

Financial Statements
Year Ended
June 30, 2010

Fan Free Clinic, Inc.



Certified Public Accountants
Specialized Services
Business Solutions

Fan Free Clinic, Inc.

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Report of Independent Auditors

Board of Directors
Fan Free Clinic, Inc.

We have audited the accompanying statement of financial position of *Fan Free Clinic, Inc.* as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of *Fan Free Clinic, Inc.* 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Fan Free Clinic, Inc.* as of June 30, 2010, 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.

Goodman & Company, LLP

Richmond, Virginia
October 15, 2010

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Fan Free Clinic, Inc.

Statement of Financial Position

June 30, 2010

Assets	Administrative Fund	Social Services Fund	Clinical Services Fund	Health Outreach Fund	Property and Equipment Fund	Building and Program Reserve Fund	Total All Funds
Cash and cash equivalents	\$ 343,402	\$ -	\$ -	\$ -	\$ 39,355	\$ 104,088	\$ 486,845
Accounts receivable	2,892	28,220	73,600	132,620	8,719	-	246,051
Pledges receivable	724	-	-	-	7,504	-	8,228
Grants receivable	-	-	29,318	-	-	-	29,318
Prepaid expenses	34,658	-	-	-	-	-	34,658
Property and equipment - net	-	-	-	-	1,093,256	-	1,093,256
	\$ 381,676	\$ 28,220	\$ 102,918	\$ 132,620	\$ 1,148,834	\$ 104,088	\$ 1,898,356
Liabilities and Net Assets							
Liabilities							
Accounts payable	\$ 1,693	\$ 1,308	\$ 8,340	\$ 2,426	\$ 26	\$ -	\$ 13,793
Due to (from) other funds	560,882	(98,273)	(333,087)	(212,881)	105,649	(22,290)	-
Total liabilities	562,575	(96,965)	(324,747)	(210,455)	105,675	(22,290)	13,793
Net assets (deficit)							
Unrestricted	(181,623)	125,185	398,347	343,075	1,035,655	-	1,720,639
Unrestricted - Board designated	-	-	-	-	-	126,378	126,378
Total unrestricted net assets (deficit)	(181,623)	125,185	398,347	343,075	1,035,655	126,378	1,847,017
Temporarily restricted	724	-	29,318	-	7,504	-	37,546
Total net assets (deficit)	(180,899)	125,185	427,665	343,075	1,043,159	126,378	1,884,563
	\$ 381,676	\$ 28,220	\$ 102,918	\$ 132,620	\$ 1,148,834	\$ 104,088	\$ 1,898,356

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

Fan Free Clinic, Inc.

Statement of Activities

Year Ended June 30, 2010

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Fan Free Clinic, Inc.

Statement of Activities

Year Ended June 30, 2010

	Administrative Fund	Social Services Fund	Clinical Services Fund	Health Outreach Fund	Property and Equipment Fund	Building and Program Reserve Fund	Total All Funds
Public support and revenue							
Public support:							
Contributions - cash	\$ 103,441	\$ 55,145	\$ 440,578	\$ 46,331	\$ 4,773	\$ -	\$ 650,268
Contributions - in-kind	6,000	78,972	1,699,411	-	-	-	1,784,383
Special events	3,313	5	-	43,714	-	-	47,032
Public grants - United Way	-	53,084	52,329	6,387	-	-	111,800
Public grants - City of Richmond	20,570	375,022	105,940	-	-	-	501,532
Public grants - Virginia Department of Health	-	34,195	-	416,679	-	-	450,874
Public grants - other	-	37,517	-	-	-	-	37,517
	133,324	633,940	2,298,258	513,111	4,773	-	3,583,406
Revenue:							
Rental income - net	-	-	-	-	22,689	-	22,689
Investment income	-	-	-	-	-	980	980
Miscellaneous income	4,590	-	-	-	-	-	4,590
Total public support and revenue	137,914	633,940	2,298,258	513,111	27,462	980	3,611,665

	Administrative Fund	Social Services Fund	Clinical Services Fund	Health Outreach Fund	Property and Equipment Fund	Building and Program Reserve Fund	Total All Funds
Expenses							
Program services:							
Clinical health services	-	-	2,248,269	-	-	-	2,248,269
Social and community outreach services	-	606,124	-	453,549	-	-	1,059,673
	-	606,124	2,248,269	453,549	-	-	3,307,942
Supporting services:							
Management and general	155,474	-	-	-	22,827	-	178,301
Fundraising	35,878	23,355	26,119	50,092	-	-	135,444
Depreciation	-	-	-	-	36,737	-	36,737
	191,352	23,355	26,119	50,092	59,564	-	350,482
Total expenses	191,352	629,479	2,274,388	503,641	59,564	-	3,658,424
Transfers							
Transfers	-	-	-	-	-	-	-
Change in net assets							
Unrestricted	(50,601)	24,461	137,147	9,470	(22,330)	980	99,127
Temporarily restricted	(2,837)	(20,000)	(113,277)	-	(9,772)	-	(145,886)
	(53,438)	4,461	23,870	9,470	(32,102)	980	(46,759)
Net assets (deficit) - beginning of year	(127,461)	120,724	403,795	333,605	1,075,261	125,398	1,931,322
Net assets (deficit) - end of year	\$ (180,899)	\$ 125,185	\$ 427,665	\$ 343,075	\$ 1,043,159	\$ 126,378	\$ 1,884,563

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

Fan Free Clinic, Inc.

