

Smith Medical Clinic, Inc.
Financial Statements
Year Ended December 31, 2024
and
Independent Auditors' Report

Smith Medical Clinic, Inc.
Table of Contents
December 31, 2024

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



Independent Auditors' Report

To the Board of Directors
Smith Medical Clinic, Inc.
Pawleys Island, South Carolina

Opinion

We have audited the accompanying financial statements of Smith Medical Clinic, Inc. (a nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2024, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively, the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Organization'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 generally accepted 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 generally accepted 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 the Organization'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 the Organization'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 Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith Sapp Professional Association
Certified Public Accountants

Myrtle Beach, South Carolina
July 29, 2025



Smith Medical Clinic, Inc.
Statement of Financial Position
Year Ended December 31, 2024
With Comparative Amounts for December 31, 2023

	2024	2023
Assets		
Cash and Cash Equivalents	\$ 1,122,981	\$ 780,559
Certificates of Deposit	790,405	763,433
Contributions Receivable	120,400	2,000
Prepaid Expenses	24,598	8,443
Right of Use Assets	24,237	31,672
Property and Equipment, Net	513,890	530,455
Total Assets	2,596,511	2,116,562
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	46,300	30,033
Right of Use Liabilities	25,176	31,672
Total Liabilities	71,476	61,705
Net Assets		
Without Donor Restrictions	2,175,035	1,768,215
With Donor Restrictions	350,000	286,642
Total Net Assets	2,525,035	2,054,857
Total Liabilities and Net Assets	\$ 2,596,511	\$ 2,116,562

The accompanying notes are an integral part of the financial statements.

Smith Medical Clinic, Inc.
Statement of Activities
Year Ended December 31, 2024
With Comparative Amounts for December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
Support and Revenues				
Contributions	\$ 230,462	\$	\$ 230,462	\$ 312,764
Fundraising	423,813		423,813	389,025
Less: Direct Cost of Special Events	<u>(25,673)</u>		<u>(25,673)</u>	<u>(29,088)</u>
	628,602		628,602	672,701
Grants	337,599	319,580	657,179	632,595
In Kind Contributed Services	559,776		559,776	720,507
In Kind Contributed Facilities	67,566		67,566	67,566
Other	<u>54,570</u>		<u>54,570</u>	<u>16,785</u>
Total Support and Revenues	<u>1,648,113</u>	<u>319,580</u>	<u>1,967,693</u>	<u>2,110,154</u>
Net Assets Released From Restrictions	<u>256,222</u>	<u>(256,222)</u>		
Expenses				
Program Services				
Medical Clinic	1,203,872		1,203,872	1,361,032
Supporting Activities				
Management and General	261,775		261,775	223,422
Fundraising	<u>31,868</u>		<u>31,868</u>	<u>33,772</u>
Total Expenses	<u>1,497,515</u>		<u>1,497,515</u>	<u>1,618,226</u>
Increase in Net Assets	406,820	63,358	470,178	491,928
Net Assets - Beginning	<u>1,768,215</u>	<u>286,642</u>	<u>2,054,857</u>	<u>1,562,929</u>
Net Assets - Ending	<u>\$ 2,175,035</u>	<u>\$ 350,000</u>	<u>\$ 2,525,035</u>	<u>\$ 2,054,857</u>

The accompanying notes are an integral part of the financial statements.

Smith Medical Clinic, Inc.
Statement of Functional Expenses
Year Ended December 31, 2024
With Comparative Amounts for December 31, 2023

	Medical Clinic	Management and General	Fundraising	Totals	
				2024	2023
Personnel:					
Salaries	\$ 338,962	\$ 169,892	\$ 23,705	\$ 532,559	\$ 488,909
Payroll Taxes	25,785	12,924	1,803	40,512	36,867
Contributed Services	559,776			559,776	720,507
Total Personnel	<u>924,523</u>	<u>182,816</u>	<u>25,508</u>	<u>1,132,847</u>	<u>1,246,283</u>
Programs and Medical Supplies	145,804			145,804	151,889
Contributed Facilities	60,809	4,730	2,027	67,566	67,566
Depreciation	23,328	1,228		24,556	27,600
Professional Services	14,081	11,265	2,816	28,162	40,546
Office Expenses	22,899	44,005	1,261	68,165	49,303
Other Operating Expenses	12,428	17,731	256	30,415	35,039
Total Operating Expenses	<u>1,203,872</u>	<u>261,775</u>	<u>31,868</u>	<u>1,497,515</u>	<u>1,618,226</u>
Direct Cost of Special Events			25,673	25,673	29,088
	<u>\$ 1,203,872</u>	<u>\$ 261,775</u>	<u>\$ 57,541</u>	<u>\$ 1,523,188</u>	<u>\$ 1,647,314</u>

