

**VOLUNTEERS IN MEDICINE – BERKSHIRES, INC.**

**Financial Statements**

**June 30, 2021**

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# Adelson & Company PC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**VOLUNTEERS IN MEDICINE – BERKSHIRES, INC.**  
Great Barrington, MA 01230

### Report on the Financial Statements

We have audited the accompanying financial statements of Volunteers in Medicine – Berkshires, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Volunteers in Medicine – Berkshires, Inc. as of June 30, 2021, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Volunteers in Medicine – Berkshires, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Adelson + Company PC*

ADELSON & COMPANY PC

November 16, 2021

**VOLUNTEERS IN MEDICINE - BERKSHIRES, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30,**

	<u>2021</u>	<u>Comparative 2020</u>
<b>Assets</b>		
Current assets		
Cash and equivalents	\$ 1,886,411	\$ 1,172,557
Unconditional promises to give, net	63,571	625
Grants receivable	2,000	5,000
Prepaid expenses	<u>6,537</u>	<u>-</u>
Total current assets	1,958,519	1,178,182
Unconditional promises to give long-term, net	-	130,015
Deposits	5,515	5,515
Property and equipment, net	<u>211,834</u>	<u>232,435</u>
Total assets	<u>\$ 2,175,868</u>	<u>\$ 1,546,147</u>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable	\$ 1,505	\$ 2,462
Refundable advance (Note 5)	37,793	-
Accrued payroll	<u>62,390</u>	<u>35,511</u>
Total liabilities	<u>101,688</u>	<u>37,973</u>
Net assets		
Without donor restrictions	1,939,561	1,302,888
With donor restrictions	<u>134,619</u>	<u>205,286</u>
Total net assets	<u>2,074,180</u>	<u>1,508,174</u>
Total liabilities and net assets	<u>\$ 2,175,868</u>	<u>\$ 1,546,147</u>

See notes to financial statements.

**VOLUNTEERS IN MEDICINE - BERKSHIRES, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30,**

	Without Donor	With Donor	Total	Comparative
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2021</u>	<u>Total</u>
				<u>2020</u>
<b>Revenue and support</b>				
Contributions and grants	\$ 1,652,371	\$ 36,684	\$ 1,689,055	\$ 1,257,638
Contributions and grants - patient support payments (Note 17)	276,800	-	276,800	117,985
Contributions - special events	10,000	-	10,000	82,717
Contributed services	796,884	-	796,884	504,620
In kind donations	22,031	-	22,031	8,674
Special events, net	(5,275)	-	(5,275)	7,324
Investment income	5,734	-	5,734	6,070
Miscellaneous revenue	10,914	-	10,914	2,176
Net assets released from restrictions	<u>107,351</u>	<u>(107,351)</u>	<u>-</u>	<u>-</u>
 Total revenue and support	 <u>2,876,810</u>	 <u>(70,667)</u>	 <u>2,806,143</u>	 <u>1,987,204</u>
<b>Expenses</b>				
Program services	<u>1,935,057</u>	<u>-</u>	<u>1,935,057</u>	<u>1,261,208</u>
Support services				
Management and general	134,443		134,443	100,577
Fund-raising	<u>170,637</u>		<u>170,637</u>	<u>207,792</u>
 Total support services	 <u>305,080</u>		 <u>305,080</u>	 <u>308,369</u>
 Total expenses	 <u>2,240,137</u>		 <u>2,240,137</u>	 <u>1,569,577</u>
 Change in net assets	 636,673	 (70,667)	 566,006	 417,627
 Net assets, beginning	 <u>1,302,888</u>	 <u>205,286</u>	 <u>1,508,174</u>	 <u>1,090,547</u>
 Net assets, ending	 <u>\$ 1,939,561</u>	 <u>\$ 134,619</u>	 <u>\$ 2,074,180</u>	 <u>\$ 1,508,174</u>

See notes to financial statements.