Statement of Functional Expenses

Year Ended June 30, 2010

	Administrative Fund	Social Services Fund	Clinical Services Fund	Health Outreach Fund	Property and Equipment Fund	Building and Program Reserve Fund	Total All Funds
Salaries	\$ 106,256	\$ 232,195	\$ 371,444	\$ 277,608	\$ -	\$ -	\$ 987,503
Employees' health benefits	6,424	35,717	38,624	47,705	-	-	128,470
Payroll taxes	8,977	18,716	26,977	21,363	-	-	76,033
Retirement plan	7,734	5,354	10,228	9,278	-	-	32,594
Total salaries and related expenses	129,391	291,982	447,273	355,954	-	-	1,224,600
Donated labs	-	-	1,446,021	-	-	-	1,446,021
Salaries-in-kind	6,000	78,972	253,390	-	-	-	338,362
Specific assistance	-	207,192	-	-	-	-	207,192
Fundraising	35,878	23,355	26,119	50,092	-	-	135,444
Supplies	4,677	2,962	37,993	48,071	-	-	93,703
Occupancy	7,518	11,492	15,849	15,683	-	-	50,542
Other	(11,833)	242	3,802	522	1,951	-	(5,316)
Membership dues	-	642	24,061	125	-	-	24,828
Building expenses	-	-	-	-	20,876	-	20,876
Professional fees	6,000	-	551	13,000	-	-	19,551
Insurance	3,324	3,324	8,470	3,324	-	-	18,442
Equipment rental	4,173	2,598	5,405	3,167	-	-	15,343
Telephone	2,812	2,507	2,050	5,434	-	-	12,803
Travel	331	1,615	379	6,446	-	-	8,771
Postage	1,153	923	1,173	925	-	-	4,174
Printing	512	934	1,684	730	-	-	3,860
Conferences	1,367	571	-	-	-	-	1,938
Property taxes	-	119	119	119	-	-	357
Recruitment	49	49	49	49	-	-	196
Total expenses before depreciation	191,352	629,479	2,274,388	503,641	22,827	-	3,621,687
Depreciation	-	-	-	-	36,737	-	36,737
Total expenses	\$ 191,352	\$ 629,479	\$ 2,274,388	\$ 503,641	\$ 59,564	\$ -	\$ 3,658,424

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

Fan Free Clinic, Inc.

Statement of Cash Flows

Year Ended June 30, 2010

	Administrative Fund	Social Services Fund	Clinical Services Fund	Health Outreach Fund	Property and Equipment Fund	Building and Program Reserve Fund	Total All Funds
Cash flows from operating activities							
Change in net assets	\$ (53,438)	\$ 4,461	\$ 23,870	\$ 9,470	\$ (32,102)	\$ 980	\$ (46,759)
Adjustments to reconcile to net cash from operating activities:							
Depreciation (including rental of \$6,366)	-	-	-	-	43,103	-	43,103
Change in:							
Advances	100	-	-	-	-	-	100
Accounts receivable	24,783	22,139	(25,119)	(28,787)	4,559	-	(2,425)
Pledges receivable	-	-	-	-	9,772	-	9,772
Grants receivable	-	20,000	113,277	-	-	-	133,277
Prepaid expenses	(25,507)	-	-	-	-	-	(25,507)
Accounts payable	(10,821)	(4,871)	5,175	(12,086)	(2,936)	-	(25,539)
Net cash from operating activities	(64,883)	41,729	117,203	(31,403)	22,396	980	86,022
Cash flows from investing activities							
Purchase of property and equipment	-	-	-	-	(9,105)	-	(9,105)
Due to/from other funds	138,656	(41,729)	(117,203)	31,403	(11,124)	(3)	-
Net cash from investing activities	138,656	(41,729)	(117,203)	31,403	(20,229)	(3)	(9,105)
Net change in cash and cash equivalents	73,773	-	-	-	2,167	977	76,917
Cash and cash equivalents - beginning of year	269,629	-	-	-	37,188	103,111	409,928
Cash and cash equivalents - end of year	\$ 343,402	\$ -	\$ -	\$ -	\$ 39,355	\$ 104,088	\$ 486,845

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

Fan Free Clinic, Inc.

