



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B44749

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

February 3, 2015

Board of Directors  
Volunteers in Medicine Clinic of Monroe County, Inc.  
811 W. 2<sup>nd</sup> Street  
P.O. Box 2568  
Bloomington, IN 47402

We have reviewed the audit report prepared by Crowe Horwath LLP, for the period January 1, 2011 to December 31, 2011. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Volunteers in Medicine Clinic of Monroe County, Inc., as of December 31, 2011, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.**

**FINANCIAL STATEMENTS**  
December 31, 2011 and 2010

VOLUNTEERS IN MEDICINE CLINIC OF MONROE COUNTY, INC.  
Bloomington, Indiana

FINANCIAL STATEMENTS  
December 31, 2011 and 2010

CONTENTS

REPORT OF INDEPENDENT AUDITORS.....	1
FINANCIAL STATEMENTS	
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS.....	2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - 2011 .....	3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - 2010 .....	4
STATEMENT OF FUNCTIONAL EXPENSES - 2011 .....	5
STATEMENT OF FUNCTIONAL EXPENSES - 2010.....	6
NOTES TO FINANCIAL STATEMENTS .....	7

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Volunteers in Medicine Clinic of Monroe County, Inc.  
Bloomington, Indiana

We have audited the accompanying statements of assets, liabilities and net assets of the Volunteers in Medicine Clinic of Monroe County, Inc. ("VIM") as of December 31, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets, and functional expenses for the years then ended. These financial statements are the responsibility of the VIM's management. 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 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 audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Volunteers in Medicine of Monroe County, Inc. as of December 31, 2011 and 2010 and the changes in its net assets for the years then ended, on the basis of accounting described in Note 1.

*Crowe Horwath LLP*

Crowe Horwath LLP

Indianapolis, Indiana  
May 29, 2012

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS  
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 52,199	\$ 18,328
Funds held by others (Notes 2 and 3)	1,050,297	1,115,963
Other assets	-	844
Property and equipment, net (Note 4)	<u>132,901</u>	<u>152,856</u>
	<u>\$ 1,235,397</u>	<u>\$ 1,287,991</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities – payroll tax withholdings	<u>\$ -</u>	<u>\$ 1,291</u>
Net assets		
Unrestricted	1,102,762	1,152,755
Temporarily restricted (Note 5)	49,980	51,290
Permanently restricted	<u>82,655</u>	<u>82,655</u>
Total net assets	<u>1,235,397</u>	<u>1,286,700</u>
	<u>\$ 1,235,397</u>	<u>\$ 1,287,991</u>

---

See accompanying notes to financial statements.

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and revenue</b>				
Contributions and grants	\$ 646,453	\$ 61,342	\$ -	\$ 707,795
In-kind services	1,469,401	-	-	1,469,401
Pharmacy fees	16,895	-	-	16,895
Investment returns (Note 3)	(14,845)	-	-	(14,845)
Gain on sale of fixed asset	-	-	-	-
Miscellaneous	4,731	-	-	4,731
Net assets released from restrictions	<u>62,652</u>	<u>(62,652)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>2,185,287</u>	<u>(1,310)</u>	<u>-</u>	<u>2,183,977</u>
<b>Expenses</b>				
Program services	2,051,499	-	-	2,051,499
Management and general	159,794	-	-	159,794
Fundraising expenses	<u>23,987</u>	<u>-</u>	<u>-</u>	<u>23,987</u>
Total expenses	<u>2,235,280</u>	<u>-</u>	<u>-</u>	<u>2,235,280</u>
Change in net assets	(49,993)	(1,310)	-	(51,303)
Net assets, beginning of year	<u>1,152,755</u>	<u>51,290</u>	<u>82,655</u>	<u>1,286,700</u>
Net assets, end of year	<u>\$ 1,102,762</u>	<u>\$ 49,980</u>	<u>\$ 82,655</u>	<u>\$ 1,235,397</u>

See accompanying notes to financial statements.

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and revenue</b>				
Contributions and grants	\$ 586,426	\$ 72,310	\$ -	\$ 658,736
In-kind services	1,361,629	-	-	1,361,629
Pharmacy fees	22,843	-	-	22,843
Investment returns (Note 3)	124,127	-	-	124,127
Gain on sale of fixed asset	3,927	-	-	3,927
Miscellaneous	2,064	-	-	2,064
Net assets released from restrictions	<u>68,947</u>	<u>(68,947)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>2,169,963</u>	<u>3,363</u>	<u>-</u>	<u>2,173,326</u>
<b>Expenses</b>				
Program services	1,911,804	-	-	1,911,803
Management and general	142,431	-	-	142,431
Fundraising expenses	<u>23,078</u>	<u>-</u>	<u>-</u>	<u>23,078</u>
Total expenses	<u>2,077,313</u>	<u>-</u>	<u>-</u>	<u>2,077,313</u>
Change in net assets	92,650	3,363	-	96,013
Net assets, beginning of year	<u>1,060,105</u>	<u>47,927</u>	<u>82,655</u>	<u>1,190,687</u>
Net assets, end of year	<u>\$ 1,152,755</u>	<u>\$ 51,290</u>	<u>\$ 82,655</u>	<u>\$ 1,286,700</u>

See accompanying notes to financial statements.

