



Financial Statements
December 31, 2018 and 2017
Maliheh Free Clinic

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



Independent Auditor's Report

To the Board of Directors of
Maliheh Free Clinic
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Maliheh Free Clinic (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maliheh Free Clinic as of December 31, 2018 and 2017, 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.

Change in Accounting Policy

As discussed in Note 12 to the financial statements, Maliheh Free Clinic has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the December 31, 2017 financial statements have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

Handwritten signature in cursive script that reads "Erik Sully LLP".

Salt Lake City, Utah
August 28, 2019

Maliheh Free Clinic
Statements of Financial Position
December 31, 2018 and 2017

	2018	2017 (Restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 114,418	\$ -
Contributions receivable	69,852	51,101
Other receivables	7,398	-
Investments	1,014	-
Total current assets	192,682	51,101
Cash - Restricted to Building Project & Dental Equipment	65,315	468,186
Contributions Receivable - Restricted to Building Project	130,000	254,855
Property and Equipment	1,061,813	728,529
Property and Equipment to be Transferred	616,728	-
Endowment	4,229,890	4,543,344
	\$ 6,296,428	\$ 6,046,015
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 43,733	\$ 10,760
Accrued payroll and related liabilities	52,545	51,252
Other current liability	616,728	-
Total current liabilities	713,006	62,012
Net Assets (Deficit)		
Net assets without donor restrictions		
Undesignated	643,280	(99,564)
Property and equipment	445,085	728,529
Total net assets without donor restrictions	1,088,365	628,965
Net assets with donor restrictions	4,495,057	5,355,038
Total net assets	5,583,422	5,984,003
	\$ 6,296,428	\$ 6,046,015

Maliheh Free Clinic
Statements of Activities
Years Ended December 31, 2018 and 2017

	2018	2017 (Restated)
Net Assets without Donor Restrictions		
Revenue, Support, and Gains		
Private donors	\$ 779,895	\$ 487,146
Private donors - in-kind	2,516,513	2,408,496
Other	14	-
Gross special events revenue	240,144	213,726
Less cost of direct benefits to donors	(20,771)	(18,785)
Net special events revenue	219,373	194,941
Net assets released from donor restrictions	1,157,535	134,584
Total revenue, support and gains without donor restrictions	4,673,330	3,225,167
Expenses and Losses		
Program services	3,452,668	3,203,856
Supporting services		
Management and general	77,832	69,767
Fundraising	66,702	120,409
Total expenses	3,597,202	3,394,032
Loss on reversion of building to donor	616,728	-
Total expenses and losses	4,213,930	3,394,032
Change in net assets without donor restrictions	459,400	(168,865)
Net Assets with Donor Restrictions		
Revenue, Support, and Gains		
Private donors	611,008	774,827
Net investment return (loss)	(313,454)	732,214
Net assets released from donor restrictions	(1,157,535)	(134,584)
Change in net assets with donor restrictions	(859,981)	1,372,457
Change in Net Assets	(400,581)	1,203,592
Net Assets, Beginning of Year	5,984,003	4,780,411
Net Assets, End of Year	\$ 5,583,422	\$ 5,984,003

Maliheh Free Clinic
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Payroll and related costs	\$ 679,621	\$ 50,002	\$ 40,861	\$ 770,484
Professional services	2,516,513	9,976	25,277	2,551,766
Gala expenses	-	-	20,771	20,771
Medical supplies	38,339	-	-	38,339
Medicines	2,103	-	-	2,103
Cataract surgeries	1,800	-	-	1,800
Cancer screening	2,520	-	-	2,520
Office	25,530	2,116	564	28,210
Maintenance	28,877	2,341	-	31,218
Utilities	17,387	1,410	-	18,797
Insurance	5,835	1,111	-	6,946
Depreciation	134,143	10,876	-	145,019
	<u>3,452,668</u>	<u>77,832</u>	<u>87,473</u>	<u>3,617,973</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(20,771)</u>	<u>(20,771)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 3,452,668</u>	<u>\$ 77,832</u>	<u>\$ 66,702</u>	<u>\$ 3,597,202</u>

Maliheh Free Clinic
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Total
Payroll and related costs	\$ 607,174	\$ 49,520	\$ 41,149	\$ 697,843
Professional services	2,408,496	10,129	78,809	2,497,434
Gala expenses	-	-	18,785	18,785
Medical supplies	44,851	-	-	44,851
Medicines	2,205	-	-	2,205
Cataract surgeries	1,500	-	-	1,500
Cancer screening	31,665	-	-	31,665
Office	20,404	1,691	451	22,546
Maintenance	15,021	1,218	-	16,239
Utilities	16,811	1,363	-	18,174
Insurance	4,194	1,667	-	5,861
Depreciation	51,535	4,179	-	55,714
	<u>3,203,856</u>	<u>69,767</u>	<u>139,194</u>	<u>3,412,817</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(18,785)</u>	<u>(18,785)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 3,203,856</u>	<u>\$ 69,767</u>	<u>\$ 120,409</u>	<u>\$ 3,394,032</u>

