

GREENVILLE FREE MEDICAL CLINIC, INC.

ANNUAL FINANCIAL REPORT

Years Ended June 30, 2023 and 2022

GREENVILLE FREE MEDICAL CLINIC, INC.

ANNUAL FINANCIAL REPORT

Years Ended June 30, 2023 and 2022

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	4
Statements of Activities	5
Statements of Functional Expenses	9
Statements of Cash Flows	11
Notes to Financial Statements.....	12



JENNINGS COOK AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Greenville Free Medical Clinic, Inc.
Greenville, South Carolina

Opinion

We have audited the accompanying financial statements of Greenville Free Medical Clinic, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenville Free Medical Clinic, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Greenville Free Medical Clinic, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenville Free Medical Clinic, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Jennings Cook & Co.

January 22, 2024

GREENVILLE FREE MEDICAL CLINIC, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 456,444	\$ 640,753
Contributions receivable	-	21,906
Employee Retention Tax Credit and interest income receivable	204,152	-
Prepaid expenses	17,281	16,571
Total current assets	<u>677,877</u>	<u>679,230</u>
 PROPERTY AND EQUIPMENT, NET (Note F)	 <u>730,663</u>	 <u>693,397</u>
 OTHER ASSETS		
Investments (Note E)	164,417	-
Endowment investments (Notes D and E)	1,021,936	879,357
Total other assets	<u>1,186,353</u>	<u>879,357</u>
 Total assets	 <u><u>\$2,594,893</u></u>	 <u><u>\$2,251,984</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 18,722	\$ -
Payroll withholdings	1,379	1,381
Total current liabilities	<u>20,101</u>	<u>1,381</u>
 NET ASSETS		
Without donor restrictions:		
Unrestricted and undesignated	1,541,716	1,282,251
Board-designated endowment (Note D)	872,168	773,893
With donor restrictions:		
Purpose restricted (Note H)	10,908	44,459
Donor-restricted endowment (Notes D and H)	150,000	150,000
Total net assets	<u>2,574,792</u>	<u>2,250,603</u>
 Total liabilities and net assets	 <u><u>\$2,594,893</u></u>	 <u><u>\$2,251,984</u></u>

The accompanying notes are an integral part of these financial statements.

GREENVILLE FREE MEDICAL CLINIC, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2023 and 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and Revenue		
United Way	\$ 59,748	\$ 60,236
Churches	35,728	34,963
Corporate	11,336	30,066
Foundations	284,200	454,451
Government grants	165,271	154,764
Organizations	19,801	47,095
Individuals	348,506	37,384
Memorials	5,995	9,490
Fundraising	227,214	201,631
Other	1,641	3,920
Employee Retention Tax Credit (Note K)	187,221	-
Net investment return - operating	21,933	735
Net investment return - endowment investments	98,275	(109,115)
Paycheck Protection Program loan forgiveness	-	191,337
Contributions of services	5,129,936	5,298,622
Contributions of materials		
Pharmaceuticals	4,620,020	4,114,561
Supplies	10,000	10,000
Total support and revenue	11,226,825	10,540,140
Net assets released from restrictions:		
Restrictions satisfied by payments for Navigation Services for screening and treatment of chronic diseases	-	36,000
Restrictions satisfied by payments for dental and ENT equipment	-	28,591
Restrictions satisfied by payments for healthcare access for the uninsured to reduce health disparities	260,000	230,000
Restrictions satisfied by payments for support for participation in the Best Chance Network cancer screening quality improvement learning collaborative initiative	-	10,000
Restrictions satisfied by payments for COVID-related supplies and testing	14,333	34,755
Restrictions satisfied by payments for support for South Carolina medical practices to collaborate to improve chronic disease for residents	10,500	11,000
Restrictions satisfied by payments for Behavioral Health Specialist wages and payroll taxes	-	46,193
Restrictions satisfied by payments for nursing support for the continuity of care with volunteer medical and dental providers	-	25,000

(Continued on next page)

GREENVILLE FREE MEDICAL CLINIC, INC.