Notes to Financial Statements

June 30, 2010

1. Organization and Nature of Activities

Fan Free Clinic, Inc. (Clinic), established in 1970, provides health care and health information in a way that is considerate of the needs of people who have difficulty obtaining health care. The Clinic's programs emphasize cooperative volunteer service delivery, with significant support through contracts with federal, state and local governments.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Clinic reports 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. The financial statements report amounts separately by class of assets as follows:

Unrestricted amounts are those currently available at the discretion of the Clinic's Board of Directors for use in the Clinic's operations and those resources invested in property or equipment.

Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. The Clinic has no permanently restricted net assets as of June 30, 2010.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Clinic, its accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund, with all financial transactions recorded and reported by fund group.

The Property and Equipment Fund includes grant money restricted for use in conjunction with the capacity building program.

The Building and Program Reserve Fund was established by the Board as a reserve for future building contingencies and as a source of funds for start-up and development costs for new programs.

Cash and Cash Equivalents

The Clinic includes in cash and cash equivalents all investments purchased with a maturity of three months or less.

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. Donated furniture and equipment is capitalized at the fair market value. Depreciation is provided over the estimated useful lives of the assets (generally five years for equipment and software and thirty-nine years for building) on the straight-line method.

Recognition of Restricted Revenue

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporary or permanently restricted net assets depending on the nature of the restriction.

Income Taxes

A nonprofit organization, the Clinic is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia.

Concentration of Credit Risk

Financial instruments that potentially subject the Clinic to concentrations of credit risk consist principally of cash and accounts receivable. As of June 30, 2010, the Clinic had \$248,920 in excess of federally insured limits. Cash is held in financial institution whose credit ratings are monitored by management. Accounts receivable consist of balances due from several federal, state and local governmental agencies and are historically fully collectible. These policies mitigate the Clinic's exposure to concentration of credit risk.

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 the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates and assumptions.

Subsequent Events

In preparing these financial statements, the Clinic has evaluated events and transactions for potential recognition or disclosure through October 15, 2010, the date the financial statements were available to be issued.

3. Property and Equipment

Major classes of property and equipment consist of the following:

Land	\$	200,000
Building		1,119,981
Equipment		153,651
Vehicles		13,000
Software		11,768
		<u>1,498,400</u>
Less – accumulated depreciation		<u>(405,144)</u>
	\$	<u>1,093,256</u>

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	Administrative	Social Services	Clinical Services	Property and Equipment	Total
Balance – June 30, 2009	\$ 3,561	\$ 20,000	\$ 142,595	\$ 17,276	\$ 183,432
Revenues for restricted purposes	-	-	6,368	-	6,368
Expenditures for restricted purposes	-	(20,000)	(119,645)	-	(139,645)
Change in pledges receivable	(2,837)	-	-	(9,772)	(12,609)
Balance – June 30, 2010	<u>\$ 724</u>	<u>\$ -</u>	<u>\$ 29,318</u>	<u>\$ 7,504</u>	<u>\$ 37,546</u>

The property and equipment and administrative restricted net assets balances represent pledges receivable which have an implied time restriction. The clinical services balance represents grants received for specific programs.

5. Contributed Services, Materials and Facilities

The Clinic relies on an extensive network of volunteers who contribute their services on an on-going basis. Support arising from these contributed services, amounting to \$398,054 for 2010, of which \$338,362 met the criteria for recognition under accounting principles generally accepted in the United States of America and has been recognized in the accompanying financial statements. The value of the contribution of these services is equal to the estimated amounts that would be paid if the Clinic had contracted independently for such services.

Donated laboratory services are also reflected as in-kind contributions, with a corresponding expense, in the accompanying financial statements at their estimated value at date of receipt, amounting to approximately \$1,446,021 for 2010.

6. Support from Governmental Units

During 2010, approximately 54% of support came from federal, state and local government sources. Any significant reduction in the level of this support would have a corresponding effect on the Clinic's ability to maintain its current programs and services.

7. Pension Plan

The Clinic has a simplified employee pension plan, which provides a contribution amount equal to 3% of each qualified employee's gross yearly salary. The Plan is open to all employees over 21 years of age. Contributions for the plan were \$32,594 for 2010.

8. Pledges Receivable

The Clinic has pledges receivable as follows:

	Due Within		
	1 Year	2 - 5 Years	Total
Administrative fund	\$ 606	\$ 122	\$ 728
Property and equipment fund	3,094	4,543	7,637
Total	<u>\$ 3,700</u>	<u>\$ 4,665</u>	8,365
Less - discount (3%)			<u>(137)</u>
Net present value			<u>\$ 8,228</u>

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