

Bergen Volunteer Medical Initiative, Inc.

Financial Statements and Supplementary Information
Together With Independent Auditors' Reports

December 31, 2022 and 2021

Bergen Volunteer Medical Initiative, Inc.

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Independent Auditors' Report

**Board of Trustees
Bergen Volunteer Medical Initiative, Inc.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bergen Volunteer Medical Initiative, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bergen Volunteer Medical Initiative, Inc. as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bergen Volunteer Medical Initiative, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Policy

As discussed in Note 10 to the financial statements, Bergen Volunteer Medical Initiative, Inc. adopted Financial Accounting Standards Board ("FASB") Topic 842, *Leases*, which resulted in the recognition of a right of use asset and related lease liability effective January 1, 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bergen Volunteer Medical Initiative, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit 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 Bergen Volunteer Medical Initiative, Inc.'s internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bergen Volunteer Medical Initiative, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by the New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* are presented on pages 20 and 21 for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2023 on our consideration of Bergen Volunteer Medical Initiative, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bergen Volunteer Medical Initiative, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bergen Volunteer Medical Initiative, Inc.'s internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
May 3, 2023

Bergen Volunteer Medical Initiative, Inc.

Statements of Financial Position

	December 31,	
	2022	2021
ASSETS		
Cash	\$1,588,971	\$1,313,400
Contributions receivable, net	592,423	764,550
Grants receivable	87,609	308,417
Employee Retention Tax Credit receivable	676,418	-
Prepaid expenses	33,129	26,571
Inventory - supplies	2,656	3,049
Property and equipment, net	245,774	243,254
Operating leases - right of use asset, net	1,806,286	-
Security deposit	14,403	13,678
	<u>\$5,047,669</u>	<u>\$2,672,919</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 79,555	\$ 13,339
Accrued expenses	116,317	113,406
Deferred revenue	-	2,500
Deferred rent liability	-	51,211
Operating leases liability	<u>1,879,575</u>	<u>-</u>
Total Liabilities	<u>2,075,447</u>	<u>180,456</u>
Net Assets		
Without donor restrictions	2,083,608	1,356,432
With donor restrictions	<u>888,614</u>	<u>1,136,031</u>
Total Net Assets	<u>2,972,222</u>	<u>2,492,463</u>
	<u>\$5,047,669</u>	<u>\$2,672,919</u>

See notes to financial statements

Bergen Volunteer Medical Initiative, Inc.

Statements of Activities

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
SUPPORT AND REVENUE						
Contributions	\$ 584,613	\$ 885,138	\$ 1,469,751	\$ 885,071	\$ 1,121,383	\$ 2,006,454
Government grants	442,819	-	442,819	612,539	-	612,539
Donated services	406,472	-	406,472	536,126	-	536,126
Donated goods	317,560	-	317,560	167,220	-	167,220
Special events (net of expenses of \$110,012 and \$64,332)	299,242	-	299,242	303,879	-	303,879
Employee Retention Tax Credit refund	632,440	-	632,440	-	-	-
Paycheck Protection Program loan forgiveness	-	-	-	216,495	-	216,495
Miscellaneous income	52,513	-	52,513	3,471	-	3,471
Net assets released from restriction	<u>1,132,555</u>	<u>(1,132,555)</u>	<u>-</u>	<u>381,880</u>	<u>(381,880)</u>	<u>-</u>
Total Support and Revenue	<u>3,868,214</u>	<u>(247,417)</u>	<u>3,620,797</u>	<u>3,106,681</u>	<u>739,503</u>	<u>3,846,184</u>
EXPENSES						
Program services	2,555,419	-	2,555,419	2,260,917	-	2,260,917
Supporting Services						
Management and general	302,941	-	302,941	179,049	-	179,049
Fundraising	<u>282,678</u>	<u>-</u>	<u>282,678</u>	<u>390,883</u>	<u>-</u>	<u>390,883</u>
Total Expenses	<u>3,141,038</u>	<u>-</u>	<u>3,141,038</u>	<u>2,830,849</u>	<u>-</u>	<u>2,830,849</u>
Change in Net Assets	727,176	(247,417)	479,759	275,832	739,503	1,015,335
NET ASSETS						
Beginning of Year	<u>1,356,432</u>	<u>1,136,031</u>	<u>2,492,463</u>	<u>1,080,600</u>	<u>396,528</u>	<u>1,477,128</u>
End of Year	<u>\$ 2,083,608</u>	<u>\$ 888,614</u>	<u>\$ 2,972,222</u>	<u>\$ 1,356,432</u>	<u>\$ 1,136,031</u>	<u>\$ 2,492,463</u>

See notes to financial statements

Bergen Volunteer Medical Initiative, Inc.