STATEMENTS OF ACTIVITIES (Continued)

Years Ended June 30, 2023 and 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR		
RESTRICTIONS (Continued):		
Net assets released from restrictions (continued):		
Restrictions satisfied by payments for equipment and other COVID-related responses	\$ 33,551	\$ -
Restrictions satisfied by payments for four clinical sites providing comprehensive health services for the uninsured	50,000	-
Restrictions satisfied by payments for dental equipment for patient care	95,000	-
Restrictions satisfied by payments for dental supplies and extension of hours for Clinic Dental Hygienist/Coordinator to support dental care for high-need populations	22,000	-
Restrictions satisfied by payments for nursing care	59,282	-
Restrictions satisfied by payments for enhancement of behavioral health services integrated with primary care	10,000	-
Total net assets released from restrictions	554,666	421,539
 Total support and revenue without donor restrictions	 11,781,491	 10,961,679
 Expenses		
Program services		
Out-patient healthcare services	11,085,707	10,586,765
Supporting services		
Management and general	230,071	203,363
Fundraising	107,973	101,298
Total expenses	11,423,751	10,891,426
 Increase in net assets without donor restrictions	 357,740	 70,253
 CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Support and Revenue		
Support for Navigation Services for screening and treatment of chronic diseases	-	36,000
Support for dental and ENT equipment	-	28,591
Support for healthcare access for the uninsured to reduce health disparities	260,000	230,000
Support for participation in the Best Chance Network cancer screening quality improvement learning collaborative initiative	-	10,000
Support for COVID-related supplies and testing	14,333	34,755
Support for South Carolina medical practices to collaborate to improve chronic disease for residents	10,500	11,000

(Continued on next page)

GREENVILLE FREE MEDICAL CLINIC, INC.

STATEMENTS OF ACTIVITIES (Continued)

Years Ended June 30, 2023 and 2022

	2023	2022
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS (Continued):		
Support and Revenue (continued):		
Support for nursing for the continuity of care with volunteer medical and dental providers	\$ -	\$ 25,000
Support for four clinical sites providing comprehensive health services for the uninsured	50,000	-
Support for dental equipment for patient care	95,000	-
Support for dental supplies and extension of hours for Clinic Dental Hygienist/Coordinator to support dental care for high-need populations	22,000	-
Support for nursing care	59,282	-
Support for enhancement of behavioral health services integrated with primary care	10,000	-
Total support and revenue	521,115	375,346
Net assets released from restrictions:		
Restrictions satisfied by payments for Navigation Services for screening and treatment of chronic diseases	-	(36,000)
Restrictions satisfied by payments for dental and ENT equipment	-	(28,591)
Restrictions satisfied by payments for healthcare access for the uninsured to reduce health disparities	(260,000)	(230,000)
Restrictions satisfied by payments for support for participation in the Best Chance Network cancer screening quality improvement learning collaborative initiative	-	(10,000)
Restrictions satisfied by payments for COVID-related supplies and testing	(14,333)	(34,755)
Restrictions satisfied by payments for support for South Carolina medical practices to collaborate to improve chronic disease for residents	(10,500)	(11,000)
Restrictions satisfied by payments for Behavioral Health Specialist wages and payroll taxes	-	(46,193)
Restrictions satisfied by payments for nursing support for the continuity of care with volunteer medical and dental providers	-	(25,000)
Restrictions satisfied by payments for equipment and other COVID-related responses	(33,551)	-
Restrictions satisfied by payments for four clinical sites providing comprehensive health services for the uninsured	(50,000)	-
Restrictions satisfied by payments for dental equipment for patient care	(95,000)	-

(Continued on next page)

GREENVILLE FREE MEDICAL CLINIC, INC.

