

**FREE CLINIC OF SW WASHINGTON
(A Non-Profit Corporation)**

**FINANCIAL STATEMENT FOR THE YEAR
ENDED JUNE 30, 2009
an Independent Auditor's Report**

FREE CLINIC OF SW WASHINGTON
(A Non-Profit Corporation)

FINANCIAL STATEMENT FOR THE YEAR ENDED
JUNE 30, 2009

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MICHAEL J. PLYMALE, INC., P.S.
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Finance Committee
Board of Directors
Free Clinic of SW Washington
Vancouver, Washington

We have audited the accompanying statement of financial position of Free Clinic of SW Washington (a non-profit organization) as of June 30, 2009 and the related statement of activities, functional expenses and cash flows for the fiscal year then ended. These financial statements are the responsibility of Free Clinic of SW Washington's management. 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 Free Clinic of SW Washington and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

MICHAEL J. PLYMALE, INC., P.S.



Vancouver, Washington
November 2, 2009



Free Clinic of SW Washington
Statement of Financial Position
June 30, 2009

ASSETS

Current Assets	
Cash and Cash Equivalents	450,028
Certificate of Deposit - First Independent	75,069
American Funds Investment Account	164,601
Accounts Receivable	2,553
Grants Receivable	157,725
Pledges Receivable	7,800
Prepaid Expenses	26,344
Total Current Assets	884,120
Noncurrent Assets	
Endowment Investments	194,088
Grants Receivable	102,835
Equipment	546,626
less Accumulated Depreciation	(246,611)
Leasehold Improvements	591,526
less Accumulated Amortization	(137,728)
Total Noncurrent Assets	1,050,736
Total Assets	1,934,856

LIABILITIES AND NET ASSETS

Current Liabilities	
Accrued Payroll	18,532
Payroll Withholdings	785
Accounts Payable	34,107
Accrued Vacation Payable	5,197
Total Liabilities	58,621
Net Assets:	
Unrestricted:	
Available for General Operations	241,040
Board-Designated Reserves	100,000
Net Investment in Fixed Assets	753,813
Subtotal - Unrestricted	1,094,853
Temporarily Restricted	572,882
Permanently Restricted - Endowment	208,500
Total Net Assets	1,876,234
Total Liabilities and Net Assets	1,934,856

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Free Clinic of SW Washington
Statement of Activities
Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, Gains and Other Support:				
Individual Donations	203,242	48,440	-	251,682
Business & Organization Donations	55,465	17,272	-	72,737
Patient Donations	28,721	-	-	28,721
Foundation Grants	72,300	622,379	-	694,679
State of Washington HCA Grant	-	16,800	-	16,800
Other Grants	6,850	34,665	-	41,515
Special Events	238,869	25,000	-	263,869
Bequests, Memorials, Planned Gifts	17,240	5,374	-	22,614
Interest & Investment Earnings	(66,068)	-	-	(66,068)
Other Income	894	-	-	894
Donated Materials	24,452	-	-	24,452
Donated Use of Facilities	95,820	-	-	95,820
Donated Services	359,181	-	-	359,181
Net Assets Released from Restrictions	387,404	(387,404)	-	-
Total Revenue, Gains and Other Support	<u>1,424,368</u>	<u>382,526</u>	-	<u>1,806,894</u>
Expenses:				
Program Service Expenses	1,135,220	-	-	1,135,220
Management & General Expenses	144,557	-	-	144,557
Fundraising Expenses	168,260	-	-	168,260
Total Expenses	<u>1,448,037</u>	<u>-</u>	<u>-</u>	<u>1,448,037</u>
Change in Net Assets	(23,669)	382,526	-	358,857
Net Assets at Beginning of Year	<u>1,118,521</u>	<u>190,356</u>	<u>208,500</u>	<u>1,517,377</u>
Net Assets at End of Year	<u><u>1,094,853</u></u>	<u><u>572,882</u></u>	<u><u>208,500</u></u>	<u><u>1,876,234</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Free Clinic of Southwest Washington
Statement of Functional Expenses
Year Ended June 30, 2009

