

**National Association  
of Free and Charitable Clinics, Inc.**

*FINANCIAL STATEMENTS*

December 31, 2015

# **National Association of Free and Charitable Clinics, Inc.**

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**Weil, Akman, Baylin & Coleman, P.A.** Certified Public Accountants

201 West Padonia Road • Suite 600 • Timonium, MD 21093-2186

410-561-4411 • Fax 410-561-4586 • <http://www.wabccpas.com>

## INDEPENDENT AUDITOR'S REPORT

Board of Directors of  
National Association of Free and Charitable Clinics, Inc.  
Alexandria, Virginia

We have audited the accompanying financial statements of the National Association of Free and Charitable Clinics, Inc. (a not-for-profit corporation) which comprise the statement of financial position as of December 31, 2015, and the related statement 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.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association'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 Association'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 the National Association of Free and Charitable Clinics, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Weil, Akman, Baylin & Coleman, P.A.*

Timonium, Maryland  
August 26, 2016

# National Association of Free and Charitable Clinics, Inc.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31,

2015

### ASSETS

#### Current assets

Cash and cash equivalents	\$ 528,698
Investments	751,857
Contributions receivable	6,716
Prepaid expenses	<u>87,079</u>

**Total current assets** 1,374,350

**Property and equipment, net** 25,790

**Security deposit** 26,760

**Total assets** \$ 1,426,900

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**LIABILITIES AND NET ASSETS****Current liabilities**

Accounts payable	\$ 42,357
Accrued expenses	34,314
Deferred revenue	<u>179,628</u>

**Total current liabilities** 256,299

**Net assets**

Unrestricted	1,081,301
Temporarily restricted	<u>89,300</u>

**Total net assets** 1,170,601

**Total liabilities and net assets** \$ 1,426,900

# National Association of Free and Charitable Clinics, Inc.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues, gains, and other support</b>			
Donations and grants	\$ 456,894	\$ 415,756	\$ 872,650
Donated services	200,263	-	200,263
Symposium income	212,388	-	212,388
Member dues	220,821	-	220,821
Other income	4,652	-	4,652
Portfolio income	24,325	-	24,325
Net unrealized (loss) on investment	(45,233)	-	(45,233)
Net assets released from restrictions	326,456	(326,456)	-
<b>Total revenues, gains, and other support</b>	<u>1,400,566</u>	<u>89,300</u>	<u>1,489,866</u>
<b>Expenses</b>			
Program expense	1,522,387	-	1,522,387
General and administrative	263,350	-	263,350
Fundraising	124,447	-	124,447
<b>Total expenses</b>	<u>1,910,184</u>	<u>-</u>	<u>1,910,184</u>
<b>Changes in net assets</b>	(509,618)	89,300	(420,318)
<b>Net assets - beginning of year</b>	<u>1,590,919</u>	<u>-</u>	<u>1,590,919</u>
<b>Net assets - end of year</b>	<u>\$ 1,081,301</u>	<u>\$ 89,300</u>	<u>\$ 1,170,601</u>

# National Association of Free and Charitable Clinics, Inc.

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program Expense</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bank fees	\$ -	\$ 9,826	\$ -	\$ 9,826
Program services - C.A.R.E. Clinics	297,490	-	14,611	312,101
Contributions	100	550	-	650
Data processing	6,450	-	-	6,450
Depreciation	-	4,197	-	4,197
Program services - Donated Services	200,263	-	-	200,263
Dues and subscriptions	535	-	-	535
Employee benefits	23,591	14,373	2,083	40,047
Equipment rental	143	1,548	-	1,691
Insurance	-	18,457	-	18,457
Marketing	18,078	2,384	20,353	40,815
Meetings	11	13,410	-	13,421
Office and printing	12,416	4,852	-	17,268
Postage and shipping	1,694	2,004	-	3,698
Professional fees	160,651	96,445	40,250	297,346
Rent	123,383	19,278	11,422	154,083
Salaries	318,006	49,687	29,439	397,132
Program services - Symposium	326,916	-	6,289	333,205
Telephone and website	13,776	20,596	-	34,372
Travel	18,884	5,743	-	24,627
<b>Total expenses</b>	<b>\$ 1,522,387</b>	<b>\$ 263,350</b>	<b>\$ 124,447</b>	<b>\$ 1,910,184</b>

