



# Health Brigade

## Financial Statements

June 30, 2017 and 2016

# ***Health Brigade***

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***Independent Auditor's Report***

Board of Directors  
Health Brigade  
Richmond, Virginia

***Report on the Financial Statements***

We have audited the accompanying financial statements of Health Brigade, which comprise the statements of financial position as of June 30, 2017 and 2016, the related statements of activities, functional expenses, and cash flows for the years 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 audits 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 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 Health Brigade as of June 30, 2017 and 2016, 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.

*Mitchell Wiggins*

Petersburg, Virginia  
March 16, 2018

## ***Health Brigade***

### ***Statements of Financial Position June 30, 2017 and 2016***

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 226,538	\$ 355,968
Grants and contributions receivables, net of allowance of \$0 in 2017 and \$6,245 in 2016	314,063	227,596
Prepaid expenses	28,901	14,750
Investments	278,613	260,175
Property and equipment, net	1,116,559	1,135,465
<b>Total assets</b>	<b>\$ 1,964,674</b>	<b>\$ 1,993,954</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 92,384	\$ 26,308
Line of credit	200,000	-
<b>Total liabilities</b>	<b>292,384</b>	<b>26,308</b>
<b>Net Assets</b>		
Unrestricted		
Operations	1,124,862	1,585,989
Board-designated endowment fund	167,199	156,135
Temporarily restricted	380,229	225,522
<b>Total net assets</b>	<b>1,672,290</b>	<b>1,967,646</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,964,674</b>	<b>\$ 1,993,954</b>

*See Notes to Financial Statements*

## ***Health Brigade***

### ***Statement of Activities*** ***Year Ended June 30, 2017***

	Unrestricted	Temporarily Restricted	Totals
<b>Revenues and Other Support</b>			
Contributions	\$ 901,500	\$ 603,008	\$ 1,504,508
Contributions, in-kind	2,976,326	-	2,976,326
Contract revenue from government agencies	519,111	-	519,111
Investment return	18,816	-	18,816
Net assets released from restrictions	448,301	(448,301)	-
<b>Total revenues and other support</b>	<b>4,864,054</b>	<b>154,707</b>	<b>5,018,761</b>
<b>Expenses</b>			
Program services	4,698,889	-	4,698,889
Management and general	382,371	-	382,371
Fundraising	232,857	-	232,857
<b>Total expenses</b>	<b>5,314,117</b>	<b>-</b>	<b>5,314,117</b>
<b>Changes in net assets</b>	<b>(450,063)</b>	<b>154,707</b>	<b>(295,356)</b>
Net assets, beginning	1,742,124	225,522	1,967,646
Net assets, ending	<b>\$ 1,292,061</b>	<b>\$ 380,229</b>	<b>\$ 1,672,290</b>

*See Notes to Financial Statements*

## ***Health Brigade***

### ***Statement of Activities*** ***Year Ended June 30, 2016***

	Unrestricted	Temporarily Restricted	Totals
<b>Revenues and Other Support</b>			
Contributions	\$ 409,184	\$ 959,543	\$ 1,368,727
Contributions, in-kind	3,990,701	-	3,990,701
Bequests	14,212	-	14,212
Contract revenue from government agencies	1,214,828	-	1,214,828
Investment return	11,068	-	11,068
Net assets released from restrictions	948,913	(948,913)	-
<b>Total revenues and other support</b>	<b>6,588,906</b>	<b>10,630</b>	<b>6,599,536</b>
<b>Expenses and Losses</b>			
Program services	6,200,608	-	6,200,608
Management and general	322,520	-	322,520
Fundraising	224,728	-	224,728
Loss on disposal of property and equipment	786	-	786
<b>Total expenses and losses</b>	<b>6,748,642</b>	<b>-</b>	<b>6,748,642</b>
<b>Changes in net assets</b>	<b>(159,736)</b>	<b>10,630</b>	<b>(149,106)</b>
Net assets, beginning	1,901,860	214,892	2,116,752
Net assets, ending	\$ 1,742,124	\$ 225,522	\$ 1,967,646