	Program Expenses											Total Program Expenses	Mgmt & General	Fund-Raising	Total Expenses
	Volunteer Program	Basic Health	Sports Physicals	Project Access	Dispensary	Head Lice Program	Health Screening	Dental Program	Immunization	Vision Program	Total Program Expenses				
Salaries	29,363	52,134	11,380	69,872	49,634	-	4,319	69,607	21,057	5,579	312,945	55,273	57,809	426,027	
Payroll Taxes	3,739	5,156	1,390	7,303	6,214	56	871	7,246	2,436	737	35,148	6,895	7,431	49,274	
Health & Retirement Benefits	2,879	5,297	1,117	6,278	6,114	8	352	4,903	2,080	488	29,516	3,555	2,974	36,045	
Professional Fees	-	5,000	-	11,262	-	-	-	30,612	-	-	46,874	44,213	-	91,087	
Printing & Copying	854	1,207	84	1,775	773	-	6	1,353	517	220	6,789	3,957	1,372	12,118	
Postage & Delivery	447	610	101	1,113	630	-	36	940	298	115	4,289	836	1,445	6,571	
Subscriptions & Periodicals	-	-	-	-	-	-	-	-	-	-	93	93	-	93	
Advertising	107	196	24	645	151	-	9	246	71	27	1,478	266	132	1,876	
Technology	1,533	1,256	126	3,693	785	-	45	1,151	372	143	9,104	684	1,512	11,300	
Insurance	2,007	2,740	454	4,876	2,829	-	162	4,146	1,339	515	19,069	6,391	2,475	27,935	
Radiology	-	17,838	-	-	-	-	-	-	-	-	17,838	-	-	17,838	
Vouchered Prescriptions	-	-	-	1,988	7,356	-	-	-	-	-	9,344	-	-	9,344	
Bulk Pharmaceuticals	-	6,144	-	-	34,017	-	-	-	-	-	40,161	-	-	40,161	
Head Lice Kits	-	-	-	-	-	5,220	-	-	-	-	5,220	-	-	5,220	
Office Supplies	1,340	1,134	150	8,235	937	-	54	1,546	444	170	14,009	1,420	1,468	16,897	
Newsletters / Direct Mailing	-	-	-	-	-	-	-	-	-	-	-	-	-	6,997	
Medical, Dental & Clinic Supplies	-	2,019	-	-	10,564	-	456	9,701	2,039	-	24,779	-	-	24,779	
Occupancy	951	16,377	25	1,123	368	-	9	1,254	447	28	20,583	649	649	21,881	
Website	45	61	10	108	63	-	4	92	30	11	423	55	55	533	
Recognition	3,675	245	41	883	252	-	14	513	120	46	5,789	452	534	6,774	
Travel & Mileage	503	84	11	2,121	66	-	4	97	31	12	2,930	162	497	3,588	
Dental Van Operations	-	-	-	-	-	-	-	11,431	-	-	11,431	-	-	11,431	
Dental Van Repairs & Maintenance	-	-	-	-	-	-	-	6,513	-	-	6,513	-	-	6,513	
Merchant Fees	117	79	13	541	82	-	5	120	39	15	1,011	1,631	285	1,916	
Dues & Fees	602	-	-	400	-	-	-	-	-	-	1,002	1,800	590	3,392	
Staff Development / Conferences	-	-	-	-	-	-	-	-	-	-	-	-	55,222	55,222	
Special Events	-	-	-	-	-	-	-	-	-	-	-	-	7,186	7,186	
Depreciation & Amortization	4,562	5,024	833	8,940	5,187	-	297	30,174	2,456	943	58,415	4,516	7,111	70,117	
Miscellaneous Expenses	46	546	10	137	65	-	4	96	122	12	1,038	57	-	1,806	
Allocation of Volunteer Program Expenses	(52,769)	44,855	-	2,638	-	-	-	5,276	-	-	-	-	-	-	
In-Kind Expenses:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Donated Professional Services	-	293,723	897	1,615	-	-	3,217	36,644	10,013	10,069	356,178	283	2,720	359,181	
Donated Use of Facilities	-	11,935	1,979	21,238	12,321	-	705	18,059	5,834	2,241	74,312	10,729	10,779	95,820	
Donated Materials	-	19,032	-	-	-	-	-	-	-	-	19,032	115	5,305	24,452	
Total	0	492,692	18,647	156,786	138,408	5,284	10,567	241,721	49,744	21,371	1,135,220	144,557	168,260	1,448,037	

