823
Temporarily restricted	505,541	468,173
Permanently restricted	515,968	515,968
Total net assets	14,990,572	15,032,964
Total liabilities and net assets	\$ 15,174,824	\$ 15,185,176

See notes to financial statements.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended June 30,					2016
	2017				Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted			
<b>Support and revenue</b>						<b>Total</b>
Contributions and grants	\$ 1,760,602	\$ 443,300	\$ -	\$ 2,203,902	\$ 2,117,172	
Donated services	3,578,070	-	-	3,578,070	3,174,332	
Donated materials	4,333,987	-	-	4,333,987	4,114,447	
Patient contributions	74,419	-	-	74,419	65,628	
Fundraising events	291,798	-	-	291,798	299,268	
Miscellaneous income	12,261	-	-	12,261	10,187	
Net assets released from restrictions	405,932	(405,932)	-	-	-	
<b>Total support and revenue</b>	<b>10,457,069</b>	<b>37,368</b>	<b>-</b>	<b>10,494,437</b>	<b>9,781,034</b>	
<b>Expenses</b>						
Program services	10,658,398	-	-	10,658,398	9,552,639	
Supporting services						
Management and general	275,527	-	-	275,527	261,290	
Fundraising						
Direct donor benefit	48,100	-	-	48,100	42,900	
Fundraising, other	380,458	-	-	380,458	411,458	
<b>Total Supporting services</b>	<b>704,085</b>	<b>-</b>	<b>-</b>	<b>704,085</b>	<b>715,648</b>	
<b>Total expenses</b>	<b>11,362,483</b>	<b>-</b>	<b>-</b>	<b>11,362,483</b>	<b>10,268,287</b>	
<b>Change in net assets from operations</b>	<b>(905,414)</b>	<b>37,368</b>	<b>-</b>	<b>(868,046)</b>	<b>(487,253)</b>	
<b>Nonoperating</b>						
Investment income, net	744,668	-	-	744,668	7,975	
Building rental income	244,302	-	-	244,302	227,847	
Building expenses	(163,316)	-	-	(163,316)	(165,552)	
	825,654	-	-	825,654	70,270	
Changes in net assets	(79,760)	37,368	-	(42,392)	(416,983)	
Net assets, beginning of year	14,048,823	468,173	515,968	15,032,964	15,449,947	
<b>Net assets, end of year</b>	<b>\$ 13,969,063</b>	<b>\$ 505,541</b>	<b>\$ 515,968</b>	<b>\$ 14,990,572</b>	<b>\$ 15,032,964</b>	

See notes to financial statements.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year Ended June 30, 2016**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Support and revenue</b>				
Contributions and grants	\$ 2,036,644	\$ 80,528	\$ -	\$ 2,117,172
Donated services	3,174,332	-	-	3,174,332
Donated materials	4,114,447	-	-	4,114,447
Patient contributions	65,628	-	-	65,628
Fundraising events	299,268	-	-	299,268
Miscellaneous income	10,187	-	-	10,187
Net assets released from restrictions	351,038	(351,038)	-	-
<b>Total support and revenue</b>	<b>10,051,544</b>	<b>(270,510)</b>	<b>-</b>	<b>9,781,034</b>
<b>Expenses</b>				
Program services	9,552,639	-	-	9,552,639
Supporting services				
Management and general	261,290	-	-	261,290
Fundraising				
Direct donor benefit	42,900	-	-	42,900
Fundraising, other	411,458	-	-	411,458
<b>Total Supporting services</b>	<b>715,648</b>	<b>-</b>	<b>-</b>	<b>715,648</b>
<b>Total expenses</b>	<b>10,268,287</b>	<b>-</b>	<b>-</b>	<b>10,268,287</b>
<b>Change in net assets from operations</b>	<b>(216,743)</b>	<b>(270,510)</b>	<b>-</b>	<b>(487,253)</b>
<b>Nonoperating</b>				
Investment income, net	7,975	-	-	7,975
Building rental income	227,847	-	-	227,847
Building expenses	(165,552)	-	-	(165,552)
	70,270	-	-	70,270
<b>Changes in net assets</b>	<b>(146,473)</b>	<b>(270,510)</b>	<b>-</b>	<b>(416,983)</b>
Net assets, beginning of year	14,195,296	738,683	515,968	15,449,947
<b>Net assets, end of year</b>	<b>\$14,048,823</b>	<b>\$ 468,173</b>	<b>\$ 515,968</b>	<b>\$15,032,964</b>