*See Notes to Financial Statements*

## ***Health Brigade***

### ***Statement of Functional Expenses Year Ended June 30, 2017***

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Totals</b>
Salaries	\$ 1,153,867	\$ 162,064	\$ 137,169	\$ 1,453,100
Employee's health benefits	76,633	10,763	9,111	96,507
Payroll taxes	84,074	11,809	9,995	105,878
Retirement plan	33,083	4,647	3,933	41,663
<b>Total salaries and related expenses</b>	<b>1,347,657</b>	<b>189,283</b>	<b>160,208</b>	<b>1,697,148</b>
Conferences	1,237	174	147	1,558
Donated laboratory services	1,820,479	-	-	1,820,479
Donated clinical services	898,613	-	-	898,613
Equipment maintenance	31,189	4,381	3,708	39,278
Insurance	9,870	10,056	399	20,325
Interest expense	-	1,133	-	1,133
Membership dues	14,442	5,746	-	20,188
Occupancy	75,277	10,573	8,947	94,797
Other	5,275	5,436	15,783	26,494
Postage	3,218	452	2,231	5,901
Printing	2,561	360	17,704	20,625
Professional fees	18,071	139,284	8,578	165,933
Recruitment	1,232	173	147	1,552
Services, in-kind	245,650	-	-	245,650
Specific assistance	80,370	-	-	80,370
Supplies	68,551	4,003	5,426	77,980
Telephone	8,115	1,895	1,604	11,614
Travel	4,422	621	526	5,569
<b>Total expenses before depreciation</b>	<b>4,636,229</b>	<b>373,570</b>	<b>225,408</b>	<b>5,235,207</b>
Depreciation	62,660	8,801	7,449	78,910
<b>Total expenses</b>	<b>\$ 4,698,889</b>	<b>\$ 382,371</b>	<b>\$ 232,857</b>	<b>\$ 5,314,117</b>

*See Notes to Financial Statements*



## ***Health Brigade***

### ***Statement of Functional Expenses*** ***Year Ended June 30, 2016***

	Program Services	Management and General	Fundraising	Totals
Salaries	\$ 1,301,501	\$ 121,343	\$ 140,135	\$ 1,562,979
Employee's health benefits	91,556	8,740	9,697	109,993
Payroll taxes	106,102	9,892	11,424	127,418
Retirement plan	38,624	3,601	4,159	46,384
<b>Total salaries and related expenses</b>	<b>1,537,783</b>	<b>143,576</b>	<b>165,415</b>	<b>1,846,774</b>
Conferences	3,351	313	361	4,025
Donated laboratory services	2,653,244	-	-	2,653,244
Donated clinical services	1,037,769	-	-	1,037,769
Equipment maintenance	34,894	3,253	3,757	41,904
Insurance	10,741	9,641	455	20,837
Membership dues	16,863	5,339	-	22,202
Occupancy	68,720	6,406	7,399	82,525
Other	11,674	7,790	3,781	23,245
Postage	4,819	448	10,309	15,576
Printing	2,239	209	12,230	14,678
Professional fees	23,915	84,767	9,107	117,789
Recruitment	1,111	86	100	1,297
Services, in-kind	227,601	51,885	-	279,486
Specific assistance	427,770	-	-	427,770
Supplies	64,610	1,954	3,900	70,464
Telephone	8,763	817	943	10,523
Travel	7,938	740	855	9,533
<b>Total expenses before depreciation</b>	<b>6,143,805</b>	<b>317,224</b>	<b>218,612</b>	<b>6,679,641</b>
Depreciation	56,803	5,296	6,116	68,215
<b>Total expenses</b>	<b>\$ 6,200,608</b>	<b>\$ 322,520</b>	<b>\$ 224,728</b>	<b>\$ 6,747,856</b>

