

**COMMUNITY VOLUNTEERS
IN MEDICINE**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

AND

INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP[®]

ACCOUNTANTS AND ADVISORS

COMMUNITY VOLUNTEERS IN MEDICINE

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statement of Community Volunteers in Medicine (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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.

Emphasis-of-Matter

As discussed in Note 2 to the financial statements, Community Volunteers in Medicine adopted the Financial Accounting Standards Board Accounting Standards Update (“ASU”) No. 2016-14, *Presentation of financial statements for Not-for-profit entities*, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively. Our opinion is not modified with respect to this matter.

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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Philadelphia, Pennsylvania
October 16, 2019

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

ASSETS

Current assets

Cash and cash equivalents	\$ 1,355,858
Unconditional promises to give, current	137,950
Other current assets	67,498
Total current assets	1,561,306

Investments	10,743,489
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Property and equipment, net	3,336,918
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Other assets

Unconditional promises to give, net of current portion	50,081
Total assets	\$ 15,691,794

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 146,755
Accrued expenses	181,688
Total current liabilities	328,443

Long-term liabilities

Tenant security deposits	14,102
Total liabilities	342,545

Net assets

Without donor restrictions	14,575,327
With donor restrictions	773,922
Total net assets	15,349,249
Total liabilities and net assets	\$ 15,691,794

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions and grants	\$ 2,555,484	\$ 368,953	\$ 2,924,437
Donated services	4,614,647	-	4,614,647
Donated materials	3,474,008	-	3,474,008
Patient contributions	82,234	-	82,234
Fundraising events	270,750	-	270,750
Investment income, net	637,207	-	637,207
Miscellaneous income	2,314	-	2,314
Net assets released from restrictions	460,456	(460,456)	-
Total support and revenue	12,097,100	(91,503)	12,005,597
Expenses			
Program services	10,839,677	-	10,839,677
Supporting services			
Management and general	328,896	-	328,896
Fundraising			
Direct donor benefit	40,950	-	40,950
Fundraising, other	444,242	-	444,242
Total supporting services	814,088	-	814,088
Total expenses	11,653,765	-	11,653,765
Change in net assets from operations	443,335	(91,503)	351,832
Nonoperating			
Building rental income	230,996	-	230,996
Building expenses	(175,006)	-	(175,006)
	55,990	-	55,990
Changes in net assets	499,325	(91,503)	407,822
Net assets, beginning of year	14,076,002	865,425	14,941,427
Net assets, end of year	\$ 14,575,327	\$ 773,922	\$ 15,349,249

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	<u>Supporting Services</u>					Total
	Program Services	Management and General	Fundraising Direct Donor Benefit	Fundraising, Other	Total Supporting Services	
Salaries, payroll taxes and benefits	\$ 2,441,594	\$ 188,301	\$ -	\$ 327,055	\$ 515,356	\$ 2,956,950
Depreciation	64,923	-	-	-	-	64,923
Fundraising event expense	-	-	40,950	17,773	58,723	58,723
Insurance	22,782	17,396	-	-	17,396	40,178
Medical drugs, materials and supplies	130,642	-	-	-	-	130,642
Operating expenses	44,696	42,975	-	67,063	110,038	154,734
Professional services	92,657	18,159	-	30,953	49,112	141,769
Rent and occupancy	58,853	20,680	-	-	20,680	79,533
Donated services						
Medical and dental services	144,039	-	-	-	-	144,039
Medical consults	32,904	-	-	-	-	32,904
Professional volunteer hours	1,625,713	33,402	-	-	33,402	1,659,115
Labs and radiology	2,673,590	-	-	-	-	2,673,590
Professional services	42,657	-	-	-	-	42,657
Donated materials						
Prescription drugs	3,432,389	-	-	-	-	3,432,389
Other	32,238	7,983	-	1,398	9,381	41,619
Total expenses	\$ 10,839,677	\$ 328,896	\$ 40,950	\$ 444,242	\$ 814,088	\$ 11,653,765