Free Clinic of SW Washington
Statement of Cash Flows
Year Ended June 30, 2009

Cash Flows From Operating Activities:

Increase in net assets	358,857
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	70,116
Changes in:	
Investments	70,280
Accounts receivable	43,046
Grants & pledges receivable	(236,635)
Interest receivable	(69)
Prepaid expenses	(2,131)
Accounts payable	(25,052)
Accrued payroll & related	(1,785)
Accrued vacation	(2,204)
Net cash provided by operating activities	274,424
 Cash flows from investing activities:	
Purchase of equipment	(8,881)
Purchase of investments	(80,000)
	(88,881)
 Net increase (decrease) in cash and cash equivalents	185,543
 Cash and Cash Equivalents at Beginning of Year	264,485
Cash and Cash Equivalents at End of Year	450,028

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Free Clinic of Southwest Washington

Notes to Financial Statements

Year ended June 30, 2009

1. Organization

The Free Clinic of Southwest Washington ("FCSW" or "the Organization") is a nonprofit corporation located in Vancouver, Washington. The Organization provides free urgent health care for uninsured low income individuals and families. The Free Clinic serves adults and children. Services include urgent primary care and dental care, immunizations, sports physicals, dental sealants and fluoride treatments for children, health screening services, vision clinics, and emergency prescription assistance. The Free Clinic also coordinates access to specialty care services in the community for uninsured individuals through the Project Access program. A unique feature of the Free Clinic is that the majority of health services are provided by over 500 professional, technical and clerical volunteers.

2. Summary of Significant Accounting Policies

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – FCSW has adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition – All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Clinic revenues are recognized at the time services are provided and the revenues are earned. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the pledge is made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

In-Kind Contributions – FCSW receives a significant amount of donated services requiring specialized clinical skills. In accordance with SFAS No. 116, significant services received which create or enhance a non-financial asset or require specialized skills that the Organization would have purchased if not donated are recognized in the statement of activities. During the year ended June 30, 2009, \$359,181 of contributed professional services were recorded.

FCSW also receives in-kind contributions of medical supplies and other items which are recorded when there is an objective basis upon which to value those contributions and where the contributions are an essential part of the Organization's activities.

Capital Assets and Depreciation – Capital assets are reported at cost when purchased and at fair market value when acquired by gift. FCSW capitalizes fixed assets costing at least \$1,000. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally 5 to 15 years. Leasehold improvements are amortized over the life of the lease.

Maintenance and Repairs – Improvements, additions and major renewals which extend the life of an asset are charged to the property and equipment accounts. Repairs and maintenance are expensed currently.

Income Tax – FCSW is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law.

Investments – Investments are carried at market value. Net appreciation in the fair market value of investments, which consists of the realized gains or losses and the unrealized appreciation (or depreciation) of those investments, is shown in the statement of activities. Investment income is accrued as earned. Security transactions are recorded on a settlement date basis.

Cash and Cash Equivalents - The Organization considers all highly liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents.

3. Investments

FCSW invests part of its funds in a pool of mutual funds managed by the Community Foundation for Southwest Washington for the benefit of nonprofits, and part of its funds with LPL Financial. The investments are reported by both entities at fair market value, which is determined by using quoted market prices. The policies of both the Community Foundation of Southwest Washington, and FCSW provide that no investment or group of investments may represent a significant concentration of market risk. The investment pool does not separately report realized and unrealized gains and losses.

The Free Clinic did not give variance power to the Community Foundation for Southwest Washington. Earnings can be withdrawn upon written request of the President and Treasurer of the Free Clinic and can be payable only to the Free Clinic. The Free Clinic shall give the Community Foundation of Southwest Washington at least 3 months notice for a withdrawal of all or a portion of the principal and at least 180 days notice for a withdrawal that exceeds \$100,000.