See notes to financial statements.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended June 30,						
	2017						2016
	Supporting Services						
	Program	Management	Fundraising		Total		
	Services	and General	Direct Donor	Fundraising,	Supporting	Total	Total
			Benefit	Other	Services		
Salaries, payroll taxes and benefits	\$ 2,364,950	\$ 148,176	\$ -	\$ 306,453	\$ 454,629	\$ 2,819,579	\$ 2,366,230
Depreciation	60,665	-	-	-	-	60,665	52,973
Fundraising event expense	-	-	48,100	16,400	64,500	64,500	67,611
Insurance	11,673	31,506	-	-	31,506	43,179	43,165
Medical drugs, materials and supplies	120,714	-	-	-	-	120,714	108,549
Operating expenses	47,788	14,682	-	17,330	32,012	79,800	132,776
Professional services	166,548	22,438	-	16,945	39,383	205,931	149,718
Rent and occupancy	49,051	7,007	-	-	7,007	56,058	58,486
Donated services							
Computer services	-	15,435	-	-	15,435	15,435	20,573
Medical and dental services	81,970	-	-	-	-	81,970	109,200
Medical consults	129,028	-	-	-	-	129,028	37,491
Professional volunteer hours	1,476,914	36,283	-	-	36,283	1,513,197	1,372,407
Labs and radiology	1,815,110	-	-	-	-	1,815,110	1,611,161
Professional services	-	-	-	23,330	23,330	23,330	23,500
Donated materials							
Prescription drugs	4,323,665	-	-	-	-	4,323,665	4,090,506
Medical and dental supplies	10,322	-	-	-	-	10,322	23,941
<b>Total expenses</b>	<b>\$10,658,398</b>	<b>\$ 275,527</b>	<b>\$ 48,100</b>	<b>\$ 380,458</b>	<b>\$ 704,085</b>	<b>\$ 11,362,483</b>	<b>\$10,268,287</b>

See notes to financial statements.



**COMMUNITY VOLUNTEERS IN MEDICINE**

**STATEMENT OF FUNCTIONAL EXPENSES**

	<b>Year Ended June 30, 2016</b>					
	<b>Supporting Services</b>					
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising Direct Donor Benefit</b>	<b>Fundraising, Other</b>	<b>Total Supporting Services</b>	<b>Total</b>
Salaries, payroll taxes and benefits	\$ 1,929,261	\$ 128,777	\$ -	\$ 308,192	\$ 436,969	\$ 2,366,230
Depreciation	52,973	-	-	-	-	52,973
Fundraising event expense	-	-	42,900	24,711	67,611	67,611
Insurance	12,577	30,288	-	300	30,588	43,165
Medical drugs, materials and supplies	108,549	-	-	-	-	108,549
Operating expenses	59,486	35,748	-	37,542	73,290	132,776
Professional services	97,225	35,280	-	17,213	52,493	149,718
Rent and occupancy	47,862	10,624	-	-	10,624	58,486
Donated services						
Computer services	-	20,573	-	-	20,573	20,573
Medical and dental services	109,200	-	-	-	-	109,200
Medical consults	37,491	-	-	-	-	37,491
Professional volunteer hours	1,372,407	-	-	-	-	1,372,407
Labs and radiology	1,611,161	-	-	-	-	1,611,161
Professional services	-	-	-	23,500	23,500	23,500
Donated materials						
Prescription drugs	4,090,506	-	-	-	-	4,090,506
Medical and dental supplies	23,941	-	-	-	-	23,941
<b>Total expenses</b>	<b>\$ 9,552,639</b>	<b>\$ 261,290</b>	<b>\$ 42,900</b>	<b>\$ 411,458</b>	<b>\$ 715,648</b>	<b>\$ 10,268,287</b>

See notes to financial statements.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**STATEMENTS OF CASH FLOWS**

	<b>Year Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ (42,392)	\$ (416,983)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	114,513	114,731
Net unrealized (gains) losses on investments	(525,303)	146,707
Realized (gains) losses on investments	(34,277)	44,841
Donated stock	(237,143)	(146,811)
Change in allowance for doubtful accounts	(6,584)	(5,142)
Changes in operating assets and liabilities		
Unconditional promises to give	98,201	242,025
Other current assets	8,684	(18,956)
Accounts payable	(33,529)	41,669
Accrued expenses	65,569	(11,082)
Tenant security deposits	-	3,685
Net cash used in operating activities	(592,261)	(5,316)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(16,102)	(102,349)
Purchase of investments	(1,849,134)	(2,426,320)
Proceeds from the sale of investments	1,968,599	2,378,809
Net cash provided by (used in) investing activities	103,363	(149,860)
Net decrease in cash and cash equivalents	(488,898)	(155,176)
Cash and cash equivalents, beginning of year	2,200,003	2,355,179
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,711,105</b>	<b>\$ 2,200,003</b>

See notes to financial statements.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**NOTES TO FINANCIAL STATEMENTS**

**1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Community Volunteers in Medicine (“CVIM”) is a non-profit community based organization which provides compassionate primary medical and dental care and health education to people who live or work in Chester County who lack access to insurance in order to support their goals to lead productive, healthy and hopeful lives.