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

Cash flows from operating activities	
Changes in net assets	\$ 407,822
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	118,256
Net unrealized gains on investments	(373,393)
Realized gains on investments	(62,691)
Donated property and equipment	(62,342)
Donated stock	(62,611)
Change in allowance for doubtful accounts	4,749
Changes in operating assets and liabilities	
Unconditional promises to give	62,375
Other current assets	13,314
Accounts payable	94,045
Accrued expenses	19,159
Net cash provided by operating activities	158,683
 Cash flows from investing activities	
Purchase of property and equipment	(253,852)
Purchase of investments	(1,240,414)
Proceeds from the sale of investments	1,339,813
Net cash used in investing activities	(154,453)
 Net increase in cash and cash equivalents	 4,230
Cash and cash equivalents, beginning of year	1,351,628
Cash and cash equivalents, end of year	\$ 1,355,858

See notes to financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

1 - NATURE OF ORGANIZATION

Organization

Community Volunteers in Medicine (“CVIM”) is a non-profit community based organization which provides compassionate 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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements reflect the accounts of CVIM and have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (US GAAP).

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user’s ability to assess an entity’s available financial resources, along with its management of liquidity and liquidity risk. CVIM has adopted ASU 2016-14 for its fiscal year ended June 30, 2019.

The provisions of ASU 2016-14 improve presentation and disclosure to provide more relevant information about resources and changes in resources to donors, grantors and other users. There are qualitative and quantitative requirements in several areas including the following:

Temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restriction. The unrestricted net asset class has been renamed net assets without donor restrictions. The following chart illustrates the impact, caused by adopting ASU No. 2016-14, on classifications of July 1, 2018 net asset balances as follows:

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

	Opening net assets classification for ASU No. 2016-14		
	Without donor restrictions	With donor restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ 14,076,002	\$ -	\$ 14,076,002
Temporarily restricted	-	349,457	349,457
Permanently restricted	-	515,968	515,968
Net assets, as reclassified	\$ 14,076,002	\$ 865,425	\$ 14,941,427

The financial statements also include a disclosure about liquidity and availability of resources (see Note 3).

Net Assets

Net assets, revenues, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. From time to time the Board of Directors may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events or purposes specified by the donor. Other donor-imposed restrictions are permanent in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit CVIM to use all or part of the income earned on related investments for general or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support and Revenue

Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. Contributions are generally available for use without restriction unless specifically restricted by the donor.

Contributions are reported as with donor 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, these net assets are reclassified to net assets without restriction 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 without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized.

Endowment contributions and investments are restricted by the donor in perpetuity. Investment earnings available for distribution are recorded as net assets without donor restriction. Investment earnings with donor restrictions are recorded as donor restricted net assets based on the nature of the restrictions.

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, as donated services and materials 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.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. CVIM incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. CVIM also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and management and general activities). 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. Salaries, employee benefits, and payroll taxes are allocated based on estimates of time and effort incurred by personnel. Occupancy, insurance, office expenses, professional services, information technology/website, and personnel expenses are allocated based upon time and effort incurred by personnel or square footage, as applicable. Other expenses are based on actual costs directly related to the program services and supporting service categories.

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 CVIM 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 CVIM's status as a not-for-profit entity. Management believes CVIM 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.

Underwater Endowment Funds

CVIM considers a fund to be underwater if the fair value of the funds is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. CVIM has no underwater endowment funds as of June 30, 2019.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

CVIM's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$	1,355,858
Unconditional promises to give, current		137,950
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Total financial assets available within one year		1,493,808
Less: amounts unavailable for general expenditures within one year, due to		
Restricted by donor in perpetuity		515,968
Restricted by donor with time and purpose restrictions		206,638
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Total amounts unavailable for general expenditure within one year		722,606
Add: Fiscal year 2020 spending rate allocation		412,356
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Total financial assets available to management for general expenditure within one year	\$	1,183,558

CVIM's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increase in program expenditures in fiscal year 2020.