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSE  
Year ended December 31, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2011 Totals</u>
<b>Personnel</b>				
Salaries and wages	\$ 323,666	\$ 92,376	\$ 6,029	\$ 422,071
Payroll taxes	22,887	6,532	427	29,846
Benefits	<u>45,304</u>	<u>12,633</u>	<u>802</u>	<u>58,739</u>
Total personnel	391,857	111,541	7,258	510,656
<b>Other</b>				
In-kind medical diagnostics	1,178,758	-	-	1,178,758
In-kind medical professional services	225,118	-	-	225,118
Medical supplies	83,238	11	5	83,254
Pharmaceuticals	44,572	-	-	44,572
Outsourced fundraising expenses	-	-	13,816	13,816
Office supplies and expenses	17,007	1,208	518	18,733
In-kind rent	57,240	4,452	1,908	63,600
Insurance	1,172	2,102	27	3,301
Professional fees	5,607	36,298	-	41,905
Printing and promotion	2,320	-	-	2,320
Postage	3,470	270	116	3,856
Telephone	7,008	545	234	7,787
Conferences and training	2,878	-	-	2,878
Depreciation	28,078	3,120	-	31,198
Other	<u>3,176</u>	<u>247</u>	<u>105</u>	<u>3,528</u>
Total other	<u>1,659,642</u>	<u>48,253</u>	<u>16,729</u>	<u>1,724,624</u>
<b>Total expenses</b>	<b><u>\$ 2,051,499</u></b>	<b><u>\$ 159,794</u></b>	<b><u>\$ 23,987</u></b>	<b><u>\$ 2,235,280</u></b>

See accompanying notes to financial statements.

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSE  
Year ended December 31, 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2010 Totals</u>
<b>Personnel</b>				
Salaries and wages	\$ 316,762	\$ 79,326	\$ 5,900	\$ 401,988
Payroll taxes	22,994	5,828	434	29,256
Benefits	<u>28,361</u>	<u>6,693</u>	<u>540</u>	<u>35,594</u>
Total personnel	368,117	91,847	6,874	466,838
<b>Other</b>				
In-kind medical diagnostics	1,105,861	-	-	1,105,861
In-kind medical professional services	190,764	-	-	190,764
Medical supplies	67,462	8	3	67,473
Pharmaceuticals	50,894	-	-	50,894
Outsourced fundraising expenses	-	-	14,183	14,183
Office supplies and expenses	18,596	1,315	564	20,475
In-kind rent	56,700	6,300	-	63,000
Insurance	1,971	2,163	-	4,134
Professional fees	4,462	36,344	-	40,806
Printing and promotion	1,161	-	1,161	2,322
Postage	4,437	233	-	4,670
Telephone	7,431	661	165	8,257
Conferences and training	893	13	3	909
Depreciation	29,314	3,256	-	32,570
Other	<u>3,741</u>	<u>291</u>	<u>125</u>	<u>4,157</u>
Total other	<u>1,543,687</u>	<u>50,584</u>	<u>16,204</u>	<u>1,610,475</u>
<b>Total expenses</b>	<u>\$ 1,911,804</u>	<u>\$ 142,431</u>	<u>\$ 23,078</u>	<u>\$ 2,077,313</u>

See accompanying notes to financial statements.

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

---

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations: Volunteers in Medicine of Monroe County, Inc. (VIM) is a not-for-profit organization, formed in 2006, whose mission is to provide the following services without cost to the medically underserved in Monroe and Owen Counties.

- Easily accessible, quality primary and preventative healthcare
- Treatment for both acute and chronic conditions
- Health education that empowers individuals to take responsibility for their own well being.

VIM seeks to partner with others in closing the gap by providing a meeting place to bring them together with compassion observed and dignity preserved, for healing, health and hope. VIM's revenues and support are derived principally from contributions, grants, and in-kind support provided by the Bloomington Hospital (Hospital). Program expenses on the statement of functional expenses represent the expenses associated with providing services to the medically underserved.

Basis of Accounting: The financial statements are prepared on a modified cash basis, which differs from accounting principles generally accepted in the United States of America (GAAP) because revenues are recognized when collected rather than when earned or pledged, and expenditures generally are recognized when paid rather than when incurred. In addition, VIM also capitalizes property and equipment, recognizes donated services, records a liability for payroll liabilities withheld from employee paychecks but not yet transmitted for benefits, and recognizes unrealized gains and losses on funds held by others. The financial statements are not intended to comply with GAAP.