Statement of Functional Expenses
Year Ended December 31, 2022

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Payroll	\$ 1,360,184	\$ 115,060	\$ 77,003	\$ 192,063	\$ 1,552,247
Payroll taxes	75,118	8,315	65,903	74,218	149,336
Employee benefits	37,694	55	7,607	7,662	45,356
Total Salaries and Related Expenses	1,472,996	123,430	150,513	273,943	1,746,939
Donated services	358,056	43,566	4,850	48,416	406,472
Donated goods	313,939	1,170	2,451	3,621	317,560
Medical supplies	31,111	-	-	-	31,111
Accounting	-	16,500	-	16,500	16,500
Insurance	6,901	9,406	-	9,406	16,307
Office expense/supplies	19,743	10,785	5,365	16,150	35,893
Postage and delivery	1,040	1,208	1,682	2,890	3,930
Registration, fees and taxes	2,267	283	3,375	3,658	5,925
Printing and reproduction	12,677	1,150	15,685	16,835	29,512
Rent	121,803	1,776	3,298	5,074	126,877
Repairs and maintenance	17,866	1,457	3,038	4,495	22,361
Utilities	13,594	307	40	347	13,941
Computer and technology	25,882	748	8,086	8,834	34,716
Telephone	9,920	82	860	942	10,862
Fundraising	-	-	110,012	110,012	110,012
Bank charges	-	4,303	-	4,303	4,303
Consulting fees	116,286	84,524	76,916	161,440	277,726
Advertising	4,204	-	462	462	4,666
Meetings and conferences	3,327	-	453	453	3,780
Total Expenses Before Depreciation and Amortization	2,531,612	300,695	387,086	687,781	3,219,393
Depreciation and amortization	23,807	2,246	5,604	7,850	31,657
Total Expenses Before Special Events	2,555,419	302,941	392,690	695,631	3,251,050
Less expenses included with special events revenue in the statements of activities	-	-	110,012	110,012	110,012
Total Expenses	<u>\$ 2,555,419</u>	<u>\$ 302,941</u>	<u>\$ 282,678</u>	<u>\$ 585,619</u>	<u>\$ 3,141,038</u>

See notes to financial statements

Bergen Volunteer Medical Initiative, Inc.

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total Supporting Services	
Payroll	\$ 1,165,300	\$ 71,645	\$ 124,431	\$ 196,076	\$ 1,361,376
Payroll taxes	72,890	5,947	48,879	54,826	127,716
Employee benefits	41,959	110	6,751	6,861	48,820
Total Salaries and Related Expenses	1,280,149	77,702	180,061	257,763	1,537,912
Donated services	516,191	19,935	-	19,935	536,126
Donated goods	165,122	1,205	893	2,098	167,220
Medical supplies	27,918	505	2,201	2,706	30,624
Accounting	-	13,000	-	13,000	13,000
Insurance	5,886	6,868	685	7,553	13,439
Office expense/supplies	20,636	3,179	3,062	6,241	26,877
Programmatic assistance	1,655	-	-	-	1,655
Postage and delivery	2,167	274	2,646	2,920	5,087
Registration, fees and taxes	9,101	3,783	53	3,836	12,937
Printing and reproduction	19,032	1,767	20,793	22,560	41,592
Rent	77,219	7,354	7,354	14,708	91,927
Repairs and maintenance	12,430	1,128	4,054	5,182	17,612
Utilities	7,344	3,753	335	4,088	11,432
Computer and technology	26,913	772	11,775	12,547	39,460
Telephone	5,163	463	4,166	4,629	9,792
Fundraising	-	-	64,332	64,332	64,332
Bank charges	-	6,238	-	6,238	6,238
Consulting fees	57,220	28,638	145,794	174,432	231,652
Advertising	1,683	-	478	478	2,161
Meetings and conferences	-	137	-	137	137
Total Expenses Before Depreciation and Amortization	2,235,829	176,701	448,682	625,383	2,861,212
Depreciation and amortization	25,088	2,348	6,533	8,881	33,969
Total Expenses Before Special Events	2,260,917	179,049	455,215	634,264	2,895,181
Less expenses included with special events revenue in the statements of activities	-	-	64,332	64,332	64,332
Total Expenses	\$ 2,260,917	\$ 179,049	\$ 390,883	\$ 569,932	\$ 2,830,849

See notes to financial statements

Bergen Volunteer Medical Initiative, Inc.