STATEMENTS OF ACTIVITIES (Continued)

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS (Continued):		
Net assets released from restrictions (continued):		
Restrictions satisfied by payments for dental supplies and extension of hours for Clinic Dental Hygienist/Coordinator to support dental care for high-need populations	\$ (22,000)	\$ -
Restrictions satisfied by payments for nursing care	(59,282)	-
Restrictions satisfied by payments for enhancement of behavioral health services integrated with primary care	(10,000)	-
Total net assets released from restrictions	<u>(554,666)</u>	<u>(421,539)</u>
Decrease in net assets with donor restrictions	<u>(33,551)</u>	<u>(46,193)</u>
CHANGE IN NET ASSETS	324,189	24,060
NET ASSETS, beginning of year	<u>2,250,603</u>	<u>2,226,543</u>
NET ASSETS, end of year	<u><u>\$2,574,792</u></u>	<u><u>\$2,250,603</u></u>

The accompanying notes are an integral part of these financial statements.

GREENVILLE FREE MEDICAL CLINIC, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2023 and 2022

	2023			Total
	Program Services	Supporting Services		
	Out-Patient Healthcare Services	Management and General	Fundraising	
Salaries	\$ 793,902	\$ 65,391	\$ 65,391	\$ 924,684
Employee benefits	79,175	6,445	6,444	92,064
Payroll taxes	62,167	5,060	5,060	72,287
Contracted services	76,876	18,722	-	95,598
Prescriptions	108,802	-	-	108,802
Medical and dental supplies	47,111	-	-	47,111
Health education expense	8,171	-	-	8,171
Pharmacy supplies	14,462	-	-	14,462
Office supplies	-	8,031	-	8,031
Printing	-	7,176	-	7,176
Promotion	-	267	-	267
Insurance	-	28,988	-	28,988
Professional fees	-	20,995	-	20,995
Taxes and licenses	23,207	1,750	-	24,957
Repairs and maintenance	6,544	6,041	-	12,585
Utilities	8,894	10,673	2,668	22,235
Telephone	9,848	6,893	2,954	19,695
Janitorial	8,049	9,659	2,414	20,122
Security	10,035	3,771	-	13,806
Miscellaneous	-	12,225	-	12,225
Postage and shipping	-	857	857	1,714
Fundraising event expense	-	-	22,185	22,185
Total expenses before donated services and materials and depreciation	1,257,243	212,944	107,973	1,578,160
Contributions of services	5,129,936	-	-	5,129,936
Contributions of materials				
Pharmaceuticals	4,620,020	-	-	4,620,020
Supplies	10,000	-	-	10,000
Depreciation	68,508	17,127	-	85,635
Total expenses	\$11,085,707	\$ 230,071	\$ 107,973	\$11,423,751

(Continued on next page)

GREENVILLE FREE MEDICAL CLINIC, INC.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Years Ended June 30, 2023 and 2022

	2022			
	Program Services	Supporting Services		Total
	Out-Patient Healthcare Services	Management and General	Fundraising	
Salaries	\$ 734,712	\$ 69,936	\$ 69,936	
Employee benefits	77,216	7,354	7,354	91,924
Payroll taxes	55,713	5,306	5,306	66,325
Contracted services	29,562	-	-	29,562
Prescriptions	91,376	-	-	91,376
Medical and dental supplies	53,456	-	-	53,456
Health education expense	7,560	-	-	7,560
Pharmacy supplies	11,488	-	-	11,488
Office supplies	-	13,287	-	13,287
Printing	-	4,770	-	4,770
Promotion	-	229	-	229
Insurance	-	26,487	-	26,487
Professional fees	-	14,875	-	14,875
Taxes and licenses	3,405	1,083	-	4,488
Repairs and maintenance	6,748	6,229	-	12,977
Utilities	8,688	10,426	2,607	21,721
Telephone	9,419	6,593	2,825	18,837
Janitorial	7,565	9,077	2,269	18,911
Security	10,120	3,462	-	13,582
Miscellaneous	-	8,892	-	8,892
Postage and shipping	-	1,218	1,217	2,435
Fundraising event expense	-	-	9,784	9,784
Total expenses before donated services and materials and depreciation	1,107,028	189,224	101,298	1,397,550
Contributions of services	5,298,622	-	-	5,298,622
Contributions of materials				
Pharmaceuticals	4,114,561	-	-	4,114,561
Supplies	10,000	-	-	10,000
Depreciation	56,554	14,139	-	70,693
Total expenses	<u>\$10,586,765</u>	<u>\$ 203,363</u>	<u>\$ 101,298</u>	<u>\$10,891,426</u>