**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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, other support, and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

CVIM considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Unconditional Promises to Give**

Unconditional promises to give are recorded as received at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount these amounts. Amortization of discounts is included in contribution revenue. CVIM uses an allowance method to determine uncollectible promises receivable. The allowance is based on prior years’ experience and management’s analysis of specific promises made.

**Investments**

Investments in marketable securities, debt securities and pooled investments held by outside Foundations are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Property and Equipment and Depreciation**

Property and equipment are recorded at cost or, if donated, at the fair market value on the date of donation. Property and equipment are depreciated using a straight-line method over the estimated useful lives of the related assets, as follows:

Building and building improvements	30 years
Furniture and fixtures	5 years
Medical and dental equipment	5 years

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Property and Equipment and Depreciation** (continued)

Expenditures for major renewals and betterments that extend the useful life of property and equipment are capitalized. Repairs and maintenance are charged to expense as incurred.

##### **Net Asset Classification**

CVIM reports information regarding its financial position and activities according to the following classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

*Unrestricted net assets* – are those assets that are available for the support of operations and whose use is not externally restricted.

*Temporarily restricted net assets* – are those assets whose use by CVIM has been limited by donors to a specific time period or purpose.

*Permanently restricted net assets* – are those assets whose use by CVIM has been limited by donors in perpetuity.

##### **Public Support and Revenue**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions are generally available for unrestricted use unless specifically restricted by the donor.

Contributions are reported as temporarily restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded as unrestricted net assets. Investment earnings with donor restrictions are recorded as temporarily or permanently restricted net assets based on the nature of the restrictions.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Public Support and Revenue** (continued)

Contributions of donated noncash assets are recorded at their fair values in the period received. Donated drugs, laboratory testing, and supplies are recorded at their fair values in the period received as contributions with offsetting expenses. CVIM's policy is to record drugs donated for use of the patients through patient assistance programs as contributions with offsetting expenses. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received as contributions with offsetting expenses. In addition, CVIM receives services of unpaid officers, board members, and volunteers. The value of these services is not reflected in the accompanying financial statements as these services do not meet the criteria for recognition as contributed services. Non-cash contributions reflected in the accompanying statement of activities and changes in net assets exclude contributions of donated publicly traded stock. These contributions are recorded in the same manner as cash contributions, as typically CVIM sells all donated publicly traded stock upon receipt.

##### **Functional Allocation of Expenses**

The costs of providing CVIM's program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated between the program and supporting services benefited.

##### **Building Expenses**

CVIM leases a portion of its building to unrelated tenants. Building expenses related to CVIM's operations are classified in program services and supporting services. Building expenses related to rental income are classified as non-operating activities.

##### **Income Taxes**

CVIM is exempt from federal income and excise taxes under the provisions of Internal Revenue Code Section 501(c)(3), as well as exempt from state income taxes. CVIM is not a private foundation.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and understands its obligation to recognize a liability for or disclose potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has not identified any uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying financial statements.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**NOTES TO FINANCIAL STATEMENTS**

**2 - UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give are as follows:

	June 30,	
	2017	2016
Gross unrestricted promises to give	\$ 338,078	\$ 442,070
Less unamortized discount	(1,274)	(7,065)
Less allowances for uncollectible promises	(1,262)	(7,846)
<b>Net unconditional promises to give</b>	<b>\$ 335,542</b>	<b>\$ 427,159</b>

	June 30,	
	2017	2016
Amounts due in		
Less than one year	\$ 297,804	\$ 277,928
One to five years	40,274	164,142
<b>Gross unconditional promises to give</b>	<b>\$ 338,078</b>	<b>\$ 442,070</b>

Pledges to be received in future years are recorded at present value using a discount rate at the time of the pledge of 2% for the years ending June 30, 2017 and 2016, respectively.