Statements of Cash Flows

	Year Ended December 31	
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 479,759	\$ 1,015,335
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	31,657	33,969
Amortization of operating leases - right of use asset	174,112	-
Paycheck Protection Program loan forgiveness	-	(216,495)
Changes in operating assets and liabilities		
Contribution receivables	172,127	(380,555)
Grants receivable	220,808	(227,311)
Employee Retention Tax Credit receivable	(676,418)	-
Prepaid expenses	(6,558)	(607)
Inventory - supplies	393	881
Accounts payable	66,216	7,454
Accrued expenses	2,911	16,660
Deferred revenue	(2,500)	2,500
Deferred rent liability	(51,211)	(4,324)
Lease liabilities for operating leases	<u>(101,548)</u>	<u>-</u>
Net Cash from Operating Activities	309,748	247,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(34,177)</u>	<u>-</u>
Net Change in Cash	275,571	247,507
CASH		
Beginning of year	<u>1,313,400</u>	<u>1,065,893</u>
End of year	<u>\$ 1,588,971</u>	<u>\$ 1,313,400</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Right of use asset obtained in exchange for lease obligations	\$ 1,891,832	\$ -
Noncash operating and financing activities		
Paycheck Protection Program loan forgiveness	\$ -	\$ 216,495

See notes to financial statements

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

1. Nature of Organization

The mission of Bergen Volunteer Medical Initiative, Inc. (“BVMI”) is to provide free primary medical care and, where possible, referrals to specialty care for working, low-income Bergen County residents who have no health insurance. BVMI was established in March 2005, and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and New Jersey income tax under state regulations.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

Net assets and revenues as well as gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of BVMI and changes therein are classified and reported as follows:

- *Without donor restrictions* – net assets not subject to donor-imposed stipulations, and therefore are expendable for operating purposes.
- *With donor restrictions* – net assets subject to donor-imposed stipulations that would be met by actions of BVMI and/or the passage of time.

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support and revenue and expenses during the reporting period. Actual results may differ significantly from those estimates.

Recently Adopted Accounting Standards

In 2022, BVMI adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. BVMI elected not to restate the comparative period (2021). It also elected not to reassess at adoption expired or existing contracts to determine whether they are or contain a lease, the lease classification of any existing leases, or initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, BVMI recognized right of use assets of \$1,830,766 and lease liabilities totaling \$1,881,977 at January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Revenue Recognition

Contributions and grants received are recorded as without or with donor restricted support, depending on the existence or nature of any donor restrictions. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases those net asset classes. If a restriction is fulfilled in the same time period in which the contribution is received, BVMI reports the contributions as without donor restrictions. Grants are reported as with donor restricted support if they are received with grantor stipulations that limit the use of the grant funds.

BVMI recognizes revenue from government grants, which are treated as conditional contributions, in the period in which the services are provided. Revenue is recognized for cost-reimbursement grants when the related costs are incurred and the related services are provided. If funds are remitted to BVMI prior to the incurrence of costs, these funds are recognized as refundable advances until expenses are incurred.

Fair Value Measurements

BVMI follows US GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual grants. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in grants receivable.

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Unconditional contributions receivable that are expected to be collected in future periods are recorded at fair value. Contributions receivable are reflected net of an allowance for uncollectible amounts based on management's judgment and analysis of the creditworthiness of the donors, past payment experience, and other relevant factors and have been discounted, when contributions are due in more than one year. The applicable rate for contributions due in more than one year at December 31, 2022 was 4.73%. There was no discount for contributions receivable at December 31, 2021. Amortization of the discount is reported in the statement of activities as a contribution.

Allowance for Uncollectible Grants and Contributions Receivable

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specifically known troubled accounts. Management believes all receivables are fully collectible, therefore, no allowance for doubtful accounts is recognized at December 31, 2022 and 2021.

Inventory

Inventories consist of medical supplies used in the operations of BVMI. They are stated at the lower of cost (first-in, first-out basis) or net realizable value. Medical supplies received in-kind are recorded at their fair value in the period received.

Property and Equipment

Property and equipment are stated at cost or, if acquired by gift, at the fair value at the date of the gift. BVMI follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$2,500. Depreciation is provided using the straight-line method over the useful lives of the respective assets which range from 3 to 15 years. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the lease or fifteen years.