Maliheh Free Clinic
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	\$ (400,581)	\$ 1,203,592
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	145,019	55,714
Net investment loss (return)	313,454	(732,214)
Loss on reversion of building to donor	616,728	-
Contributions restricted to building project	(491,157)	(676,379)
Contributions restricted to dental equipment	(50,000)	-
Changes in operating assets and liabilities		
Contributions receivable	(18,751)	(25,751)
Other receivables	(7,398)	-
Accounts payable	32,973	2,891
Accrued payroll and related liabilities	1,293	(74)
Net Cash from (used for) Operating Activities	141,580	(172,221)
Investing Activities		
Purchases of property and equipment	(1,095,031)	(47,862)
Increase in investments	(1,014)	-
Use of (addition to) cash restricted for building project and dental equipment	402,871	(348,186)
Net Cash used for Investing Activities	(693,174)	(396,048)
Financing Activities		
Collection of contributions restricted to building project	616,012	421,524
Collection of contribution restricted to dental equipment	50,000	-
Net Cash from Financing Activities	666,012	421,524
Net Change in Cash and Cash Equivalents	114,418	(146,745)
Cash and Cash Equivalents, Beginning of Year	-	146,745
Cash and Cash Equivalents, End of Year	\$ 114,418	\$ -

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Maliheh Free Clinic (the Clinic) is a nonprofit corporation organized in the State of Utah in 2005. The Clinic provides free-of-charge medical, health and pharmaceutical services for uninsured individuals.

Cash and Cash Equivalents

The Clinic considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Clinic are excluded from this definition.

Contributions Receivable

Contributions receivable are expected to be collected within one year and are recorded at net realizable value. Management determines the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. No allowance for uncollectable contributions was recorded at December 31, 2018 and 2017.

Property and Equipment

Property and equipment additions are recorded at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Clinic reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of impairment during the years ended December 31, 2018 and 2017.

Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Clinic's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Clinic records donated professional services at the respective fair values of the services received (Note 9).

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include payroll and related costs, office, maintenance, utilities, insurance and depreciation, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Clinic is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Clinic is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Clinic is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Clinic has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Clinic believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Clinic would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Concentrations of Credit Risk

The Clinic manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Clinic has not experienced losses in any of these accounts. Investment decisions are made by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Clinic.

Adoption of FASB Accounting Standards Update 2016-14

As of January 1, 2018, the Clinic adopted the provisions of FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, because the Clinic believes the standard improves the usefulness and understandability of the Clinic’s financial statement reporting. Accordingly, the accompanying financial statements and related notes follow the net asset classifications, presentation and disclosure requirements prescribed by the ASU.

Subsequent Events

The Clinic has evaluated subsequent events through August 28, 2019, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$	114,418
Contributions receivable		69,852
Other receivables		7,398
Investments		1,014
		192,682
	\$	192,682

Endowment funds (Note 7) consist of a donor-restricted endowment and are not considered liquid because they are subject to the Clinic’s endowment spending policies and appropriation. However, income from the donor-restricted endowment is available for general operational purposes subject to appropriation by the Board of Directors and could be drawn upon if necessary as approved by the Board of Directors.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Clinic can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Clinic develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Clinic’s assessment of the quality, risk or liquidity profile of the asset or liability.

All of the Clinic’s investment assets are classified within Level 1 because they are comprised of open-end mutual funds and money market funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis at December 31, 2018:

Description	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 4,229,890	\$ -	\$ -	\$ 4,229,890
Money market funds	1,014	-	-	1,014
	<u>\$ 4,230,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,230,904</u>

The following table presents assets measured at fair value on a recurring basis at December 31, 2017:

Description	Level 1	Level 2	Level 3	Total
Mutual funds	<u>\$ 4,543,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,543,344</u>

Note 4 - Property and Equipment

Property and equipment consists of the following:

	2018	2017
Land	\$ -	\$ 90,000
Building	-	695,000
Building improvements	-	85,707
Leasehold improvements	961,792	-
Medical equipment	233,277	221,752
Computer equipment and furnishings	98,342	28,818
Construction in progress	-	37,216
	1,293,411	1,158,493
Less accumulated depreciation	(231,598)	(429,964)
	\$ 1,061,813	\$ 728,529

At December 31, 2018, the Clinic also held title to land and a building with a net book value of \$616,728 which is required to be transferred to its original donor and accordingly is not included with property and equipment (Note 5).

Note 5 - Reversion of Donated Property

During the year ended December 31, 2010, the Clinic was deeded the building it occupied until September 2018. The land and building were contributed by an entity controlled by a member of the Board of Directors. The land and building were contributed to the Clinic through a special warranty deed with certain reversionary rights and rights of conveyance. If the Clinic ceases to use the property to provide healthcare services to the public without charge or ceases to be a qualified charity pursuant to provisions of Section 501(c)(3) of the Internal Revenue Code, all fee title to the property shall automatically revert and be conveyed to a separate entity controlled by the same board member (the Related Party).

