

**COMMUNITY VOLUNTEERS
IN MEDICINE**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

AND

INDEPENDENT AUDITORS' REPORT

COMMUNITY VOLUNTEERS IN MEDICINE

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-19

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, 2018 and 2017, 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, 2018 and 2017, 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.

A handwritten signature in black ink that reads "Freedman LLP". The signature is written in a cursive, flowing style.

Philadelphia, PA
September 21, 2018

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,351,628	\$ 1,711,105
Unconditional promises to give, current	204,220	297,804
Other current assets	80,812	76,577
Total current assets	1,636,660	2,085,486
Investments	10,344,193	9,839,003
Property and equipment, net	3,138,980	3,212,597
Other assets		
Unconditional promises to give, net of current portion	50,935	37,738
Total assets	\$ 15,170,768	\$ 15,174,824
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 52,710	\$ 11,144
Accrued expenses	162,529	159,006
Total current liabilities	215,239	170,150
Long-term liabilities		
Tenant security deposits	14,102	14,102
Total liabilities	229,341	184,252
Net assets		
Unrestricted	14,076,002	13,969,063
Temporarily restricted	349,457	505,541
Permanently restricted	515,968	515,968
Total net assets	14,941,427	14,990,572
Total liabilities and net assets	\$ 15,170,768	\$ 15,174,824

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30,					2017
	2018				Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted			
Support and revenue						
Contributions and grants	\$ 2,055,252	\$ 377,747	\$ -	\$ 2,432,999	\$ 2,203,902	
Donated services	4,194,422	-	-	4,194,422	3,578,070	
Donated materials	3,466,409	-	-	3,466,409	4,333,987	
Patient contributions	84,590	-	-	84,590	74,419	
Fundraising events	287,050	-	-	287,050	291,798	
Miscellaneous income	13,955	-	-	13,955	12,261	
Net assets released from restrictions	533,831	(533,831)	-	-	-	
Total support and revenue	10,635,509	(156,084)	-	10,479,425	10,494,437	
Expenses						
Program services	10,456,216	-	-	10,456,216	10,658,398	
Supporting services						
Management and general	276,838	-	-	276,838	275,527	
Fundraising						
Direct donor benefit	40,625	-	-	40,625	48,100	
Fundraising, other	389,240	-	-	389,240	380,458	
Total Supporting services	706,703	-	-	706,703	704,085	
Total expenses	11,162,919	-	-	11,162,919	11,362,483	
Change in net assets from operations	(527,410)	(156,084)	-	(683,494)	(868,046)	
Nonoperating						
Investment income, net	551,665	-	-	551,665	744,668	
Building rental income	244,405	-	-	244,405	244,302	
Building expenses	(161,721)	-	-	(161,721)	(163,316)	
	634,349	-	-	634,349	825,654	
Changes in net assets	106,939	(156,084)	-	(49,145)	(42,392)	
Net assets, beginning of year	13,969,063	505,541	515,968	14,990,572	15,032,964	
Net assets, end of year	\$ 14,076,002	\$ 349,457	\$ 515,968	\$ 14,941,427	\$ 14,990,572	

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Contributions and grants	\$ 1,760,602	\$ 443,300	\$ -	\$ 2,203,902
Donated services	3,578,070	-	-	3,578,070
Donated materials	4,333,987	-	-	4,333,987
Patient contributions	74,419	-	-	74,419
Fundraising events	291,798	-	-	291,798
Miscellaneous income	12,261	-	-	12,261
Net assets released from restrictions	405,932	(405,932)	-	-
Total support and revenue	10,457,069	37,368	-	10,494,437
Expenses				
Program services	10,658,398	-	-	10,658,398
Supporting services				
Management and general	275,527	-	-	275,527
Fundraising				
Direct donor benefit	48,100	-	-	48,100
Fundraising, other	380,458	-	-	380,458
Total Supporting services	704,085	-	-	704,085
Total expenses	11,362,483	-	-	11,362,483
Change in net assets from operations	(905,414)	37,368	-	(868,046)
Nonoperating				
Investment income, net	744,668	-	-	744,668
Building rental income	244,302	-	-	244,302
Building expenses	(163,316)	-	-	(163,316)
	825,654	-	-	825,654
Changes in net assets	(79,760)	37,368	-	(42,392)
Net assets, beginning of year	14,048,823	468,173	515,968	15,032,964
Net assets, end of year	\$13,969,063	\$ 505,541	\$ 515,968	\$14,990,572