The accompanying notes are an integral part of the financial statements.

Smith Medical Clinic, Inc.
Statement of Cash Flow
Year Ended December 31, 2024
With Comparative Amounts for December 31, 2023

	2024	2023
Cash Flows From Operating Activities		
Increase in Net Assets	\$ 470,178	\$ 491,928
Adjustments to Reconcile Increase in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities		
Depreciation	24,556	27,600
Noncash Lease Expense	8,727	
Changes in Assets and Liabilities:		
Increase in Contributions Receivable	(118,400)	
Increase in Prepaid Expenses	(16,155)	(2,560)
Increase in Accounts Payable and Accrued Expenses	16,267	16,765
Net Cash and Cash Equivalents From Operating Activities	385,173	533,733
Cash Flows From Investing Activities		
Purchases of Certificates of Deposit	(790,405)	(763,433)
Maturities of Certificates of Deposit	763,433	400,951
Purchase of Property and Equipment	(7,991)	(3,050)
Repayment of Finance Leases	(7,788)	
Net Cash and Cash Equivalents From Investing Activities	(42,751)	(365,532)
Net Increase in Cash and Cash Equivalents	342,422	168,201
Cash and Cash Equivalents - Beginning	780,559	612,358
Cash and Cash Equivalents - Ending	\$ 1,122,981	\$ 780,559

The accompanying notes are an integral part of the financial statements.

Smith Medical Clinic, Inc.
Notes to Financial Statements
December 31, 2024

Note 1 – Organization & Summary of Significant Accounting Policies

Nature of Activities

Smith Medical Clinic, Inc. (the “Organization”) is a not-for-profit corporation, which was incorporated in the state of South Carolina in 1984, whose purpose is to provide free healthcare services to low-income, uninsured adults in Georgetown County, South Carolina. The Organization’s primary location is in Pawleys Island, South Carolina, but the Organization also operates a small office clinic in Georgetown, South Carolina, both of which are supported primarily through contributions and grants.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). Such statements of financial position are presented in order of liquidity.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to the determination of the useful lives of Property and Equipment.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with Accounting Standards Update 2016-14, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are no known perpetually restricted net assets as of December 31, 2024.

Contributions and Grants

Contributions and grants are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of donor restrictions. Contributions and grants may also be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Contributions and grants from conditional non-exchange transactions are recognized when the barrier is satisfied, which is generally as costs are incurred. In addition, the Organization has elected the simultaneous release option for conditional contributions that are subject to purpose restrictions. Under this option, net assets without donor restrictions include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized. Contributions and grants that are considered unconditional generally are recognized as revenues with donor restrictions when the grant funds are awarded and are released into net assets without donor restrictions when the purpose has been met.

The Organization records contributions receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. The Organization discounts multi-year pledges that are expected to be collected after one year using a risk adjusted discount rate. Multi-year pledges are recorded at fair value at the date of the pledge.

Smith Medical Clinic, Inc.
Notes to Financial Statements
December 31, 2024

All other contributions are recorded in contributions receivable. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible contributions receivable are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

Contributed Services

When the Organization receives discounts related to, or full contributions of, professional services in helping the Organization further its objectives, and those services meet the definitional qualifications provided by US GAAP, they are required to be recognized in the financial statements. Contributions of such services often include the performance of services, which require specialized skills, in creating or enhancing non-financial assets. When qualifying services are contributed, they are recorded at the fair value of the services received as increases in the appropriate support and expense line items of the financial statements.