# National Association of Free and Charitable Clinics, Inc.

## STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

2015

<b>Cash flows from operating activities:</b>	
Changes in net assets	\$ (420,318)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:	
Depreciation	4,197
(Increase) decrease in assets:	
Contributions receivable	(6,716)
Other receivable	-
Prepaid expenses	(1,092)
Security deposit	-
Increase (decrease) in liabilities:	
Accounts payable	(33,054)
Accrued expenses	5,284
Deferred revenue	75,383
<b>Net cash (used) provided by operating activities</b>	<u>(376,316)</u>
<b>Cash flows from investing activities:</b>	
Acquisition of property and equipment	(20,064)
Proceeds on sale of securities	3,186
Investment in securities	-
<b>Net cash (used) by investing activities</b>	<u>(16,878)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(393,194)
<b>Cash and cash equivalents - beginning of year</b>	<u>921,892</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 528,698</u>



# National Association of Free and Charitable Clinics, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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### NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Organization**

The National Association of Free and Charitable Clinics, Inc. (the Association) is a not-for-profit corporation. The Association's mission is to ensure that the medically underserved have access to quality health care and the vision is to be a national voice promoting quality health care for all. The Association provides direct patient care through one day health clinics, health education and training to volunteers and 1,200 clinics across the United States of America. The Association is supported primarily through donations, grants, and member dues.

#### **Method of Accounting**

The financial statements are prepared on the accrual basis of accounting.

#### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. Under this Topic, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets for the year ended December 31, 2015.

#### **Cash and Cash Equivalents**

The Association considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents. The Association maintains their cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. The Association's management believes they are not exposed to any significant credit risk on their balances.

#### **Depreciation**

Property and equipment are stated at cost when purchased or fair value at date of donation for donated items. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	5 years
Website	3 years
Furniture	5 years
Software	3 years

#### **Income Taxes**

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. The Association had no unrelated business income for the year ended December 31, 2015.

The Association believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Association files its forms 990 in the U.S. federal jurisdiction and various states. The Association is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

# National Association of Free and Charitable Clinics, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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### NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Contributions**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

#### **Donated Securities**

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation. The policy of the Association is to sell the securities upon receipt.

#### **Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### **Contributions Receivable**

Contributions receivable are recorded at the amount expected to be collected. Management reviews receivables at year end to determine the collectability of them on an individual basis. No allowance against contributions receivable is provided because the full value is expected to be collected within one year.

#### **Investments**

The Not-for-Profit Entities Topic of the FASB Accounting Standards Codification requires that investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the Statement of Financial Position. The unrealized gains and losses are included in the change in unrestricted net assets.

#### **Fair Value**

The Association follows the Fair Value Measurement and Disclosure Topic of the FASB Accounting Standards Codification, which provides a framework for measuring the fair value of assets and liabilities. The Topic also provides guidance regarding a fair value hierarchy, which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. The Topic applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances.

# National Association of Free and Charitable Clinics, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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### NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fair Value (continued)

The three levels of the fair value hierarchy and investments that fall into each of the levels are described below:

- **Level 1:** Level 1 inputs are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- **Level 2:** Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Level 3 inputs are unobservable and cannot be corroborated by observable market data. They are based on the best information available in the circumstances.

#### Deferred Revenue

Income from membership dues is deferred and recognized over the periods to which the dues relate.

#### Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. The Association receives donated services from doctors, nurses, and other professionals and recognizes such items at fair value.