**VOLUNTEERS IN MEDICINE - BERKSHIRES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30,**

	Program Services	Support Services			Total 2021	Comparative 2020
		Management and General	Fund- raising	Direct Donor Benefit		
Compensation and Related Expenses						
Salaries	\$ 456,267	\$ 80,612	\$ 127,265	\$ -	\$ 664,144	\$ 513,287
Employee benefits	56,354	11,416	18,023	-	85,793	54,268
Payroll taxes	34,998	7,090	11,192	-	53,280	42,052
<b>Total</b>	<b>547,619</b>	<b>99,118</b>	<b>156,480</b>	<b>-</b>	<b>803,217</b>	<b>609,607</b>
Advertising	420	-	-	-	420	330
Bank charges and credit card fees	-	21	846	-	867	2,133
Books, subscriptions, and references	174	-	-	-	174	172
Clinic supplies	84,288	-	-	-	84,288	76,726
Computer services	3,580	1,735	1,636	-	6,951	16,912
Contract services	20,000	-	-	-	20,000	12,000
Contributed services	796,884	-	-	-	796,884	504,937
Freight and postage	2,101	-	988	-	3,089	3,235
Fund-raising	-	-	2,187	9,364	11,551	10,771
Reception and entertainment	-	-	-	-	-	37,660
Insurance	12,174	-	-	-	12,174	12,192
Miscellaneous	2,695	-	-	-	2,695	1,862
Office	5,558	-	-	-	5,558	8,687
Patient support payments (Note 17)	256,609	-	-	-	256,609	56,716
Physician and nurse credentialing	1,092	-	-	-	1,092	1,560
Printing and copying	-	640	4,790	-	5,430	21,741
Professional fees	36,391	14,500	-	-	50,891	37,033
Recruiting costs	1,026	-	-	-	1,026	834
Rentals	68,679	7,804	1,561	-	78,044	76,091
Repairs and maintenance	23,171	3,253	527	-	26,951	32,489
Staff and volunteer development	12,184	-	-	-	12,184	7,944
Telephone	6,318	1,185	394	-	7,897	15,199
Travel and entertainment	40	45	-	-	85	2,293
Utilities	7,755	881	176	-	8,812	9,646
Depreciation	46,299	5,261	1,052	-	52,612	48,467
<b>Total expenses</b>	<b>1,935,057</b>	<b>134,443</b>	<b>170,637</b>	<b>9,364</b>	<b>2,249,501</b>	<b>1,607,237</b>
Less expenses included in the Statement of Activities	-	-	-	(9,364)	(9,364)	(37,660)
<b>Total expenses included in the expense section of the Statement of Activities</b>	<b>\$ 1,935,057</b>	<b>\$ 134,443</b>	<b>\$ 170,637</b>	<b>\$ -</b>	<b>\$ 2,240,137</b>	<b>\$ 1,569,577</b>

See notes to financial statements.

**VOLUNTEERS IN MEDICINE - BERKSHIRES, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30,**

	<u>2021</u>	<u>Comparative 2020</u>
<b>Operating activities</b>		
Change in net assets	\$ 566,006	\$ 417,627
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	52,612	48,467
(Gain) loss on sale of asset	(44)	-
(Increase) decrease in operating assets:		
Accounts receivable	-	1,210
Unconditional promises to give	67,069	115,829
Grants receivable	3,000	(3,000)
Prepaid expenses	(6,537)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(957)	343
Refundable advance	37,793	-
Accrued payroll	26,880	10,455
	<u>745,822</u>	<u>590,931</u>
<b>Investing activities</b>		
Net additions to property and equipment	<u>(31,968)</u>	<u>(11,794)</u>
Net cash provided (used) by investing activities	<u>(31,968)</u>	<u>(11,794)</u>
Increase (decrease) in cash and equivalents	713,854	579,137
Cash and equivalents, beginning	<u>1,172,557</u>	<u>593,420</u>
Cash and equivalents, ending	<u>\$ 1,886,411</u>	<u>\$ 1,172,557</u>

See notes to financial statements.

# VOLUNTEERS IN MEDICINE – BERKSHIRES, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Activities**

Volunteers in Medicine – Berkshires, Inc., a nonprofit corporation organized on February 2, 2004, provides free healthcare services in a respectful and caring environment. The Organization serves the needs of the uninsured and underinsured of Berkshire County and nearby Connecticut and New York towns, offering access to medical, dental, mental health and optometry services.

#### **Recently issued Accounting Standards**

In September 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This update requires separate identification of contributions of nonfinancial assets by category on the statement of activities and additional disclosures including the Organization’s policy for monetizing or utilizing nonfinancial assets, the programs or activities where the nonfinancial assets were utilized, donor imposed restriction, valuation techniques used. Additional disclosures for donated services are also required. The guidance is effective for financial statements fiscal years beginning after June 15, 2021. Retrospective application is required. The Organization is currently evaluating the impact of these updates on their financial statements.