CVIM has certain donor-restricted assets limited as to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the above qualitative information for financial assets to meet general expenditures within one year. CVIM has time restricted contributions that will also be available for general expenditures in the next year which are included as liquid assets available in the next year.

In addition, CVIM's spending policy allows for annual spending based on 4% of the trailing 3 year average of the market value of the investment account. A measure of this investment return is included in assets available to meet general expenditures over the next 12 months.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Liquidity Management

CVIM has an investment policy authorized by the Board of Directors that provides guidance and oversight for the management of cash and cash equivalents, and investments. The policy provides that CVIM maintain an adequate level of cash to meet on-going operational requirements. In addition, the policy sets forth the structure for investment of excess cash based on the financial needs of CVIM, the time horizon of those needs and the Board of Directors' investment philosophy.

4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows as of June 30, 2019:

Gross unrestricted promises to give	\$	199,265
Less unamortized discount		(4,847)
Less allowances for uncollectible promises		(6,387)
Net unconditional promises to give	\$	188,031
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Amounts due in		
Less than one year	\$	137,950
One to five years		61,315
Gross unconditional promises to give	\$	199,265
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Pledges to be received in future years are recorded at present value using a discount rate at the time of the pledge for the year ending June 30, 2019.

5 - INVESTMENTS

Investments consist of the following as of June 30, 2019:

Common stocks	\$	4,359,535
Community Foundation – pooled investments		138,478
Mutual funds and ETFs		2,505,106
Bonds		3,740,370
Total investments	\$	10,743,489
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COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

5 - INVESTMENTS (Continued)

The following schedule summarizes the investment return in the statements of activities and changes in net assets for the year ended June 30, 2019:

Interest and dividends	\$ 274,035
Net realized and unrealized gains	433,794
Investment fees	(70,622)
<u>Total investment income, net</u>	<u>\$ 637,207</u>

6 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30, 2019:

Land, building & building improvements	\$ 3,566,515
Furniture and fixtures	271,422
Medical and dental equipment	490,629
	<u>4,328,566</u>
<u>Less accumulated depreciation</u>	<u>991,648</u>
	<u>\$ 3,336,918</u>

Total depreciation expense for the year ended June 30, 2019 was \$118,256.

7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2019.

Subject to expenditure for specified purposes	\$ 101,639
Subject to the passage of time	156,315
Not subject to appropriation or expenditure	
<u>Endowment investment fund held in perpetuity</u>	<u>515,968</u>
	<u>\$ 773,922</u>

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

7 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by the expiration of a time restriction or by the occurrence of other events specified by donors during the year ended June 30, 2019.

Purpose restrictions accomplished	\$ 362,836
Time restrictions expired	97,620
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	\$ 460,456

8 - ENDOWMENT NET ASSETS

Edgar R. Lawrence Dental Endowment Fund

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. The balance in this fund is approximately \$139,000 as of June 30, 2019 and is included within net assets with donor restrictions on the statement of financial position.

Gordon B. Hattersley, Jr. Endowment Fund

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. The balance in the fund is approximately \$377,000 as of June 30, 2019 and is included within net assets with donor restrictions on the statement of financial position.

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 net assets with donor restriction (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.

Investment earnings on these endowment funds are considered without donor restriction and are utilized during the fiscal year.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

9 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CVIM has the ability to access.
- Level 2 Inputs to the valuation methodology include
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

Common stocks – Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by CVIM are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by CVIM are deemed to be actively traded.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

9 - FAIR VALUE MEASUREMENTS (Continued)

Pooled accounts - The pooled accounts held in Community Foundation are valued using the net asset value as a practical expedient to estimate fair value. This practical expedient would be used if it is determined to be probable that the pooled accounts would sell investments for an amount different from the reported net asset value. The underlying securities in the pooled accounts are listed on the national securities exchanges and valued on the basis of year-end closing prices. CVIM has concluded that the net asset value as adjusted (for mutual fund dividends, mutual fund splits and administrative maintenance charges and other items) and reported by Community Foundation approximates fair value of the investments.