Use of Estimates: The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of support and revenues, expenses, and changes in net assets during the reporting period. Actual results could differ from those estimates.

Income Taxes: VIM is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, VIM is subject to federal tax on any unrelated business taxable income.

Cash Equivalents: VIM considers all liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents consist of bank deposits in an account that is federally insured up to \$250,000. At December 31, 2011 and 2010, VIM's bank deposits were not above the insured limit.

Property and Equipment: Property and equipment with a cost basis of \$1,000 or greater are recorded at cost. Depreciation is computed using the straight-line method over the asset's estimated useful lives, which range from three to five years. Leasehold improvements are depreciated over the shorter of the asset's useful life or the lease term.

Funds Held by Others: Funds held by others consist of investments held in the pooled funds of the Bloomington Hospital Foundation (Foundation), as described in Note 2. Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value.

---

(Continued)

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

---

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Assets: Net assets are reported separately by three classifications, as follows:

Unrestricted net assets: The unrestricted net asset class represents the portion of VIM's net assets that have not been designated for a specific purpose, nor permanently or temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets: The temporarily restricted net asset class represents the portion of VIM's net assets related to contributions with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Temporarily restricted net assets totaling \$62,652 and \$68,947 have been released from restriction due to the purpose or time restriction being met during 2011 and 2010.

Permanently restricted net assets: The permanently restricted net asset class represents the portion of VIM's net assets related to contributions with explicit donor-imposed restrictions that the funds be held in perpetuity as an endowment. Donor-imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

Contributions: Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue. However, if a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses and change in net assets as released from restrictions.

Donated Services: Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Included in these in-kind services are medical diagnostic services, professional services, rent, supplies, and equipment, which are primarily provided by the Hospital. For the years ended December 31, 2011 and 2010, the total amount of in-kind services received was \$1,469,401 and \$1,361,629.

In addition, a substantial number of volunteers have donated significant amounts of their time and effort assisting with operations and administrative involvement; however, no amounts have been reflected in the accompanying financial statements for the value of these donated services because they do not meet the recognition criteria.

Functional Allocation of Expenses: The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general, and fund raising categories based on the actual direct expenditures and cost allocations based upon estimates by VIM personnel.

Charity Care: VIM's operations support the needs of medically underserved individuals in Monroe and Owen counties. All of VIM's expenditures for 2011 and 2010 relate to charity care services.

---

(Continued)

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

---

**NOTE 2 - RELATED PARTY TRANSACTIONS AND FUNDS HELD BY OTHERS**

VIM is affiliated with the Hospital and the Foundation. The bylaws of VIM state that the Hospital's Board of Directors will appoint three of the members of VIM's Board of Directors, which does not constitute a majority. The Hospital provides VIM with medical diagnostics and the services of medical professionals at no cost. These amounts are recorded as in-kind contributions and expenses, as noted in Notes 1 and 7.

VIM and the Foundation have an agreement for certain services performed by the Foundation on behalf of VIM. Per the agreement, the Foundation acts as the sole fundraising agent of VIM providing the services of one full-time fundraising employee, and holds contributed amounts until requested by VIM.

Funds held and invested by the Foundation on VIM's behalf totaled \$1,050,297 and \$1,115,963 at December 31, 2011 and 2010. These funds are part of the Foundation's investment pool, and investment earnings are allocated to these funds by the Foundation. The Foundation does not have variance power over these funds. VIM reimburses the Foundation for certain fees and costs associated with the fundraising process, including an administrative fee of 0.5% of contributions received. These fees and costs totaled \$15,351 and \$15,759 during 2011 and 2010. In addition, VIM is annually charged a 1.25% fee of total funds held in the Foundation's pooled fund up to a \$1,000,000 balance, and a 1% fee of funds over \$1,000,000 held in the Foundation's pooled fund.

VIM periodically enters into business transactions with outside vendors that employ members of the Board of Directors. Under VIM's conflict of interest policy, the Board of Directors monitors these transactions, and steps are taken to ensure that the transactions are appropriate.