#### **Income Taxes**

The Organization is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and state taxes under Massachusetts state law. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition. The Organization’s tax returns are subject to examination by taxing authorities for all years ending on or after June 30, 2018.

#### **Basis of Accounting and Financial Statement Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds will be maintained in perpetuity.

## **NOTE 1 – (Continued)**

### **Contributions**

The Organization accounts for contributions received as increases in net assets without donor restriction or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support within net assets without donor restrictions.

### **Promises to Give**

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization uses an allowance method for promises to give based upon management's analysis of the accounts and prior collection experience.

Conditional promises to give, this is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances.

Consequently, at June 30, 2021, contributions approximating \$37,793, have not been recognized in the statement of activities because the conditions upon which they depend have not yet been met (see Note 5).

### **In Kind Support**

The Organization records various types of in kind support including professional services, advertising and materials. Contributed professional services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in kind support are offset by like amounts included in expenses or property and equipment.

Volunteers In Medicine – Berkshires, Inc. receives donated services from clinical personnel. These donated services constitute a significant factor in the operation of the Organization. These services, requiring specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by donation. Approximately 7,346 and 4,373 volunteer hours were received during the years ended June 30, 2021 and 2020, respectively. The estimated fair market value of these services was \$796,884 for 2021 and \$504,620 for 2020. These amounts are included in revenues and expenses in the Statement of Activities.

### **Cash and Equivalents**

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

### **Property and Equipment**

The Organization capitalizes all expenditures for property and equipment with a useful life greater than one year and a cost in excess of \$2,500. Purchased equipment is recorded at cost. Donated equipment is recorded at fair market value at the date of the donation. Depreciation of buildings and equipment is provided over the estimated useful lives of the assets using the straight-line method.

## **NOTE 1 – (Continued)**

### **Revenue Recognition**

#### *Contributions and Grants*

The Organization recognizes contributions when cash, securities or other assets; unconditional promises to give or grants; or notification of a beneficial interest are received. Grants, which are exchange transactions, are recorded as services are provided. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

#### *Special Events*

The Organization records special events revenue including ticket sales and sponsorships less the direct cost of benefits provided to donors. Special events contributions are reported separately on the Statement of Activities.

### **Advertising**

The Organization expenses advertising costs as incurred. The amounts for each year were not material to the financial statements.

### **Functional Allocation of Expenses**

The costs of providing program and support activities have been summarized on a functional basis in the Statement of Activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated using management's estimates among the program and supporting activities benefited.

Rent, repairs and maintenance, utilities, telephone, and depreciation are allocated on a square footage basis. Salaries, payroll taxes, and employee benefits and other expenses are allocated on the basis of estimates of time and effort.

### **Subsequent Events**

Management has evaluated subsequent events through November 16, 2021, the date that the financial statements were available for issue, and has determined that there are no additional adjustments or disclosures required.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

### **Summarized Comparative Financial Information**

The financial information for the year ended June 30, 2020, presented for comparative purposes, is not intended to be a complete financial statement presentation. Certain items in the comparative prior year totals may have been reclassified to conform to the current year presentation.

## **NOTE 2 - CONCENTRATION OF CREDIT RISK**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash. The Organization maintains cash balances at two financial institutions. At June 30, 2021, the Organization had no uninsured cash balances. The Organization has not experienced any losses in such accounts.

### NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2021 are expected to be realized in the following periods:

	<u>2021</u>
In one year or less	\$ 66,750
Between one year and five years	-
Unamortized discount at 5%	<u>(3,179)</u>
Total	63,571
Portion to be realized within one year	<u>(63,571)</u>
Unconditional promises to give, long-term	<u><u>\$ -</u></u>

### NOTE 4 - PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT JUNE 30:

	<u>2021</u>	<u>Comparative 2020</u>
Leasehold improvements	\$ 442,807	\$ 442,807
Website development	8,310	8,310
Furniture and equipment	<u>198,913</u>	<u>166,945</u>
Total	650,030	618,062
Accumulated depreciation	<u>(438,196)</u>	<u>(385,627)</u>
Property and equipment, net	<u><u>\$ 211,834</u></u>	<u><u>\$ 232,435</u></u>

Depreciation expense was \$52,612 and \$48,467 for the years ended June 30, 2021 and 2020 respectively.