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30,						
	2018						2017
	Supporting Services						
	Program	Management	Fundraising	Direct Donor	Fundraising,	Total	
	Services	and General	Benefit	Other	Supporting	Services	Total
						Total	Total
Salaries, payroll taxes and benefits	\$ 2,399,634	\$ 169,207	\$ -	\$ 323,610	\$ 492,817	\$ 2,892,451	\$ 2,819,579
Depreciation	71,137	-	-	-	-	71,137	60,665
Fundraising event expense	-	-	40,625	12,374	52,999	52,999	64,500
Insurance	19,925	12,167	-	-	12,167	32,092	43,179
Medical drugs, materials and supplies	171,424	-	-	-	-	171,424	120,714
Operating expenses	66,422	39,414	-	34,123	73,537	139,959	79,800
Professional services	42,324	15,832	-	18,752	34,584	76,908	205,931
Rent and occupancy	57,406	7,591	-	121	7,712	65,118	56,058
Donated services							
Computer services	-	19,208	-	-	19,208	19,208	15,435
Medical and dental services	212,883	-	-	-	-	212,883	210,998
Professional volunteer hours	1,654,461	7,758	-	-	7,758	1,662,219	1,513,197
Labs and radiology	2,300,112	-	-	-	-	2,300,112	1,815,110
Professional services	-	-	-	-	-	-	23,330
Donated materials							
Prescription drugs	3,451,519	-	-	-	-	3,451,519	4,323,665
Medical and dental supplies	8,969	-	-	-	-	8,969	10,322
Other	-	5,661	-	260	5,921	5,921	-
Total expenses	\$ 10,456,216	\$ 276,838	\$ 40,625	\$ 389,240	\$ 706,703	\$ 11,162,919	\$ 11,362,483

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

	Supporting Services					Total
	Program Services	Management and General	Fundraising Direct Donor Benefit	Fundraising, Other	Total Supporting Services	
Salaries, payroll taxes and benefits	\$ 2,364,950	\$ 148,176	\$ -	\$ 306,453	\$ 454,629	\$ 2,819,579
Depreciation	60,665	-	-	-	-	60,665
Fundraising event expense	-	-	48,100	16,400	64,500	64,500
Insurance	11,673	31,506	-	-	31,506	43,179
Medical drugs, materials and supplies	120,714	-	-	-	-	120,714
Operating expenses	47,788	14,682	-	17,330	32,012	79,800
Professional services	166,548	22,438	-	16,945	39,383	205,931
Rent and occupancy	49,051	7,007	-	-	7,007	56,058
Donated services						
Computer services	-	15,435	-	-	15,435	15,435
Medical and dental services	210,998	-	-	-	-	210,998
Professional volunteer hours	1,476,914	36,283	-	-	36,283	1,513,197
Labs and radiology	1,815,110	-	-	-	-	1,815,110
Professional services	-	-	-	23,330	23,330	23,330
Donated materials						
Prescription drugs	4,323,665	-	-	-	-	4,323,665
Medical and dental supplies	10,322	-	-	-	-	10,322
Total expenses	\$ 10,658,398	\$ 275,527	\$ 48,100	\$ 380,458	\$ 704,085	\$ 11,362,483

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2018	2017
Cash flows from operating activities		
Changes in net assets	\$ (49,145)	\$ (42,392)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	125,516	114,513
Net unrealized gains on investments	(2,572)	(525,303)
Realized gains on investments	(358,085)	(34,277)
Donated stock	(50,474)	(237,143)
Change in allowance for doubtful accounts	376	(6,584)
Changes in operating assets and liabilities		
Unconditional promises to give	80,011	98,201
Other current assets	(4,235)	8,684
Accounts payable	41,566	(33,529)
Accrued expenses	3,523	65,569
Net cash used in operating activities	(213,519)	(592,261)
Cash flows from investing activities		
Purchase of property and equipment	(51,899)	(16,102)
Purchase of investments	(1,642,908)	(1,849,134)
Proceeds from the sale of investments	1,548,849	1,968,599
Net cash (used in) provided by investing activities	(145,958)	103,363
Net decrease in cash and cash equivalents	(359,477)	(488,898)
Cash and cash equivalents, beginning of year	1,711,105	2,200,003
Cash and cash equivalents, end of year	\$ 1,351,628	\$ 1,711,105

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

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

Reclassifications

Certain 2017 amounts have been reclassified to conform to the current year presentation. These reclassifications have no effect on previously reported changes in net assets.

2 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows:

	June 30,	
	2018	2017
Gross unrestricted promises to give	\$ 259,181	\$ 338,078
Less unamortized discount	(2,388)	(1,274)
Less allowances for uncollectible promises	(1,638)	(1,262)
Net unconditional promises to give	\$ 255,155	\$ 335,542

	June 30,	
	2018	2017
Amounts due in		
Less than one year	\$ 204,220	\$ 297,804
One to five years	54,961	40,274
Gross unconditional promises to give	\$ 259,181	\$ 338,078

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, 2018 and 2017, respectively.