*See Notes to Financial Statements*

## Health Brigade

### Statements of Cash Flows Years Ended June 30, 2017 and 2016

	2017	2016
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (295,356)	\$ (149,106)
<b>Adjustments to reconcile changes in net assets to cash provided by (used in) operating activities</b>		
Depreciation	78,910	68,215
Loss on disposal of property and equipment	-	786
Donated property and equipment	(6,616)	(15,900)
Donated investments	(9,186)	-
Realized losses on sale of investments	204	-
Unrealized (gains) losses on investment securities	(6,195)	3,306
<b>Changes in operating assets</b>		
Grants and contributions receivable	(86,467)	13,636
Bequests receivable	-	145,789
Prepaid expenses	(14,151)	13,321
<b>Changes in operating liabilities</b>		
Accounts payable and accrued expenses	66,076	(11,496)
<b>Net cash provided by (used in) operating activities</b>	<u>(272,781)</u>	<u>68,551</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	8,982	-
Purchase of property and equipment	(53,388)	(60,780)
Purchase of investments	(12,243)	(12,796)
<b>Net cash (used in) investing activities</b>	<u>(56,649)</u>	<u>(73,576)</u>
<b>Cash Flows from Financing Activities</b>		
Advances on line of credit	200,000	-
<b>Net cash provided by financing activities</b>	<u>200,000</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	(129,430)	(5,025)
Cash and cash equivalents, beginning	355,968	360,993
Cash and cash equivalents, ending	<u>\$ 226,538</u>	<u>\$ 355,968</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest paid	<u>\$ 597</u>	<u>\$ -</u>

See Notes to Financial Statements

## **Health Brigade**

### **Notes to Financial Statements**

**Year Ended June 30, 2017 and 2016**

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#### **Note 1. Nature of Business and Significant Accounting Policies**

##### **Nature of activities**

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

A summary of the Clinic's significant accounting policies follows:

##### **Basis of accounting**

The Clinic's financial statements are presented in accordance with accounting principles generally accepted in the United States of America on an accrual basis. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

##### **Basis of presentation**

The financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Accounting Standards Codification Topic (ASC) 958 Not-for-Profit Entities. Under ASC 958, the Clinic 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.

##### **Unrestricted net assets**

The Clinic reports assets whose use is not restricted by donors as unrestricted net assets. Contributions are available for unrestricted use unless specifically restricted by the donor. In general, the unrestricted net assets of the Clinic may be used at the discretion of the Clinic's management and Board of Directors to support the Clinic's purpose and operations.

##### **Temporarily restricted net assets**

Temporarily restricted net assets are those which are subject to donor imposed stipulations that may or will be met, either by actions of the Clinic and/or the passage of time. When a 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. When the restriction is met in the same period as the contribution is received, the contribution is recorded as unrestricted for financial statement purposes.

##### **Permanently restricted net assets**

Permanently restricted net assets are those which are subject to donor imposed stipulations that they be maintained permanently by the Clinic to use all or part of the income earned on any related investments for general or specific purposes. The Clinic had no permanently restricted net assets as of June 30, 2017 and 2016.

## ***Health Brigade***

### ***Notes to Financial Statements***

***Year Ended June 30, 2017 and 2016***

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#### ***Note 1. Nature of Organization and Significant Accounting Policies (Continued)***

##### ***Cash and cash equivalents***

For purposes of the statements of cash flows, the Clinic considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

##### ***Grants and contributions receivable***

The Clinic is routinely involved in programs that result in unsecured receivables, similar to those associated with commercial businesses. Receivables are deemed past due if payments are not received by the due date stated on the billing statement. Past due accounts are not charged a monthly finance charge on the past due balance. Uncollectible receivables resulting from this type of transaction are charged to expense in the year an account is determined to be uncollectible. Grants and contributions receivables represent funds that the Clinic will receive during the next fiscal year. The Clinic provides an allowance for doubtful accounts equal to estimated receivable defaults. The estimated defaults are based on historical collection experience together with a review of the current status of the existing receivables.

##### ***Bequests receivable***

Bequests are recognized when the decedent's will is declared valid by the probate court. The amount recognized is the fair market value at the time of death. Bequests receivable are stated at the amount management expects to collect from outstanding balances. The management of the Clinic reviews the collectability of the accounts on a regular basis, and no reserve for doubtful accounts has been established.