### NOTE 5 - CONDITIONAL PROMISES TO GIVE

During the year ended June 30, 2019, the Organization received a \$50,000 conditional pledge. The pledge required the Organization to raise \$50,000 during the years 2019 through 2021 with the donor providing matching funds up to \$50,000. The matching contributions had to be raised through a special fundraising campaign that is in addition to normally received donations, such that the Organization would raise more money than otherwise received through normal donations. The Organization raised and received matching contributions of \$15,000 and \$25,000 for the years ended June 30, 2020 and 2019 respectively. The balance of the pledge would not be recognized until the remaining conditional match had been raised by the Organization. During the year ended June 30, 2021, the Organization met the requirement to receive the third and final payment.

During the year ended June 30, 2021 the Organization received a conditional grant in the amount of \$83,118 to partner with a taxi service to provide client transportation for medical appointments. The grant is to be paid in two installments of \$41,559. The first installment of \$41,559 was received on April 2, 2021. The second and final installment is contingent upon the Organization successfully expending 80% of the first installment within four months of receipt. As of June 30, 2021, \$3,766 of the initial deposit of \$41,559 was expended and recognized as revenue and the remaining balance of \$37,793 is reported as a refundable advance in the statement of financial position.

**NOTE 6 - LINE OF CREDIT**

The Organization has a \$100,000 line of credit payable at 4.25% at June 30, 2021. The note is collateralized by the Organization's assets. The outstanding balance on the line of credit was \$-0- for the years ended June 30, 2021 and 2020, respectively.

**NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS**

Unrestricted net assets are available for the following purposes:

	2021	Comparative 2020
Board designated reserve and innovation fund	\$ 250,000	\$ 250,000
Undesignated net assets	<u>1,689,561</u>	<u>1,052,888</u>
Total	<u>\$ 1,939,561</u>	<u>\$ 1,302,888</u>

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	2021	Comparative 2020
N-to-N program	\$ 7,658	\$ 2,238
Great Barrington patients	-	5,000
FY2022 operating support	66,750	140,975
Patient support	47,711	57,073
Social determinants	<u>12,500</u>	<u>-</u>
Total	<u>\$ 134,619</u>	<u>\$ 205,286</u>

**NOTE 9 - NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

	2021	Comparative 2020
Operating support	\$ 74,225	\$ 130,375
Social determinants	-	7,585
Great Barrington patients	5,000	2,000
Patient support	25,888	-
N-to-N program	<u>2,238</u>	<u>4,222</u>
Total	<u>\$ 107,351</u>	<u>\$ 144,182</u>

## NOTE 10 - SPECIAL EVENTS

The Organization held various special events during the years ended June 30, 2021 and 2020. The results of those events were as follows:

	2021	Comparative 2020
Gross event revenues	\$ 14,089	\$ 127,701
Less: Contributions	<u>(10,000)</u>	<u>(82,717)</u>
Special event revenues	<u>4,089</u>	<u>44,984</u>
Direct benefit to donors:		
Reception	-	30,610
Entertainment and gifts	<u>9,364</u>	<u>7,050</u>
Total direct benefits to donors	<u>9,364</u>	<u>37,660</u>
Special events, net	<u>\$ (5,275)</u>	<u>\$ 7,324</u>

## NOTE 11 - OPERATING LEASES

In May 2015 the Organization entered into a lease for a facility at 777 Main Street in Great Barrington, MA. Monthly lease payments are \$6,016 plus the Organization's fractional share (40%) of all common area maintenance expenses. In January 2017 the Organization executed an amendment to the lease for the addition of an Americans with Disabilities Act compliant ramp. This amendment required additional rent of \$300 per month. In April 2021 the Organization exercised its option to renew both leases for one year through April 30, 2022. The lease includes an option to renew for an additional 5 years.

Rent expense was \$77,533 and \$75,467 for the years ended June 30, 2021 and 2020, respectively. Lease commitments through the end of the current term (April 30, 2022) will be approximately \$65,000.

## NOTE 12 - RELATED PARTY TRANSACTIONS

A member of the Board of Directors is an owner of the company from which the Organization leases operating space located at 777 Main Street, Great Barrington, MA (see Note 11).

## NOTE 13 - LIQUIDITY

The Organization has a liquidity management policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in savings and money market accounts. In the event of an unanticipated liquidity need, the Organization could draw upon its \$100,000 line of credit.