The accompanying notes are an integral part of these financial statements.

GREENVILLE FREE MEDICAL CLINIC, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 324,189	\$ 24,060
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	85,635	70,693
Donated securities	(164,417)	-
Unrealized (gain) loss on endowment investments	(70,075)	165,464
Realized gain on sale of endowment investments	-	(28,446)
Paycheck Protection Program loan forgiveness	-	(191,337)
Decrease (increase) in contributions receivable	21,906	(15,926)
Increase in Employee Retention Tax Credit and interest income receivable	(204,152)	-
Increase in prepaid expenses	(710)	(3,143)
Increase in payroll withholdings	2	835
Increase in accounts payable	18,722	-
Net cash provided by operating activities	<u>11,100</u>	<u>22,200</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of property and equipment	(122,905)	(56,324)
Purchases of endowment investments	(72,504)	(202,397)
Proceeds from sale of endowment investments	-	219,029
Net cash used by investing activities	<u>(195,409)</u>	<u>(39,692)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(184,309)	(17,492)
CASH AND CASH EQUIVALENTS, beginning of year	<u>640,753</u>	<u>658,245</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 456,444</u>	<u>\$ 640,753</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Greenville Free Medical Clinic, Inc. (the "Clinic") is incorporated under the laws of the state of South Carolina. Its mission is to provide an equitable bridge to quality health care for Greenville County residents.

METHOD OF ACCOUNTING

The Clinic's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Contributions are recognized as income when received or receivable.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, cash and cash equivalents include bank accounts, highly liquid investments, and certificates of deposit with original maturities of three months or less.

PROPERTY AND EQUIPMENT

Property and equipment purchased by the Clinic are stated at cost. Property and equipment donated to the Clinic are stated at the fair market value of the donated assets at the time of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The Clinic's policy is to capitalize and depreciate assets that have a useful life of more than one year and that cost \$500 or more.

REVENUE RECOGNITION

The Clinic receives revenue from state and local agencies through grants to administer various program services. Funds are committed from the grantors at the start of the fiscal year and received periodically by the Clinic as related program expenditures are spent. Revenue is recognized when it is received since all performance obligations to receive the funds have been met by that time.

Other revenue sources include outside contributions, various grants, and special event fundraising. All revenue is recognized in the period that all performance obligations are met, generally in the same period as received. The Clinic does not have any significant financing components and any payment terms are set at 30 days. There are no contracts that include variable consideration.

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTIONS OF SERVICES

Contributed services recognized are comprised of services provided by volunteer physicians, dentists, nurses, dental assistance and hygienists, pharmacists and for procedures, diagnostics and consults. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Contributed services are reported as contributions and as expenses if such services (a) create or enhance a nonfinancial asset, or (b) require specialized skills, are provided by entities or persons possessing those skills, and would otherwise be purchased by the Clinic if they were not donated.

A substantial number of unpaid volunteers have made significant contributions of their time to the Clinic's program services. Such services do not meet the criteria for recognition as contributions and as expenses; therefore, their value is not reflected in the accompanying financial statements.