##### ***Investments***

Investments in mutual funds with readily determinable fair values and all are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

The Clinic evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. The Clinic employs a systematic methodology that considers available evidence in evaluating potential impairment of its investments. In the event that the cost of an investment exceeds its fair value, the Clinic evaluates, among other factors, the magnitude and duration of the decline in fair value; for equity and debt securities the financial health of and business outlook for the issuer; the performance of the underlying assets for interests in securitized assets; and the Clinic's intent and ability to hold the investment. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in investment income and a new cost basis in the investment is established.

##### ***Reclassifications***

Certain accounts relating to the prior year have been reclassified to conform to the current year presentation.

## **Health Brigade**

### **Notes to Financial Statements**

**Year Ended June 30, 2017 and 2016**

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#### **Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

##### **Property and equipment**

Expenditures for the acquisition of property and equipment over \$1,000 are capitalized at cost. Depreciation is provided over the estimated useful lives of the assets on the straight-line method.

##### **Revenue recognition**

Contributions which include unconditional promises to give are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor. Program support grants are recognized as revenue at the time of the award if they are unconditional.

The Clinic reports grants and contributions in the temporarily restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the statement of activities. However, if restrictions on grants and contributions are met in the same reporting period as the grant or contribution is received, the revenues are reported as increases in unrestricted net assets.

Revenues from exchange contracts and cost reimbursement grants are recognized to the extent allowable expenses are incurred under the respective agreements. Amounts reported as grants and contributions receivable include exchange contract and grant program expenses incurred in advance of the receipt of funds as well as program support grants that have been awarded but not received. Funds received in advance of exchange contract and grant program expenses are reported as deferred revenue.

##### **Income taxes**

As 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. The Clinic has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2017 and 2016. Fiscal years ending on or after June 30, 2014 remain subject to examination by federal and state tax authorities.

##### **Concentration of credit risk**

Financial instruments that potentially subject the Clinic to concentration of credit risk consist principally of interest-bearing transaction accounts and accounts receivable. The Clinic places its interest-bearing transaction accounts with high credit quality financial institutions. 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. As of June 30, 2017, the Clinic had balances in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC).

## Health Brigade

### Notes to Financial Statements

Year Ended June 30, 2017 and 2016

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

##### 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 differ from those estimates and assumptions.

##### Note 2. Investments

Investments at June 30, 2017 and 2016 consist of the following:

	June 30, 2017			
	Cost	Fair Value	Gross Unrealized Losses	Gross Unrealized Gains
Mutual funds	\$ 285,589	\$ 278,613	\$ (8,500)	\$ 1,524

  

	June 30, 2016			
	Cost	Fair Value	Gross Unrealized Losses	Gross Unrealized Gains
Mutual funds	\$ 273,345	\$ 260,175	\$ (13,170)	\$ -

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended:

	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividend income	\$ 12,825	\$ -	\$ -	\$ 12,825
Net realized losses	(204)	-	-	(204)
Net unrealized gains	6,195	-	-	6,195
Total investment return	\$ 18,816	\$ -	\$ -	\$ 18,816

## **Health Brigade**

### **Notes to Financial Statements**

**Year Ended June 30, 2017 and 2016**

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#### **Note 2. Investments (Continued)**

	June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividend income	\$ 14,374	\$ -	\$ -	\$ 14,374
Net unrealized losses	(3,306)	-	-	(3,306)
Total investment return	\$ 11,068	\$ -	\$ -	\$ 11,068

#### **Note 3. Property and Equipment**

Property and equipment at cost, less accumulated depreciation, as of June 30, 2017 and 2016 on the statements of financial position include the following major classifications:

	2017	2016
Land	\$ 200,000	\$ 200,000
Buildings	1,364,559	1,294,599
Equipment	185,523	170,479
Construction in progress	-	25,000
	<u>1,750,082</u>	<u>1,690,078</u>
Less accumulated depreciation	(633,523)	(554,613)
	<u>\$ 1,116,559</u>	<u>\$ 1,135,465</u>

#### **Note 4. Fair Value Measurements**

U. S. GAAP has established a framework to measure fair value, and defined the required disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance also established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

## **Health Brigade**

### **Notes to Financial Statements**

**Year Ended June 30, 2017 and 2016**

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#### **Note 4. Fair Value Measurements (Continued)**