The investment for the year ended June 30, 2009 from the Community Foundation for Southwest Washington investment pool resulted in investment losses of \$38,771. The ending fund balance was \$189,088.

The investment for the year ended June 30, 2009 for the account held at ING Financial Partners, Inc. resulted in net losses of \$ 31,509. The ending balance was \$164,601.

Investments consist of the following at June 30, 2009:

Cash and Money Funds	\$	5,000
Vanguard Balanced Mutual Fund		189,088
American Funds Mutual Funds:		
Capital World Growth and Income Fund	\$	32,681
Capital Income Builder		29,081
The Income Fund of America		26,368
American Balanced Fund		21,639
The Bond Fund of America		26,041
Capital World Bond Fund		28,791
	\$	<u>358,689</u>

The investment return for the year ending June 30, 2009 breaks down as follows:

Interest and Dividends	\$	13,818
Gains & Losses (Realized & Unrealized)		<u>(79,886)</u>
Total	\$	<u>(66,068)</u>

Effective July 1, 2008 FCSW adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurement ("SFAS 157"). The adoption of SFAS 157 did not have an impact on the financial statements, other than to expand the disclosures related to how the fair values of investments are determined.

Fair value is a market based measurement based on the assumptions that market participants use in pricing an asset or liability. There are three levels, which prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (adjusted) in active markets for identical assets or liabilities
- Level 2: Observable market inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The inputs or methodology used in valuing investments is not necessarily an indication of the risk associated with investing in those securities.

As of June 30, 2009, the fair value of the investments was determined using Level 1 inputs.

4. Commitments

FCSW is obligated under an operating lease with the Vancouver School District No. 37 for a period of thirty years beginning August 22, 2000; however, the Organization has the right to terminate the lease at any time upon 90 days written notice to the School District. The terms of the agreement include a base amount of one dollar per year plus monthly janitorial maintenance expenses and certain utilities. The Organization is also responsible for all insurance, maintenance, repairs and taxes on their portion of the facility.

5. Concentration of Credit Risk

FCSW maintains cash and certificates of deposit at two financial institutions in the Vancouver area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. On October 3, 2008, Congress passed legislation which temporarily raised the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. This increase became effective immediately and applies through December 31, 2013. Through June 30, 2010, the Federal Deposit Insurance Corporation provides unlimited coverage for checking accounts earning less than .50% interest per year. The Organization has adopted a policy to ensure that its funds remain within the insured limits, and after June 30, 2010 the policy is to maintain less than \$250,000 at any one institution regardless of the amount of interest being earned.

6. Contributions Receivable

Contributions receivable at June 30, 2009 are as follows:

	<u>June 30, 2009</u>
Grant receivable from Meyer Memorial Trust for Project Access Clark County Program for fiscal years 2008-2011	\$ 124,560
Grant receivable from M.J. Murdock Charitable Trust for Project Access Clark County for 2008-2011	136,000
Misc. grants receivable	<u>7,800</u>
	<u>\$ 268,360</u>

7. Temporarily Restricted Net Assets

At June 30, 2009, the balance in Temporarily Restricted Net Assets consist of donor restricted grants and donations which have been restricted to the following programs or time periods:

	<u>June 30, 2009</u>
Basic Health program	\$ 11,052
Dental Program	145,195
Future year operating expense	50,000
Immunization program	3,935
Head Lice Program	71
Project Access	347,113
Equipment	1,851
Vision Program	8,150
Hearing Aids	515
Holiday Ball	<u>5,000</u>
	<u>\$ 572,882</u>

8. Endowment

Board's Interpretation of UPMIFA

The Board of Directors has interpreted Washington's adoption of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the Organization to adopt investment and spending policies that preserve the fair value of the original gift as of the date of the gift, absent explicit donor restrictions to the contrary. Although the Organization has a long-term fiduciary duty to the donor (and others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's historic dollar value may be appropriated for expenditure in support of the designated purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In general, investment returns on the Organization's endowment are available for retention or appropriation based on the same prudent standards and policies established by the Board of Directors and, therefore, are classified as temporarily restricted net assets until the returns are appropriated for expenditure by the Board of Directors and, if the use of the investment return is restricted by the donor, until the restriction has also been satisfied. Any investment return classified as permanently restricted net assets represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

Overview of Endowment Spending Policy

The annual expenditure from the Endowed Funds shall generally be equal to not more than 5% of the average ending balance in the Endowed Funds as of the end of the prior three fiscal years. To the extent such funds are not needed for operations, such amounts may remain in the Endowed Funds account to continue to grow for future needs.