#### 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

### NOTE B. PROPERTY AND EQUIPMENT, net

At December 31, property and equipment consisted of the following:

	<u>2015</u>
Computer equipment	\$ 22,135
Website	20,064
Furniture	1,611
Software	3,201
	<hr/> 47,011
Less: accumulated depreciation	<hr/> (21,221)
<b>Property and equipment, net</b>	<hr/> <b>\$ 25,790</b>
<b>Depreciation</b>	<hr/> <b>\$ 4,197</b>

# National Association of Free and Charitable Clinics, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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### NOTE C. INVESTMENTS

The following table reflects a summary of investments held by the Association as of December 31:

<u>Investments</u>	<u>2015</u>	
	<u>Cost</u>	<u>Market</u>
Stocks and ETFs	\$ 236,061	\$ 262,844
Preferred securities	23,556	23,845
Corporate bonds	-	-
Open end mutual funds	<u>515,611</u>	<u>465,168</u>
<b>Total investments</b>	<b>\$ 775,228</b>	<b>\$ 751,857</b>

### NOTE D. COMMITMENTS

#### Operating Lease

The Association leases office space and parking spaces in Virginia under a lease agreement which expires October 31, 2016. The Association's lease will auto renew at the expiration of the current lease for a period of 36 months at an adjustment of 3% of the monthly charge. Rent expense was \$154,083 for the year ended December 31, 2015.

At December 31, 2015, the remaining minimum payments required under the office lease are as follows:

October 31, 2016	<u>\$ 120,830</u>
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### NOTE E. DEFERRED REVENUE

The change in the Association's deferred revenue account for the year ended December 31, 2015 is comprised of the following:

	<u>2015</u>
<b>Balance at beginning of year</b>	\$ 104,245
Additions:	
Memberships sold	204,510
Grants, Summit and C.A.R.E Clinics	94,694
Reductions:	
Memberships sold	(220,821)
Grants and Summit	<u>(3,000)</u>
<b>Balance at end of year</b>	<b>\$ 179,628</b>

# National Association of Free and Charitable Clinics, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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### NOTE F. DONATED SERVICES

The fair value of donated services included as contributions in the financial statements and the corresponding program expenses are as follows for the years ended December 31:

	<u>2015</u>
Program services - C.A.R.E. Clinics	
Legal expenses	\$ 59,950
Medical professional services	115,427
Supplies	<u>24,886</u>
<b>Total</b>	<b>\$ <u>200,263</u></b>

### NOTE G. NATIONAL C.A.R.E CLINICS

The Association was a participant in a grassroots effort to raise funds and awareness in regards to the free clinics throughout the United States of America. This effort was able to raise a significant amount of funding in order to conduct large scale free clinic operations in the metropolitan areas throughout the United States of America. The following is a summary of the expenditures by location for these care clinics for the years ended December 31:

	<u>2015</u>
Restricted donations received	<u>\$ 315,756</u>
 Kansas City, Missouri C.A.R.E. Clinic	 <u>\$ 315,756</u>

### NOTE H. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2015, temporarily restricted net assets consisted of remaining grants or donations that fund technology, staffing, general capacity expansion, technical assistance development and volunteer outreach and marketing expansion of the Association. The remaining balance in temporarily restricted net assets of \$89,300 at December 31, 2015, is to be spent in future years for the specific purposes mentioned above.

# National Association of Free and Charitable Clinics, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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### NOTE I. EMPLOYEE RETIREMENT PLAN

The Association has a 403(b) Plan covering essentially all employees that was implemented in February 2012. Employees are eligible for a 3% match from the Association. The Association contributed \$10,754 to the Plan for the year ended December 31, 2015.

### NOTE J. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of assets measured on a recurring basis are as follows at December 31:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>2015</b>				
Stocks and ETFs	\$ 262,844	\$ 262,844	\$ -	\$ -
Preferred securities	23,845	23,845	-	-
Corporate bonds	-	-	-	-
Open end mutual funds	465,168	465,168	-	-
Total assets at fair value	<u>\$ 751,857</u>	<u>\$ 751,857</u>	<u>\$ -</u>	<u>\$ -</u>

### NOTE K. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions subsequent to December 31, 2015 through DATE, the date these financial statements were available to be issued. As required by the Subsequent Events Topic of the FASB Accounting Standards Codification, the Association is not aware of any subsequent events which would require recognition or disclosure in the financial statements.