Leases

BVMI determines if an arrangement is or contains a lease at inception. Leases are included in the right of use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. BVMI does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Contributions and Promises to Give

BVMI recognizes contributions when they are received or unconditionally contributed and reports this support as with or without donor restrictions according to donor stipulations that may limit the use of these assets due to time or purpose restrictions. When a donor restriction expires or is otherwise satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Special Events

Revenues and expenses incurred relative to special events are recognized upon occurrence of the respective event, which is when BVMI has completed its performance obligation. Revenues are shown net of costs of direct benefits to donors.

In-kind Contributions

Contributed, non-cash assets for the years ended December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Medical Supplies	\$ 203,337	\$ 136,359
Software	78,589	29,752
Dues and subscriptions	35,634	499
Furniture	<u>-</u>	<u>610</u>
	<u>\$ 317,560</u>	<u>\$ 167,220</u>

Contributions of medical supplies are used as part of BVMI's mission to providing free medical care. Contributed software are typically licenses to use office and medical software that assist with the daily operation of the facility. Contributed dues and subscriptions are used to cover various costs related to annual fees for software and memberships in affinity groups. Contributed furniture, such as bookcases, were used in the offices as additional storage.

Contributions of donated non-cash assets are recorded at their fair value in the period received, on the basis of the estimated of wholesale value that would be received for selling similar products in the United States.

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

In-kind Contributions (continued)

Contributed services for the years ended December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Medical services	\$ 250,503	\$ 334,800
Medical support	107,553	150,995
Data analytics	43,566	-
Event coordination	4,850	-
Legal services	-	13,153
Other supporting services	-	<u>37,178</u>
	<u>\$ 406,472</u>	<u>\$ 536,126</u>

Contributions of donated services are those that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These are recorded at their fair value in the period received, on the basis of the market hourly rate of compensation for an employee or contractor possessing similar skills.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

Functional Allocation of Expenses

The cost of providing the various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management determines the allocation of salaries and related expenses based on time and effort. Direct costs related to programs, which consist of expenses related to providing free medical care, are allocated directly to program expenses. Rent and depreciation and amortization expenses are allocated according to the division of office space to applicable activities.

Accounting for Uncertainty in Income Taxes

BVMI recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that BVMI had no uncertain tax positions that require financial statement recognition or disclosure. BVMI is no longer subject to examination by the applicable taxing jurisdictions for years prior to 2019.

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 3, 2023.

3. Liquidity and Availability of Financial Resources

BVMI monitors the availability of financial resources to meet its operating needs and contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, BVMI considers all expenditures related to its ongoing mission-related activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,588,971	\$ 1,313,400
Contributions receivable, net	592,423	764,550
Grants receivable	87,609	308,417
Employee Retention Tax Credit receivable	<u>676,418</u>	<u>-</u>
	2,945,421	2,386,367
Less: contributions receivable due in one year or more	(596,361)	(206,666)
Less: net assets with donor restrictions	<u>(888,614)</u>	<u>(1,136,031)</u>
	<u>\$ 1,460,446</u>	<u>\$ 1,043,670</u>

BVMI manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. As an additional part of its liquidity plan, BVMI has an available line of credit in the amount of \$50,000, of which the full amount remains available at December 31, 2022 and 2021 to meet cash flow needs.

4. Contributions Receivable

Contributions receivable at December 31 consisted of the following:

	<u>2022</u>	<u>2021</u>
Contributions	\$ 596,361	\$ 764,550
Less: present value discount	<u>(3,938)</u>	<u>-</u>
	<u>\$ 592,423</u>	<u>\$ 764,550</u>

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

4. Contributions Receivable *(continued)*

Contributions receivable are due as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 516,966	\$ 557,884
Due in one to five years	<u>79,395</u>	<u>206,666</u>
	<u>\$ 596,361</u>	<u>\$ 764,550</u>

There were no conditional promises to give at December 31, 2022 and 2021.

5. Fair Value Measurements

The measurement of fair value includes a contribution receivable that is valued on an annual basis due to the payment schedule as defined in the donor's agreement, part of which relates to the span of the donor's life. Fair value is determined using the expected contribution payment per year per the donor's agreement and actuarial life expectancy as published by the U.S. Social Security Administration. There was no calculation required at December 31, 2021. Revenue recognized for the year ended December 31, 2021, as a result of re-measurement was \$18,783.