Overview of Endowment Investment Policy

The stated investment goals of the Organization, to the extent consistent with UPMIFA, are:

- To provide an annual total return sufficient to support Free Clinic activities and programs. To provide 5% of the previous fiscal year-end balance as the target spending rate, and to allow a higher spending rate, up to a maximum of 10%, upon approval by the Board of Directors. In addition, to provide 1% to cover administrative assessments against the Endowment Funds.
- Within defined risk parameters, to achieve a growth rate on the principal amount of the endowment over a market cycle of not less than the rate of inflation as measured by the Portland Area Consumer Price Index. A market cycle is normally defined as a 3 to 5 year period.
- Recognizing the difficulty of achieving the investment objectives in light of the uncertainties and complexities of contemporary investment markets, the Board of Directors understands that some risk must be assumed to achieve the Free Clinic's long-term return objective. However, it is important the Endowment Funds not incur years of principal loss and therefore should retain money managers who have a long-term (optimally ten-year) positive investment history and whose stated purpose is to serve the conservative needs of individuals who are charged with the fiduciary responsibility of investing funds.

In the year ending June 30, 2009, the Organization had the following endowment-related activities:

	Donor- Restricted Endowment Funds	Board- Designated Endowment Funds	Total Endowment	Unrestricted Operating Funds	Grand Total
Investment Returns					
Investment Income	\$ -	\$ 1,507	\$ 1,507	\$ -	\$ 1,507
Net Depreciation	-	(25,866)	(25,866)	(14,412)	(40,278)
Total investment return	-	(24,359)	(24,359)	(14,412)	(38,771)
Contributions to perpetual endowment	-	-	-	-	-
Amounts appropriated for expenditure	-	-	-	-	-
Total change in endowment funds	\$ -	\$ (24,359)	\$ (24,359)	\$ (14,412)	\$ (38,771)

**Endowment Net Asset Composition by Type of Fund
As of June 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 208,500	\$ 208,500
Unrestricted - losses on endowment funds	<u>(14,412)</u>	<u>-</u>	<u>-</u>	<u>(14,412)</u>
	<u>\$ (14,412)</u>	<u>\$ -</u>	<u>\$ 208,500</u>	<u>\$ 194,088</u>

**Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2009**

	<u>Donor- Restricted Endowment Funds</u>	<u>Board- Designated Endowment Funds</u>	<u>Total - Endowment</u>
Endowment net assets, beginning of year	\$ 208,500	\$ 24,359	\$ 232,859
Investment return:			
Investment income		1,507	1,507
Net depreciation (realized and unrealized)		<u>(25,866)</u>	<u>(25,866)</u>
Total investment return	-	<u>(24,359)</u>	<u>(24,359)</u>
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 208,500</u>	<u>\$ -</u>	<u>\$ 208,500</u>

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)

Permanently Restricted Net Assets

	<u>6/30/09</u>
(1) The portion of perpetual endowment funds that is retained permanently by explicit donor stipulation or by UPMIFA	\$ <u>208,500</u>
Total endowment funds classified as permanently restricted net assets	\$ <u>208,500</u>

Any earnings in excess over the permanently restricted endowment balance are available for any purpose within the Free Clinic's mission.

9. Retirement Plan

FCSW sponsors a 403b retirement plan for the benefit of its eligible employees. Employer contributions to the plan are made at the rate of 3% of eligible compensation. FCSW contributed \$4,578 to this plan for the year ended June 30, 2009.

10. Board-Designated Reserves

The board has set aside funds designated as Board-Designated Reserves to be used for general operations in the event of unexpected circumstances. The Reserves are meant to ensure the ongoing operation of services in the event of an unexpected drop in revenues, and it is not intended for current operations.