CONTRIBUTIONS OF MATERIALS

Contributed materials recognized are comprised of pharmaceuticals and office supplies and paper products. Contributed pharmaceuticals are valued and reported at various prices and methods based on the donating pharmaceutical company. Contributed office supplies and paper products are valued at their estimated value at the date of the receipt. There are no donor imposed restrictions on donated materials.

COST ALLOCATION

Expenses are summarized and categorized based upon their functional classification as either program or supporting services in the statement of activities. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include salaries, fringe benefits, payroll taxes, repairs and maintenance, utilities, telephone, janitorial, postage and shipping and depreciation, which are allocated on approved percentages based on the benefits provided to the program or supporting services.

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

The Clinic is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code but remains subject to income taxes on any business income unrelated to the Clinic's tax exempt purpose. For the year ended June 30, 2023, there was no unrelated business income. The Clinic is subject to audits by various taxing authorities, but as of June 30, 2023, no such audits or examinations were in process. The Clinic's policy is to record any income tax-related interest and penalties separate from any income tax expense. The Clinic is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the Clinic to make estimates and assumptions that affect certain reported amounts and disclosures. Items involving significant estimates include (a) revenues and expenses for donated services and materials presented in the statements of activities and statements of functional expenses and (b) the allocation of various indirect expenses presented in the statements of functional expenses. Actual results could differ from those estimates.

NEW ACCOUNTING STANDARD

During the year ended June 30, 2023, the Clinic adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. The new guidance requires significant leases to be recognized as a right-of-use asset and a lease liability on the Statement of Financial Position. Management evaluated the impact of this standard on its financial position, results of operations, and cash flows and determined there would be no adjustments.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 22, 2024, the date the financial statements were available to be issued.

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE B--LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Clinic has financial assets totaling \$1,846,949 as of June 30, 2023, consisting of cash and cash equivalents of \$456,444, Employee Retention Tax Credit and interest income receivable of \$204,152, and investments in mutual funds and common stocks of \$1,186,353. All but \$160,908 of the financial assets are available for general use during the coming year. The donor-restricted amounts of \$160,908 are subject to contractual restrictions that makes them unavailable for general use during the coming year.

NOTE C--CONCENTRATIONS

The Clinic maintains its cash balances at two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023 and 2022 the Clinic's uninsured cash balances totaled \$38,739 and \$369,324, respectively.

The Clinic invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Clinic's investment balances reported in the statements of financial position.

NOTE D--ENDOWMENT INVESTMENTS

Endowment investments are stated at fair value and consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Mutual funds	\$1,021,936	\$ 879,357
Endowment investments	1,021,936	879,357
Cash and cash equivalents	<u>232</u>	<u>44,536</u>
Endowment investments and endowment cash	<u>\$1,022,168</u>	<u>\$ 923,893</u>

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE D--ENDOWMENT INVESTMENTS (Continued)

The endowment investments consist of board-designated and donor-restricted funds:

	Board- Designated Without Donor Restrictions	With Donor Restrictions	Total
<u>June 30, 2023</u>			
Beginning balance, July 1, 2022	\$ 773,893	\$ 150,000	\$ 923,893
Investment return, net	98,275	-	98,275
Ending balance, June 30, 2023	<u>\$ 872,168</u>	<u>\$ 150,000</u>	<u>\$ 1,022,168</u>
<u>June 30, 2022</u>			
Beginning balance, July 1, 2021	\$ 883,008	\$ 150,000	\$ 1,033,008
Investment return, net	(109,115)	-	(109,115)
Ending balance, June 30, 2022	<u>\$ 773,893</u>	<u>\$ 150,000</u>	<u>\$ 923,893</u>

PURPOSE

The purpose of the endowment investments is to provide a perpetual fund for major repairs, maintenance, and replacement of the physical facility and equipment used in the Clinic. Donor-endowed funds will be used for the donor's intended purpose in perpetuity. Funds set aside by the Clinic's board of directors for endowment or excess interest that has accumulated in addition to those funds may only be invaded if the board determines such use is vital to the continuation of the Clinic.