BVMI recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. A transfer out of Level 3 is deemed to have taken place upon receipt of a contribution receivable payment. The table below presents information about fair value measurements that use significant unobservable inputs (Level 3):

Balance - December 31, 2020	\$ 258,000
Change in value of pledge receivable	18,783
Transfer out of Level 3	<u>(276,783)</u>
Balance - December 31, 2021	<u>\$ -</u>

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

6. Property and Equipment

At December 31, property and equipment consisted of:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 87,354	\$ 87,354
Leasehold improvements	342,474	342,474
Construction in progress	<u>34,177</u>	<u>-</u>
	464,005	429,828
Accumulated depreciation and amortization	<u>(218,231)</u>	<u>(186,574)</u>
	<u>\$ 245,774</u>	<u>\$ 243,254</u>

7. Paycheck Protection Program Loan Payable

In 2020, BVMI received loan proceeds in the amount of \$216,495 under the Paycheck Protection Program (the "PPP"). All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). On July 20, 2021, the Small Business Administration has reviewed and approved BVMI's PPP forgiveness application and no loan proceeds are to be returned.

8. Employee Retention Tax Credit

In 2022, BVMI qualified for the Employee Retention Tax Credit ("ERTC") which is a refundable payroll tax credit for employers who had operations fully or partially suspended due to orders from a governmental authority or whose revenues decreased by a specific threshold. When eligible, an entity can claim a refund in excess of the payroll taxes paid based upon the amount of qualified wages and health insurance paid. Because the amount of the credit is in excess of the payroll taxes paid, the ERTC is considered a conditional grant. BVMI has elected to follow the guidance in ASC 958-605 in which conditional governmental grants are recognized as income when conditions are substantially met. BVMI has recognized \$632,440 as a receivable for the ERTC, as well as \$43,978 in interest receivable from the Internal Revenue Service related to the claim, and \$63,244 payable for professional fees related to processing the claim. The net benefit to BVMI was \$613,174 for the year ended December 31, 2022. The ERTC refunds were received in January and February 2023.

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

9. Line of Credit

BVMI had a \$50,000 line of credit with TD Bank, N.A. which was unused at December 31, 2022 and 2021. The credit line will automatically renew on September 24, 2023 and is secured by all of BVMI's assets.

10. Leases

BVMI evaluated current contracts to determine which met the criteria of a lease. The right of use ("ROU") assets represent BVMI's right to use underlying assets for the lease term, and the lease liabilities represent BVMI's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. BVMI has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

BVMI's operating leases consist primarily of real estate leases for two floors of office space located in Hackensack, New Jersey. In 2016, BVMI signed a fifteen-year lease for office space with two five-year renewal options incorporated into the lease. On March 7, 2022, BVMI signed a lease amendment for additional space at the existing location. The term for the additional space expires on April 30, 2025, with the option to renew for one three-year term. Management expect to exercise all renewal options.

Rent expense for the years ended December 31, 2021 and 2020 was \$126,877 and \$91,927.

Future maturities of lease liabilities as follows at December 31, 2022 for the fiscal year ended December 31:

2023	\$ 108,532
2024	111,453
2025	114,452
2026	115,458
2027	116,283
Thereafter	<u>1,699,810</u>
	2,265,988
Less: Imputed Interest	<u>(386,413)</u>
	<u>\$ 1,879,575</u>

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

11. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31 include:

	<u>2022</u>	<u>2021</u>
With Donor Restrictions		
Purpose restrictions	\$ 691,947	\$ 743,531
Time restrictions	<u>196,667</u>	<u>392,500</u>
	<u>\$ 888,614</u>	<u>\$ 1,136,031</u>

Net assets were released from donor restrictions for the years ended December 31 as follows:

	<u>2022</u>	<u>2021</u>
Net assets released from restrictions		
Due to program expenses	\$ 833,222	\$ 378,136
Due to time restrictions	<u>299,333</u>	<u>3,744</u>
	<u>\$ 1,132,555</u>	<u>\$ 381,880</u>

12. Concentration of Credit Risks

Financial instruments that potentially subject BVMI to concentrations of credit and market risk consist principally of cash on deposit with financial institutions. Deposits held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, cash balances may exceed the FDIC limit. At December 31, 2022 and 2021, BVMI's uninsured cash balances on deposit totaled approximately \$77,000 and \$341,000.

Total contributions and private grants revenue received from one and two donors aggregated to 10% during 2022 and 21% during 2021. In addition, contributions and grants receivable from four and three donors aggregated to 80% of total contribution and grants receivable at December 31, 2022 and 82% at December 31, 2021.