Effective September 2018, the Clinic transferred to a larger facility (Note 6), thereby ceasing to use the donated property to provide healthcare services to the public without charge. As a result, the Clinic has recorded a reversion of the contribution to the Related Party with a corresponding liability totaling \$616,728. This liability represents the Clinic's legal obligation to transfer title to the building, including the associated land and improvements, to the Related Party subsequent to December 31, 2018.

Note 6 - Discounted Leased Property

During the year ended December 31, 2018, the Clinic entered into a five-year lease for a new medical facility to house the Clinic's operations. The facility is owned by an entity controlled by a member of the Board of Directors. The lease commenced on July 1, 2018 with a monthly rent of \$1. The Clinic incurred leasehold improvements costs relative to the buildout of the leased space. These costs are being depreciated over the five-year term of the lease effective July 1, 2018. At December 31, 2018 and 2017, the cumulative cost of the leasehold improvements or construction in progress is \$961,792 and \$37,216, respectively (Note 4).

Note 7 - Endowment

The Clinic's endowment (the Endowment) consists of one individual fund established by donors to provide funding for general operations.

The Board of Directors has interpreted the Utah Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2018 and 2017, there were no such donor stipulations. As a result of this interpretation, the Clinic retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Clinic has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. The Clinic's policy is to invest its endowment funds in diverse, conservative investments. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Clinic has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

As of December 31, 2018, endowment net asset composition by type of fund is as follows:

Donor-restricted endowment funds	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 3,050,000
Accumulated investment gains	<u>1,179,890</u>
	<u><u>\$ 4,229,890</u></u>

As of December 31, 2017, endowment net asset composition by type of fund is as follows:

Donor-restricted endowment funds	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 3,050,000
Accumulated investment gains	<u>1,493,344</u>
	<u><u>\$ 4,543,344</u></u>

Changes in Endowment net assets for the years ending December 31, 2018 and 2017, are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment at December 31, 2016	\$ -	\$ 3,811,130	\$ 3,811,130
Investment returns and dividends and interest	-	732,214	732,214
Endowment at December 31, 2017	-	4,543,344	4,543,344
Investment returns and dividends and interest		(313,454)	(313,454)
Endowment at December 31, 2018	\$ -	\$ 4,229,890	\$ 4,229,890

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

	2018	2017
Mammography	\$ -	\$ 1,430
Dental equipment	50,000	-
Building project	145,315	759,163
Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until due	69,852	51,101
Endowment fund earnings subject to spending policy or appropriation	1,179,890	1,493,344
Endowment fund to be held in perpetuity	3,050,000	3,050,000
	\$ 4,495,057	\$ 5,355,038

Note 9 - Donated Professional Services and Materials

The Clinic received donated professional services and materials as follows:

	2018	2017
Medical and dental professionals	\$ 924,696	\$ 879,643
Diagnostic services	1,177,497	1,192,260
Lab services	389,540	336,593
Mammogram tests	24,780	-
	\$ 2,516,513	\$ 2,408,496

Note 10 - Related Party Transactions and Concentration

The Clinic receives significant contributions from entities controlled by a member of the Board of Directors. These entities made total unrestricted contributions of \$207,500 and \$102,915 during the years ended December 31, 2018 and 2017, respectively.

Note 11 - Contingencies

The Clinic is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Clinic.

Note 12 - Restatement Resulting from Change in Accounting Policy

As disclosed in Note 1, the Clinic adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities* as of December 31, 2018. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in the Clinic's December 31, 2017 financial statements.

The effect on the Clinic's statement of financial position as of December 31, 2017, is as follows:

	<u>As Previously Reported</u>	<u>Adoption of ASU 2016-14</u>	<u>As Restated</u>
Unrestricted net assets	\$ 197,796	\$ (197,796)	\$ -
Temporarily restricted net assets	2,736,207	(2,736,207)	-
Permanently restricted net assets	3,050,000	(3,050,000)	-
Net assets without donor restrictions	-	628,965	628,965
Net assets with donor restrictions	-	5,355,038	5,355,038

The effect on the Clinic's statement of activities for the year ended December 31, 2017, is as follows:

	<u>As Previously Reported</u>	<u>Adoption of ASU 2016-14</u>	<u>As Restated</u>
Unrestricted Net Assets			
Net assets released from restrictions	\$ 149,417	\$ (149,417)	\$ -
Total unrestricted revenue, support and gains	3,240,000	(3,240,000)	-
Change in unrestricted net assets	(154,032)	154,032	-
Net Assets Without Donor Restrictions			
Net assets released from restrictions	-	134,584	134,584
Total revenue, support and gains without donor restrictions	-	3,225,167	3,225,167
Change in net assets without donor restrictions	-	(168,865)	(168,865)
Temporarily Restricted Net Assets			
Net assets released from restrictions	\$ (149,417)	\$ 149,417	\$ -
Change in temporarily restricted net assets	1,357,624	(1,357,624)	-
Net Assets Without Restrictions			
Net assets released from restrictions	-	(134,584)	(134,584)
Change in net assets with donor restrictions	-	1,372,457	1,372,457