**3 - INVESTMENTS**

Investments consist of the following:

	June 30,	
	2017	2016
Common stocks	\$ 3,991,745	\$ 3,607,213
Community Foundation – pooled investments	160,470	165,281
Mutual funds	2,110,722	1,840,427
Bonds	3,576,066	3,548,824
<b>Total investments</b>	<b>\$ 9,839,003</b>	<b>\$ 9,161,745</b>

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 3 - INVESTMENTS (Continued)

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

	June 30,	
	2017	2016
Interest and dividends	\$ 253,836	\$ 263,784
Net realized and unrealized gains (losses)	559,580	(191,548)
Investment fees	(68,748)	(64,261)
Total investment income, net	\$ 744,668	\$ 7,975

#### 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	June 30,	
	2017	2016
Land, building & building improvements	\$ 3,355,858	\$ 3,344,606
Furniture and fixtures	230,645	230,645
Medical and dental equipment	373,968	369,118
	3,960,471	3,944,369
Less accumulated depreciation	747,874	633,361
	\$ 3,212,597	\$ 3,311,008

#### 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	June 30,	
	2017	2016
Restricted as to period		
Periods after June 30, 2017 and 2016, respectively	\$ 212,738	\$ 400,255
Restricted as to purpose		
Purchase of medical, dental, and vision supplies, reimbursement of laboratory fees and tests	292,803	67,918
Total temporarily restricted net assets	\$ 505,541	\$ 468,173

For the years ended June 30, 2017 and 2016, temporarily restricted net assets were increased by gross promises to give in the amount of \$250,000 and \$0, respectively.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 6 - PERMANENTLY RESTRICTED NET ASSETS

CVIM's Lawrence dental endowment consists of funds established to support the operating, program and capital needs of their dental program. Contributions to the endowment are subject to donor restrictions that stipulate the original principal to be held and invested indefinitely. CVIM's Hattersley endowment consists of funds established to support the general operating, program and capital needs of CVIM. Contributions to the endowment are subject to donor restrictions that stipulate the original principal to be held and invested indefinitely.

CVIM requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result, CVIM classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. CVIM considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

CVIM has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide current income. CVIM's objective is to provide capital for their medical programs, preserve endowment assets without subjecting them to substantial risk, and provide additional growth through new gifts.

Permanently restricted net assets consisted of the following:

	June 30,	
	2017	2016
Lawrence dental endowment	\$ 139,177	\$ 139,177
Hattersley endowment	376,791	376,791
Total permanently restricted net assets	\$ 515,968	\$ 515,968

Investment earnings on these endowment funds are considered unrestricted and are utilized during the fiscal year.



## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 7 - FAIR VALUE MEASUREMENTS

CVIM's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CVIM believes its valuation methods are 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 fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. CVIM uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, CVIM measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. No Level 3 inputs were utilized by CVIM for the years ended June 30, 2017 and 2016.

##### **Level 1 – Fair Value Measurements**

The fair value of equities and mutual funds is based on quoted net asset values ("NAV") of the shares held by CVIM at year-end. The fair value of corporate and government bonds ("bonds") is valued based on the NAV of units held by CVIM at year-end. Although the bonds are not available in an active market, the NAV of the units are approximated based on the quoted prices of the underlying investments that are traded in an active market.

##### **Level 2 – Fair Value Measurements**

The fair values of the pooled investments held in Community Foundation are valued based on the net asset values ("NAV") of the underlying investments held within the Foundation. CVIM considers the measurement of its pooled investments to be Level 2, because it has limited ability to redeem its investments.

**COMMUNITY VOLUNTEERS IN MEDICINE**

**NOTES TO FINANCIAL STATEMENTS**

**7 - FAIR VALUE MEASUREMENTS (Continued)**

The following tables summarize the CVIM's fair value measurements on a recurring or nonrecurring basis:

	June 30, 2017		
	Total	Level 1	Level 2
<b>Common stocks</b>			
Basic materials sector	\$ 429,583	\$ 429,583	\$ -
Consumer goods sector	867,695	867,695	-
Financial sector	666,048	666,048	-
Healthcare sector	910,428	910,428	-
Industrial goods sector	159,109	159,109	-
Services sector	656,172	656,172	-
Technology sector	302,710	302,710	-
<b>Mutual funds</b>			
Diversified emerging markets	582,315	582,315	-
Diversified Pacific and Asia	158,315	158,315	-
Energy limited partnership	172,290	172,290	-
Foreign large blend	557,470	557,470	-
Foreign small/mid blend	121,635	121,635	-
Mid-cap blend	254,663	254,663	-
Small blend	264,034	264,034	-
<b>Bonds</b>			
Corporate bonds	2,898,303	2,898,303	-
US government agency bonds	677,763	677,763	-
<b>Community Foundation</b>			
Pooled investments	160,470	-	160,470
	<b>\$ 9,839,003</b>	<b>\$ 9,678,533</b>	<b>\$ 160,470</b>