### NOTE 13 – (Continued)

The following reflects the Organization’s financial assets as of the date of the statement of financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position. Amounts not available include amounts set aside for general use because of external limits such as contractual or donor-imposed restrictions. Amounts already appropriated from the donor-restricted net assets for general expenditure with one year of the date of the Statement of Financial Position have not been subtracted as unavailable.

	2021	Comparative 2020
Financial assets at year end:		
Cash and cash equivalents	\$ 1,886,411	\$ 1,172,557
Receivables	2,000	5,000
Unconditional promises to give	63,571	130,640
Total financial assets	<u>1,951,982</u>	<u>1,308,197</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	134,619	205,286
Net assets with board designations	250,000	250,000
Less net assets with purpose restrictions to be met in less than a year	<u>(138,536)</u>	<u>(138,536)</u>
Total amount not available to be used within one year	<u>246,083</u>	<u>316,750</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,705,899</u>	<u>\$ 991,447</u>

### NOTE 14 – FAIR VALUE MEASUREMENTS

Accounting standards defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization’s principal or most advantageous market in an orderly transaction between market participants on the measurement date. Accounting standards further establish a fair value hierarchy which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Accounting standards describes three levels of inputs that may be used to measure fair value:

#### *Level 1*

Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.

#### *Level 2*

Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

#### *Level 3*

Significant unobservable inputs that reflect the Organization’s own assumptions that market participants would use in pricing an asset or liability.

**NOTE 14 – (Continued)**

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

*Unconditional promises to give*

The fair value of promises to give is estimated, at the time of the pledge, by calculating the present value of the future expected payments from the donors using a discount rate of 5% (Level 3) and applying an allowance for uncollectibles.

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Fair value	Significant Unobservable Inputs (Level 3)
Unconditional promises to give	\$ 63,571	\$ 63,571

**Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):**

The table below presents information about unconditional promises to give at June 30 2021:

Unconditional promises to give measured at fair value	
Promised cash flows due within one year	\$ 66,750
Change in discount included in (reducing) contribution revenue in the statement of activities	\$ (3,179)

The table below presents information about the changes in unconditional promises to give for the year ended June 30, 2021:

Balance July 1, 2020	\$ 130,640
New promises received	1,965,855
Collections	<u>(2,032,924)</u>
Balance June 30, 2021	<u>\$ 63,571</u>

**NOTE 15 - DEFINED CONTRIBUTION PLAN**

Effective September 6, 2018 the Organization began participating in the Massachusetts Defined Contribution CORE Safe Harbor Plan, sponsored by the Commonwealth of Massachusetts Office of the Treasurer and Receiver General, a defined contribution plan that operates under Section 401(k) of the Internal Revenue Code. Under this plan eligible employees may elect to defer a portion of their salaries and postpone paying taxes on the deferred portion until withdrawal date. Employees receive employer-matching contributions of 100% of elective deferrals up to 3% of compensation and 50% of elective deferrals up to the next 2% of compensation. Employees are fully and immediately vested in the benefits arising from contributions made under this plan. Pension expense for the Organization was \$21,702 and \$16,933 for the years ended June 30, 2021 and 2020, respectively.

#### **NOTE 16 – PAYCHECK PROTECTION PROGRAM**

During fiscal year 2020, the Organization applied for and received a \$89,500 forgivable loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19, administered by the U.S. Small Business Administration (SBA) through a local bank. The Organization accounted for the forgivable loan under FASB ASC 958-605, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, Subtopic 605, Conditional Contribution.

As of June 30, 2020, the Organization had substantially met the PPP loan requirements (maintaining employee headcount, limitation in reduction in compensation, and qualified expenses) for loan forgiveness and recognized the PPP loan as contribution income in the same period that the eligible expenses were incurred. The Organization was officially notified of full forgiveness for the PPP loan on October 9, 2020.

#### **NOTE 17 – PATIENT SUPPORT PAYMENTS**

During the years ended June 30, 2021 and 2020, the Organization received grants and contributions in the amount of \$276,800 and \$117,985, respectively, to provide financial assistance to clients during the COVID-19 pandemic. During the years ended June 30, 2021 and 2020, the Organization reimbursed and/or directly paid \$256,609 and \$56,716, respectively, for client expenses including rent, utilities and child care, which are reported in program services on the statement of functional expenses.