Corporate and government bonds – Valued using pricing models maximizing the use of observable inputs for similar securities. This included basing value on yields available on comparable securities of issuers with similar credit ratings.

The following table summarizes investment assets measured at fair value at June 30, 2019:

	Investments at Fair Value			
	Level 1	Level 2	Level 3	Total
Common stocks				
Basic materials sector	\$ 317,500	\$ -	\$ -	\$ 317,500
Consumer goods sector	679,273	-	-	679,273
Financial sector	759,932	-	-	759,932
Healthcare sector	729,142	-	-	729,142
Industrial goods sector	644,668	-	-	644,668
Services sector	602,169	-	-	602,169
Technology sector	626,851	-	-	626,851
Mutual funds and ETFs				
Diversified emerging markets	767,536	-	-	767,536
Diversified Pacific and Asia	158,988	-	-	158,988
Foreign large blend	679,207	-	-	679,207
Foreign small/mid blend	118,417	-	-	118,417
Mid-cap blend	265,562	-	-	265,562
Small blend	515,396	-	-	515,396
Bonds				
Corporate bonds	2,501,393	-	-	2,501,393
US government agency bonds	1,238,977	-	-	1,238,977
Total assets in the fair value hierarchy	\$ 10,605,011	\$ -	\$ -	10,605,011
Community Foundation				
Pooled accounts (a)	-	-	-	138,478
Investments at fair value	-	-	-	\$ 10,743,489

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

9 - FAIR VALUE MEASUREMENTS (Continued)

- (a) Certain investments that are measured at fair value using the net asset value per share expedient have not been classified in the fair value hierarchy. The net asset value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position.

10 - 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, 2019 was approximately \$607,000. Per CVIM's investment policy, a cash reserve of approximately six months' operating expenses is required to be maintained.

11 - 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,	
2020	\$ 119,060
2021	33,634
2022	8,470
	<u>\$ 161,164</u>

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

11 - LEASING ARRANGEMENTS (Continued)

Building expenses allocated to building rental income consist of the following for the year ended June 30, 2019:

Common area maintenance	\$	50,506
Depreciation		53,333
Insurance		21,990
Real estate taxes		40,736
Other		8,441
	\$	<u>175,006</u>

12 - 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 \$87,225 for the year ended June 30, 2019.

13 - 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 for the year ended June 30, 2019:

Donated services		
Medical and dental professional services	\$	1,803,154
Medical consultant fees, labs and radiology		2,706,494
Professional services		42,657
Donated materials		
Prescription drugs and medical and dental supplies		3,432,389
Other materials and supplies		41,619
<u>Total donated services and materials</u>	\$	<u>8,026,313</u>

During the year ended June 30, 2019, CVIM received and subsequently sold donated securities in the amount of \$62,611.

During the year ended June 30, 2019, CVIM received donated property and equipment totaling \$62,342.

COMMUNITY VOLUNTEERS IN MEDICINE

NOTES TO FINANCIAL STATEMENTS

14 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2019, Main Line Health System donated services of \$2,068,370 and materials of \$3,185. During the year ended June 30, 2019, Penn Medicine Chester County Hospital donated services of \$619,839 and materials of \$2,407. During the year ended June 30, 2019, Dilworth Paxson LLP and Saul Ewing Arnstein & Lehr LLP donated legal services totaling \$28,032. These amounts are included in the donated services and materials amounts disclosed in footnote 13. Officers of Main Line Health System, Penn Medicine Chester County Hospital, Dilworth Paxson LLP and Saul Ewing Arnstein & Lehr LLP are on the board of directors of CVIM.

15 - SUBSEQUENT EVENTS

CVIM has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 16, 2019, the date on which the financial statements were available to be issued.