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE D--ENDOWMENT INVESTMENTS (Continued)

INTERPRETATION OF RELEVANT LAW

The Clinic has interpreted the Uniform Prudent Management of Institutional Funds Act (the “Act”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Clinic has classified as the endowment net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulated is added to the fund. Amounts are appropriated for expenditure by the Clinic in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with the Act, the Clinic considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. The investment policies of the Clinic

OVERSIGHT AND MANAGEMENT

The investment policy statement by Greenville Free Medical Clinic, Inc. provides guidelines for the management of the Clinic’s financial assets. The investment policy is to be reviewed at least annually by the Reserve Fund Committee and any and all changes reported and approved by the board of directors of the Clinic. The services of an investment manager(s) may be sought to manage portions of the investment portfolio. The Reserve Fund Committee will review the candidate(s) and grant final approval. The committee will execute a specific investment policy with each investment manager that outlines specific procedures, responsibilities, and investment restrictions. The services of the investment manager(s) will be reviewed by the investment committee on at least an annual basis.

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE D--ENDOWMENT INVESTMENTS (Continued)

INVESTMENT OBJECTIVES

Funds will be invested according to the following primary objectives:

- Provide necessary funds to handle daily operating needs through bank deposit accounts, money market accounts and certificates of deposit.
- Invest funds with and without restrictions in income-earning investments to provide both operating revenue and funds for future renovations or new locations.

PAYOUT POLICY

Five percent of the value of the endowment investments may be disbursed annually. The value of the endowment investments is determined for such purposes as of September 30th each year.

NOTE E--FAIR VALUE MEASUREMENTS

The Clinic's investments as of June 30, 2023 and 2022, are reported at fair value in the accompanying statements of financial position.

Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurement*, defines fair value and 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 have the highest priority and consist of unadjusted quoted prices in active markets for identical assets; Level 2 inputs consist of observable market data other than unadjusted quoted prices in active markets for identical assets; and Level 3 inputs have the lowest priority, are unobservable, are supported by little or no market activity, and are generally based on the entity's own assumptions. The Clinic uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments on a recurring basis. When available, the Clinic measures fair value using Level 1 inputs because these generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

LEVEL 1 FAIR VALUE MEASUREMENTS

The fair values of common stocks are based on quoted market prices in active markets. The fair values of mutual funds are based on quoted net asset values in active markets of the shares held by the Clinic in these investments at year-end.

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE E--FAIR VALUE MEASUREMENTS (Continued)

LEVEL 1 FAIR VALUE MEASUREMENTS (Continued)

The following tables show the investments as of June 30, 2023 and 2022, at their fair value hierarchy:

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>2023</u>		
Investments:		
Mutual funds	\$ 150,715	\$ 150,715
Common stocks	13,702	13,702
Total investments	<u>\$ 164,417</u>	<u>\$ 164,417</u>
Endowment investments:		
Mutual funds	<u>\$1,021,936</u>	<u>\$1,021,936</u>
Total endowment investments	<u>\$1,021,936</u>	<u>\$1,021,936</u>
Total investments and endowment investments	<u><u>\$1,186,353</u></u>	<u><u>\$1,186,353</u></u>
<u>2022</u>		
Endowment investments:		
Mutual funds	<u><u>\$ 879,357</u></u>	<u><u>\$ 879,357</u></u>

The Clinic received \$164,417 of marketable securities from a donor's estate. The Clinic converted the marketable securities to cash after year-end.