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 7 - FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2016		
	Total	Level 1	Level 2
<b>Common stocks</b>			
Basic materials sector	\$ 435,594	\$ 435,594	\$ -
Consumer goods sector	610,078	610,078	-
Financial sector	507,533	507,533	-
Healthcare sector	955,014	955,014	-
Industrial goods sector	133,623	133,623	-
Services sector	661,987	661,987	-
Technology sector	303,384	303,384	-
<b>Mutual funds</b>			
Diversified emerging markets	572,604	572,604	-
Diversified Pacific and Asia	66,876	66,876	-
Energy limited partnership	184,530	184,530	-
Foreign large blend	474,161	474,161	-
Foreign small/mid blend	104,726	104,726	-
Mid-cap blend	218,707	218,707	-
Small blend	218,823	218,823	-
<b>Bonds</b>			
Corporate bonds	2,557,880	2,557,880	-
US government agency bonds	990,944	990,944	-
<b>Community Foundation</b>			
Pooled investments	165,281	-	165,281
	<u>\$ 9,161,745</u>	<u>\$ 8,996,464</u>	<u>\$ 165,281</u>

#### 8 - FINANCIAL RISK AND CONCENTRATION OF CREDIT RISK

CVIM's investments are exposed to various risks such as interest rate, market and credit. Due to the level of these risks, it is possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the financial statements.

CVIM maintains cash at various financial institutions. At times, cash in these accounts may exceed the Federal Deposit Insurance Corporation limit and the National Credit Union Administration limit of \$250,000. Uninsured cash at June 30, 2017 was approximately \$822,000. Per CVIM's investment policy, a cash reserve of approximately six months' operating expenses is required to be maintained.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 9 - LEASING ARRANGEMENTS

CVIM leases space to unrelated tenants under non-cancelable operating leases. These leases will expire at various times through March 2020. These leases have escalation clauses which are recognized ratably over the lease term, with the deferred rental income recorded as an other current asset within the statement of financial position. As part of the lease, the tenants remitted security deposits which are to be returned at the conclusion of the lease if all lease obligations are met.

The following is a schedule by years of future minimum rentals expected to be received under the leases:

Year Ending June 30,	
2018	\$ 137,307
2019	133,675
2020	86,405
	<u>\$ 357,387</u>

Building expenses consist of the following:

	Year Ended June 30,	
	2017	2016
Common area maintenance	\$ 46,234	\$ 43,221
Depreciation	53,847	61,760
Insurance	23,757	18,964
Real estate taxes	38,855	37,936
Realtor commissions	-	3,259
Other	623	412
	<u>\$ 163,316</u>	<u>\$ 165,552</u>

#### 10 - RETIREMENT PLAN

CVIM has a 401(k) discretionary profit sharing plan covering eligible employees, as defined in the plan document. CVIM's plan contributions were \$81,983 and \$76,895 for the years ended June 30, 2017 and 2016, respectively.

## COMMUNITY VOLUNTEERS IN MEDICINE

### NOTES TO FINANCIAL STATEMENTS

#### 11 - DONATED SERVICES AND MATERIALS

CVIM receives significant contributions of medical and professional services, prescription drugs, laboratory testing and supplies. Due to various factors, the amount of donated services and materials may vary from year to year. Non-cash contributions and offsetting expenses have been recognized in the accompanying financial statements:

	Year Ended June 30,	
	2017	2016
Donated services		
Medical and dental professional services	\$ 1,595,167	\$ 1,481,607
Medical consultant fees and tests	1,944,138	1,648,652
Professional services	38,765	44,073
Donated materials		
Prescription drugs and medical and dental supplies	4,333,987	4,114,447
Total donated services and materials	\$ 7,912,057	\$ 7,288,779

During the years ended June 30, 2017 and 2016, CVIM received and subsequently sold donated securities in the amount of \$237,143 and \$146,811, respectively.

#### 12 - RELATED PARTY TRANSACTIONS

During the years ended June 30, 2017 and 2016, Main Line Health System donated services of \$1,271,252 and \$1,114,600, respectively. During the years ended June 30, 2017 and 2016, Penn Medicine Chester County Hospital donated services of \$618,569 and \$515,956, respectively. These amounts are included in the donated services and materials amounts disclosed in footnote 11. Officers of both Main Line Health System and Penn Medicine Chester County Hospital are on the board of directors of CVIM.

#### 13 - SUBSEQUENT EVENTS

CVIM has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 7, 2017, the date on which the financial statements were available to be issued.