The classification of investments by level within the valuation hierarchy as of June 30, 2017 and 2016 is as follows:

	<b>Fair Value Measurements at Reporting Date Using</b>			
	<b>June 30,</b>			
	<b>2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>				
Mutual funds				
Equity income fund	\$ 66,440	\$ 66,440	\$ -	\$ -
Flexible portfolio funds	116,358	116,358	-	-
Global equity income fund	59,219	59,219	-	-
Short-term investment grade debt fund	36,596	36,596	-	-
	<b>\$ 278,613</b>	<b>\$ 278,613</b>	<b>\$ -</b>	<b>\$ -</b>

	<b>Fair Value Measurements at Reporting Date Using</b>			
	<b>June 30,</b>			
	<b>2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>				
Mutual funds				
Equity income fund	\$ 64,516	\$ 64,516	\$ -	\$ -
Flexible portfolio funds	107,579	107,579	-	-
Global equity income fund	52,147	52,147	-	-
Short-term investment grade debt fund	35,933	35,933	-	-
	<b>\$ 260,175</b>	<b>\$ 260,175</b>	<b>\$ -</b>	<b>\$ -</b>

#### **Note 5. Note Payable, Line of Credit**

The Clinic has a line of credit in the amount of \$250,000, which is secured by real property of the Clinic. Borrowings under the line of credit bear interest at the Wall Street Journal U.S. Prime Rate plus 1.00% with a minimum rate of 4.25%. The outstanding balance on the line of credit was \$200,000 and \$0 as of June 30, 2017 and 2016, respectively.

#### **Note 6. Endowment**

On July 22, 2014, the Clinic created a board-designated quasi endowment fund known as the "Health Brigade's Endowment Fund" for the purpose to build reserves to meet current and future financial needs.



## Health Brigade

### Notes to Financial Statements

Year Ended June 30, 2017 and 2016

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#### Note 6. Endowment (Continued)

The following schedules summarize the endowment net asset composition by type of fund as of June 30, 2017 and 2016:

	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment fund	\$ 167,199	\$ -	\$ -	\$ 167,199
<b>Total endowment fund</b>	<b>\$ 167,199</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 167,199</b>

	June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment fund	\$ 156,135	\$ -	\$ -	\$ 156,135
<b>Total endowment fund</b>	<b>\$ 156,135</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 156,135</b>

The following schedule summarizes the changes in endowment net assets for the years ended June 30, 2017 and 2016:

	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Endowment net assets, beginning of year</b>	<b>\$ 156,135</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 156,135</b>
Investment return				
Investment income	7,347	-	-	7,347
Net appreciation, unrealized	3,717	-	-	3,717
Total investment return	<b>11,064</b>	<b>-</b>	<b>-</b>	<b>11,064</b>
<b>Endowment net assets, end of year</b>	<b>\$ 167,199</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 167,199</b>

## **Health Brigade**

### **Notes to Financial Statements**

**Year Ended June 30, 2017 and 2016**

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#### **Note 6. Endowment (Continued)**

	June 30, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Endowment net assets, beginning of year</b>	\$ 150,441	\$ -	\$ -	\$ 150,441
Investment return				
Investment income	7,679	-	-	7,679
Net depreciation, unrealized	(1,985)	-	-	(1,985)
Total investment return	5,694	-	-	5,694
<b>Endowment net assets, end of year</b>	\$ 156,135	\$ -	\$ -	\$ 156,135

As of June 30, 2017, the Board of Directors had designated \$167,199 of unrestricted net assets as a general board-designated quasi endowment fund to support the mission of the Clinic. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The purpose of the board-designated quasi endowment fund is to build reserves to meet current and future programming, capital or other worthy needs. The intent is to invest and protect the endowment's corpus and use only investment income to meet the Clinic's needs. Once endowment funds grow to a significant or sustainable level, investment income or an approved percentage of investment income can provide financial relief on an annual basis.