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE F--PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2023 and 2022:

	2023	2022
Land	\$ 20,000	\$ 20,000
Building	130,000	130,000
Building renovations	1,124,003	1,117,822
Furniture and fixtures	87,699	87,699
Medical equipment	991,165	888,494
Office equipment	70,084	70,084
	<u>2,422,951</u>	<u>2,314,099</u>
Less accumulated depreciation	<u>1,692,288</u>	<u>1,620,702</u>
	<u>\$ 730,663</u>	<u>\$ 693,397</u>

NOTE G--PAYCHECK PROTECTION PROGRAM LOAN

The Clinic obtained \$191,337 under a second draw on the PPP loan provision that was extended by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (“Economic Aid Act”) which was passed on December 27, 2020. The PPP loan program provides small businesses with additional funds to help cover payroll costs, including benefits, in the same way as the initial PPP loan. The promissory note to a financial institution dated February 5, 2021 bears interest at 1% and is payable in equal monthly installments through February 2026.

The PPP loans included certain requirements in order for the loan to be forgiven. Final loan forgiveness was granted to the Clinic by the Small Business Administration for the second draw on March 23, 2022.

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE H--NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2023 and 2022:

	2023	2022
Purpose restricted:		
Equipment and other COVID-related expenses	\$ 10,908	\$ 44,459
Total purpose restricted net assets	10,908	44,459
Donor-restricted endowment:		
Major repairs, maintenance and replacement of the physical facility and equipment	150,000	150,000
Total donor-restricted endowment net assets	150,000	150,000
Total purpose restricted and donor-restricted endowment net assets	\$ 160,908	\$ 194,459

NOTE I--OPERATING LEASES

The Clinic leases equipment under non-cancelable lease agreements that expire in 2025. Rental expense under these operating leases for the years ended June 30, 2023 and 2022, was \$1,844 and \$1,861, respectively. The required future minimum lease payments are as follows:

June 30,	
2024	\$ 2,184
2025	1,431
2026	509
2027	509
2028 and thereafter	678
	\$ 5,311

The Clinic's satellite locations operate under Memorandums of Understanding. Under these agreements the Clinic makes no building lease payments but shares in the utilities and other related costs.

GREENVILLE FREE MEDICAL CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE J--TAX DEFERRED ANNUITY PLAN

The Clinic has a tax deferred annuity plan that covers full-time employees who are at least 21 years of age, have completed at least one year of continuous service, and work a minimum of 30 hours per week. The Clinic matches 100% of each employee's contributions up to 4% of the employee's salary. The Clinic's matching contributions for the years ended June 30, 2023 and 2022, totaled \$17,844 and \$21,200, respectively.

NOTE K--COVID-19 IMPACT

During the fiscal year ended June 30, 2023, the impact of the coronavirus pandemic (COVID-19) on Clinic operations was minimal. Operations were occasionally modified as necessary due to COVID-related issues.

Under the recently enacted American Rescue Plan Act and previously under the Consolidated Appropriations Act, the Clinic became eligible to apply for the employee retention tax credits (ERTC), a provision of the CARES Act. It can be claimed through December 31, 2021 by eligible employers who retained employees during the COVID-19 pandemic. Employers are eligible for the credit if they experienced either a full or partial suspension of operations during any calendar quarter because of governmental orders due to the pandemic or a significant decline in gross receipts based on comparing quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The ERTC is a refundable credit that the Clinic can claim on qualified wages paid to employees, including certain health insurance costs. During the year ended June 30, 2023, the Agency amended previous payroll tax returns to claim a total refund of \$187,221. The refund is recognized as revenue and a receivable in the current year under generally accepted accounting principles.

The Clinic obtained a second draw on the Paycheck Protection Program loan provision and obtained forgiveness on the second draw. See Note G for more information on the PPP loan and forgiveness. The Clinic also received some additional grant funds from the Greenville County CARES Public Health/Community Health Grant, SC CARES Act Minority and Small Business/Nonprofit Relief Grant Programs and Greenville County Redevelopment Authority (Supplemental CDBG funding) to assist in the Clinic's COVID-19 health care relief efforts in the community.

The Clinic does not know what overall effect the pandemic will have on its operations going forward.