13. Pension Plan

BVMI provides a 403(b) Thrift Plan to its employees. The plan provides the employees the opportunity to make salary reduction contributions (including Roth contributions) to the plan. The plan administrator shall determine the employees eligible to become participants. There were no employer contributions made to the plan for the years ended December 31, 2022 and 2021.

Bergen Volunteer Medical Initiative, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

14. Risks and Uncertainties

BVMI's operations have been affected by the recent and ongoing outbreak of the coronavirus disease 2019 ("COVID-19"), which was declared a pandemic by the World Health Organization in March 2020. Many countries around the world, including the United States, have significant governmental measures being implemented to control the spread of COVID-19, including temporary closures of businesses, severe restrictions on travel and the movement of people and other material limitations on the conduct of business. Given the uncertainty around the extent and timing of the potential future spread of mitigation of COVID-19 and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future changes in net assets, financial position and cash flows.

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Bergen Volunteer Medical Initiative, Inc.

Supplementary Information

December 31, 2022

Bergen Volunteer Medical Initiative, Inc.

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided To Subrecipients	Total Federal Expenditures
Other Federal Awards:				
Indirect Programs:				
U.S. Department of Health and Human Services Centers for Disease Control and Prevention Bergen County Division of Community Development Telehealth Program	14.218	CDBGCV-BVMI09-20	\$ -	\$ 105,011
The National Alliance for Hispanic Health Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	93.185	NH23IP922642	-	<u>19,055</u>
 Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 124,066</u>

Note - Not-for-profit organizations that expend \$750,000 or more of federal funds are required to have an audit performed in accordance with the Single Audit, Subpart F of the Uniform Guidance. The Organization did not meet that threshold, but had an audit performed in accordance with *Government Auditing Standards* and New Jersey OMB Circular Letter 15-08 for State Financial Assistance.

Bergen Volunteer Medical Initiative, Inc.

Schedule of Expenditures of State Financial Assistance
Year Ended December 31, 2022

New Jersey State Grantor Department/ Program Title/Name	State Grant Award Number	Grant Award Period	Fiscal Year Grant Expenditures	Total Grant Expenditures to Date
State of New Jersey, Department of Health				
Dedicated Grant-in-Aid 2022	MGMT22GIA006	July 1, 2021 - June 30, 2022	\$ 143,536	\$ 300,000
Dedicated Grant-in-Aid 2022	MGMT23GIA006	July 1, 2022 - June 30, 2023	<u>175,217</u>	<u>175,217</u>
Total Expenditures of State Awards			<u>\$ 318,753</u>	<u>\$ 475,217</u>

Note - Not-for-profit organizations that expend \$750,000 or more of federal funds are required to have an audit performed in accordance with the Single Audit, Subpart F of the Uniform Guidance. The Organization did not meet that threshold, but had an audit performed in accordance with *Government Auditing Standards* and New Jersey OMB Circular Letter 15-08 for State Financial Assistance.

Bergen Volunteer Medical Initiative, Inc.

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended December 31, 2022

1. Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the "Schedules") includes the federal and state award activity of Bergen Volunteer Medical Initiative, Inc. under programs of the federal and New Jersey state governments for the year ended December 31, 2022. The information in the Schedules are presented in accordance with the requirements of the Uniform Guidance and New Jersey Office of Management and Budget Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* ("New Jersey OMB Circular Letter 15-08"). Because the Schedules present only a selected portion of the operations of Bergen Volunteer Medical Initiative, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bergen Volunteer Medical Initiative, Inc.

2. Summary of Significant Accounting Policies

Expenditures are reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey OMB Circular Letter 15-08, wherein certain types of expenditures are not allowable or limited as to reimbursement.

3. Indirect Cost Rate

The Organization has elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government
Auditing Standards***

Independent Auditors' Report

Board of Trustees

Bergen Volunteer Medical Initiative, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bergen Volunteer Medical Initiative, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bergen Volunteer Medical Initiatives, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bergen Volunteer Medical Initiatives, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Bergen Volunteer Medical Initiatives, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bergen Volunteer Medical Initiatives, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
May 3, 2023

Bergen Volunteer Medical Initiative, Inc.

Schedule of Findings and Responses
Year Ended December 31, 2022

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified?

___ yes X no

Noncompliance material to financial statements noted?

___ yes X no

Section II – Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Audit Standards*.

Section III – Status of Prior Year’s Findings

There were no prior year findings.