#### **Note 7. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2017 and 2016:

## **Health Brigade**

### **Notes to Financial Statements**

**Year Ended June 30, 2017 and 2016**

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#### **Note 7. Temporarily Restricted Net Assets (Continued)**

	<u>2017</u>	<u>2016</u>
Breast Health Services Program	\$ 18,750	\$ 23,333
Capital	66,485	115,207
Food Farmacy	35,000	-
Integrated Care	-	70,000
Medical Clinic Services	227,627	3,000
Mental Health Initiative	6,250	7,681
Older LGBTQ	16,708	-
Prescription Assistance Project	6,306	-
PrEP Program	-	301
Sustainability Initiative	-	5,000
Teen Camp 2016	-	1,000
VCU African American Aids Study	3,103	-
	<u>\$380,229</u>	<u>\$225,522</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors and grantors as of June 30, 2017 and 2016, and are as follows:

	<u>2017</u>	<u>2016</u>
Breast Health Services Program	\$ 29,583	\$ 41,957
Capital	57,222	39,823
Database Design Project (Capacity Building)	-	5,019
Diabetes Wellness Project	-	33,826
East End Initiative	-	16,904
Food Pantry	-	5,944
Integrated Care	70,000	67,500
Medical Clinic Services	220,373	560,546
Mental Health Expansion	-	23,773
Mental Health Initiative	26,431	17,319
Older LGBTQ	3,292	-
Prescription Assistance Project	24,371	89,264
PrEP Program	301	10,528
Sustainability Initiative	5,000	10,000
Teen Camp 2013	-	55
Teen Camp 2014	-	5,062
Teen Camp 2016	1,000	-
Trans Health Services	-	1,291
VCU African American Aids Study	10,728	20,102
	<u>\$448,301</u>	<u>\$948,913</u>

## ***Health Brigade***

### ***Notes to Financial Statements***

***Year Ended June 30, 2017 and 2016***

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#### ***Note 8. Contributed Services and Materials***

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 \$537,734 and \$434,397 for the years ending June 30, 2017 and 2016, respectively, of which \$245,650 and \$279,486, respectively, 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 for the years ending June 30, 2017 and 2016. 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 the date of receipt, amounting to \$1,820,479 and \$2,653,244, respectively, for the years ending June 30, 2017 and 2016.

Donated clinical services are also reflected as in-kind contributions, with a corresponding expense, in the accompanying financial statements at their estimated value at the date of receipt, amounting to \$898,613 and \$1,037,769, respectively, for the years ending June 30, 2017 and 2016.

The Clinic received donated supplies valued at \$4,968 and \$4,302 and donated property and equipment valued at \$6,616 and \$15,900 for the years ending June 30, 2017 and 2016.

The Clinic also received contributed prescription drugs that have not been recognized in the statements of activities with a fair market value of \$2,688,519 and \$2,046,970, respectively, for the years ending June 30, 2017 and 2016. These were not recognized because these prescriptions merely pass through the Clinic to its charitable beneficiaries. These prescriptions are provided primarily by pharmaceutical companies, in which the Clinic facilitates the distribution of the prescriptions to the patients.

#### ***Note 9. Functional Allocation of Expenses***

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

#### ***Note 10. Economic Dependency***

For the years ended June 30, 2017 and 2016, approximately 72% and 87% of total grants and contributions receivable, or \$225,053 and \$198,487, respectively, represent amounts due from federal, state and local government sources and from two and one donors, respectively.

## ***Health Brigade***

### ***Notes to Financial Statements***

***Year Ended June 30, 2017 and 2016***

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#### ***Note 10. Economic Dependency (Continued)***

For the years ended June 30, 2017 and 2016, approximately 10% and 18%, respectively, of total revenue and other support for the years came from federal, state and local government sources.

#### ***Note 11. Retirement Plan***

The Clinic maintains a Simplified Employee Retirement Plan (SEP-IRA) covering all full-time employees. The SEP-IRA plan calls for a 3% discretionary employer contribution for all eligible employees age 21 years old or more and that make \$500 or more a year. The Clinic's contribution for the years ending June 30, 2017 and 2016 was \$41,663 and \$46,384, respectively.

#### ***Note 12. Subsequent Events***

Management has evaluated subsequent events through March 16, 2018, the date the financial statements were available for issue.