**NOTE 3 - INVESTMENTS AND INVESTMENT INCOME**

VIM's investments as of December 31, 2011 and 2010 are invested in the pooled funds of the Foundation. Total investment return at December 31, 2011 and 2010 is comprised of the following:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 13,628	\$ 12,429
Net realized gains on investments	29,059	5,518
Net unrealized gains (losses) on investments reported at fair value	<u>(57,532)</u>	<u>106,180</u>
	<u>\$ (14,845)</u>	<u>\$ 124,127</u>

---

(Continued)

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

---

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Furnishings and equipment	\$ 168,666	\$ 157,422
Leasehold improvements	48,455	48,455
Software	<u>32,820</u>	<u>32,820</u>
	249,941	238,697
Less accumulated depreciation	<u>(117,040)</u>	<u>(85,841)</u>
	<u>\$ 132,901</u>	<u>\$ 152,856</u>

**NOTE 5 - NET ASSETS**

Temporarily Restricted Net Assets: Temporarily restricted net assets at December 31 include:

	<u>2011</u>	<u>2010</u>
Purpose restrictions:		
Breast cancer prevention and awareness	\$ 10,239	\$ 2,978
Nurse practitioner	6,786	28,765
Miscellaneous	10,563	9,663
Prenatal care	12,000	-
Dental health	533	-
Time restrictions	<u>9,859</u>	<u>9,884</u>
	<u>\$ 49,980</u>	<u>\$ 51,290</u>

**NOTE 6 - PENSION PLAN**

VIM participates in a 401(k) plan. The plan covers all employees at least 21 years of age with at least one year and 1,000 hours of service. Employer contributions to the plan were \$8,615 and \$9,683 for the years ended December 31, 2011 and 2010.

**NOTE 7 - CONCENTRATION OF IN-KIND SERVICES**

Substantially all medical diagnostic and medical professional services are donated to VIM by the Hospital, or through services provided by Hospital employees or other medical professionals.

---

(Continued)

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

**NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in VIM's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of investments held by the Foundation's is based upon VIM's proportionate share of the fair value of the Foundation's pooled investment portfolio. Investments held by the Foundation are reported by the Foundation as level 1 or level 2. VIM has classified its interest in the pool as a level 3 input because VIM is unable to observe the underlying inputs by which the Foundation has made these determinations. Either party may agree to dissolve this agreement by giving written notification to the other party in writing 180 days before the effective date of dissolution. In addition, VIM management receives an audited financial statement from the Foundation, and reviews the valuations and returns in comparison to industry benchmarks and other information provided by the Foundation.

The tables below present reconciliations and the statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2011 and 2010:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) - Funds Held by Others	
	<u>2011</u>	<u>2010</u>
Beginning balance, January 1	\$ 1,115,963	\$ 959,179
Total gains/losses included in earnings:		
Interest and dividend income	13,623	12,412
Realized gain on investments	29,059	5,518
Unrealized gain (loss) on investments	(57,532)	106,180
Transfer into funds held by others	379,707	458,433
Transfers out of funds held by others	<u>(430,523)</u>	<u>(425,759)</u>
	<u>\$ 1,050,297</u>	<u>\$ 1,115,963</u>

The amount of current year unrealized gains (losses) on Level 3 items still held at year-end totals \$(57,532) and \$106,180 for 2011 and 2010.

(Continued)

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

**NOTE 9 - ENDOWMENT COMPOSITION DISCLOSURE**

VIM's endowment consists of a single fund held at the Foundation to provide a distribution of endowment assets to assist in its operation. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of December 31, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$ -	\$ 82,655	\$ 82,655

Endowment net asset composition by type of fund as of December 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$ -	\$ 82,655	\$ 82,655

Changes in endowment net assets for year ended December 31, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ -	\$ 82,655	\$ 82,655
New gifts	-	-	-	-
Net assets, end of year	\$ -	\$ -	\$ 82,655	\$ 82,655

Changes in endowment net assets for year ended December 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ -	\$ 82,655	\$ 82,655
New gifts	-	-	-	-
Net assets, end of year	\$ -	\$ -	\$ 82,655	\$ 82,655

Interpretation of Relevant Law: The Board of Volunteers in Medicine, Inc. has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, Volunteers in Medicine, Inc. classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

(Continued)

VOLUNTEERS IN MEDICINE CLINIC OF  
MONROE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

---

**NOTE 9 - ENDOWMENT COMPOSITION DISCLOSURE (Continued)**

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the organization 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 Volunteers in Medicine, Inc. 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) Other resources of the organization
- (7) The investment policies of the organization.

Investment Objectives: VIM's Board has adopted Foundation's investment and spending policies for endowment assets that attempt to preserve the real (i.e., after-inflation) purchasing power of the endowment and to provide a relatively predictable, stable and, in real terms, constant stream of current income for annual operating needs. The concept of maintenance of purchasing power presumes that today's Foundation Board has an obligation to the future as well as the present.

The investment objective for the endowment is to earn long-term growth and produce a stable stream of income.

The financial and the investment objectives for the endowment should be achieved within acceptable risk levels, while striving to avoid large short-term declines in market value.

Spending Policy: Annually spending may be up to 4.5% of permanent endowments based on the endowed funds' average value for the previous 16 trailing quarters.

**NOTE 10 - SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to December 31, 2011, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2011. Management has performed their analysis through May 29, 2012, the date the financial statements were available to be issued.