3 - INVESTMENTS

Investments consist of the following:

	June 30,	
	2018	2017
Common stocks	\$ 4,116,747	\$ 3,991,745
Community Foundation – pooled investments	149,898	160,470
Mutual funds	2,544,305	2,110,722
Bonds	3,533,243	3,576,066
Total investments	\$ 10,344,193	\$ 9,839,003

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,	
	2018	2017
Interest and dividends	\$ 260,730	\$ 253,836
Net realized and unrealized gains	360,657	559,580
Investment fees	(69,722)	(68,748)
Total investment income, net	\$ 551,665	\$ 744,668

4 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	June 30,	
	2018	2017
Land, building & building improvements	\$ 3,355,857	\$ 3,355,858
Furniture and fixtures	233,645	230,645
Medical and dental equipment	422,868	373,968
	4,012,370	3,960,471
Less accumulated depreciation	873,390	747,874
	\$ 3,138,980	\$ 3,212,597

5 - TEMPORARILY RESTRICTED NET ASSETS

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

	June 30,	
	2018	2017
Restricted as to period		
Periods after June 30, 2018 and 2017, respectively	\$ 50,935	\$ 212,738
Restricted as to purpose		
Education and program support	89,100	-
Pain, vision and dental services and procedures	205,422	-
Purchase of medical, dental, and vision supplies, reimbursement of laboratory fees and tests	4,000	292,803
Total temporarily restricted net assets	\$ 349,457	\$ 505,541

For the years ended June 30, 2018 and 2017, temporarily restricted net assets were increased by gross promises to give in the amount of \$65,000 and \$250,000, 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,	
	2018	2017
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, 2018 and 2017.

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, 2018		
	Total	Level 1	Level 2
Common stocks			
Basic materials sector	\$ 449,142	\$ 449,142	\$ -
Consumer goods sector	640,526	640,526	-
Financial sector	737,490	737,490	-
Healthcare sector	820,344	820,344	-
Industrial goods sector	405,120	405,120	-
Services sector	507,042	507,042	-
Technology sector	557,083	557,083	-
Mutual funds			
Diversified emerging markets	709,463	709,463	-
Diversified Pacific and Asia	168,372	168,372	-
Foreign large blend	855,918	855,918	-
Foreign small/mid blend	129,836	129,836	-
Mid-cap blend	214,258	214,258	-
Small blend	466,458	466,458	-
Bonds			
Corporate bonds	2,657,625	2,657,625	-
US government agency bonds	875,618	875,618	-
Community Foundation			
Pooled investments	149,898	-	149,898
	\$ 10,344,193	\$ 10,194,295	\$ 149,898

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

7 - FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2017		
	Total	Level 1	Level 2
Common stocks			
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	303,710	-
Mutual funds			
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	-
Bonds			
Corporate bonds	2,898,303	2,898,303	-
US government agency bonds	677,763	677,763	-
Community Foundation			
Pooled investments	160,470	-	160,470
	<u>\$ 9,839,003</u>	<u>\$ 9,678,533</u>	<u>\$ 160,470</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, 2018 was approximately \$779,000. 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 September 2021. 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,	
2019	\$ 165,378
2020	119,060
2021	33,634
2022	8,470
	<u>\$ 326,542</u>

Building expenses allocated to building rental income consist of the following:

	Year Ended June 30,	
	2018	2017
Common area maintenance	\$ 46,631	\$ 46,234
Depreciation	54,382	53,847
Insurance	20,838	23,757
Real estate taxes	39,870	38,855
Other	-	623
	<u>\$ 161,721</u>	<u>\$ 163,316</u>

10 - RETIREMENT PLAN

CVIM sponsors a 401(k) profit sharing plan for all current employees meeting certain eligibility requirements. The plan allows for employee salary deferrals and discretionary employer matching and profit-sharing contributions. CVIM's plan contributions were \$94,258 and \$81,983 for the years ended June 30, 2018 and 2017, 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,	
	2018	2017
Donated services		
Medical and dental professional services	\$ 1,769,802	\$ 1,595,167
Medical consultant fees and tests	2,397,654	1,944,138
Professional services	26,966	38,765
Donated materials		
Prescription drugs and medical and dental supplies	3,460,488	4,333,987
Other	5,921	-
Total donated services and materials	\$ 7,660,831	\$ 7,912,057

During the years ended June 30, 2018 and 2017, CVIM received and subsequently sold donated securities in the amount of \$50,474 and \$237,143, respectively.

12 - RELATED PARTY TRANSACTIONS

During the years ended June 30, 2018 and 2017, Main Line Health System donated services of \$1,877,965 and \$1,271,252, respectively. During the years ended June 30, 2018 and 2017, Penn Medicine Chester County Hospital donated services of \$447,775 and \$618,569, 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 21, 2018, the date on which the financial statements were available to be issued.