Contributed Facilities

In December 2015, the Organization entered into a lease agreement with Holy Cross Faith Memorial Episcopal Church for a parcel of land on which the new medical facility and administrative office building resides. Under the agreement, the Organization will lease the land, without charge, for twenty (20) years and thereafter renewable for a further period of twenty (20) years. The estimated annual fair market value of the leased land is \$22,566 and also is shown as contributed facilities support with a corresponding contributed expense on the Organization's Statement of Activities and Statement of Functional Expenses.

Further, the Organization also utilizes, without charge, clinic office space in Georgetown, South Carolina in a building owned by an unrelated entity. The estimated annual fair market rental value, totaling \$45,000, is shown as contributed facilities support with corresponding contributed occupancy expenses on the Organization's Statement of Activities and Statement of Functional Expenses.

Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited on a reasonable basis that is consistently applied. The expenses that are allocated include the following:

	<u>Method of Allocation</u>
Salaries	Time and Effort
Payroll Taxes	Time and Effort
Contributed Services	Time and Effort
Programs and Medical Supplies	Usage Studies
Contributed Facilities	Usage Studies
Fundraising Costs	Time and Effort
Depreciation	Usage Studies
Professional Services	Time and Effort
Office Expense	Usage Studies
Other Operating Expense	Usage Studies

Cash and Cash Equivalents

The Organization considers all demand deposits, money market accounts and other highly liquid investments with original maturities of three months or less to be cash equivalents.

The Organization maintains bank accounts at multiple financial institutions. The Organization's cash and cash equivalents and certificate of deposit balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management believes the credit risk related to these amounts is minimal.

Smith Medical Clinic, Inc.
Notes to Financial Statements
December 31, 2024

Certificates of Deposit

The Organization records all certificates of deposit with original maturities in excess of 90 days at cost, which approximates market value.

Prepaid Expenses

Prepaid expenses are recognized when payments have been made for products or services that will not be used in operations until the following year.

Leases

The Organization determines if an agreement is a lease upon inception. An agreement is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an asset includes the right to obtain substantially all of the economic benefits of the underlying asset and the right to direct how and for what purpose the asset is used.

The Organization has finance leases for office equipment. Certain leases contain options to extend, purchase or terminate the lease. Determining the lease term and amount of lease payments to include in the calculation of right-of-use (“ROU”) assets and lease liabilities for leases containing options requires the use of judgement to determine whether the exercise of an option is reasonably certain, and if the option period and payments should be included in the calculation of the associated ROU assets and liabilities. In making this determination, the Organization considers all relevant economic factors that would compel the Organization to exercise or not exercise the option.

Lease ROU assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. The Organization’s leases generally do not provide a readily determinable implicit borrowing rate. As such, the discount used to calculate present value is the Organization’s collateralized incremental borrowing rate. The Organization determines the incremental borrowing rate for each lease based primarily on its lease term. Lease expense is recognized on a straight-line basis over the lease term.

Property and Equipment

All acquisitions of equipment and leasehold improvements in excess of \$2,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Equipment and leasehold improvements are stated at cost or, if donated, at the approximate fair value on the date of donation. Depreciation is calculated utilizing the straight-line method. The estimated useful lives of the assets for purposes of computing depreciation are as follows:

Buildings and Improvements	10-39 years
Furniture and Equipment	5-7 years

Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the United States Internal Revenue Code and is exempt from federal and state income taxes.

Accounting standards prescribe when to recognize and how to measure the effects of tax positions taken or expected to be taken. In order to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. To the extent that all or a portion of a tax position is not recognized, a liability would be recognized for the unrecognized benefits. As of December 31, 2024, management has determined that the Organization does not have any material unrecognized tax benefits.

Smith Medical Clinic, Inc.
Notes to Financial Statements
December 31, 2024

Prior-Year Information

The financial statements include limited prior-year comparative information but not all of the information required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the comparative information was derived.

Note 2 – Liquidity and Availability of Financial Assets

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and liabilities come due. In addition, excess cash is invested in certificates of deposit. Financial assets available for general expenditures within one year are as follows as of December 31, 2024:

Total Assets at Year End	\$	2,596,511
Less:		
Net Assets Restricted for Other Purposes		(350,000)
Right of Use Assets		(24,237)
Prepaid Expenses		(24,598)
Property and Equipment		<u>(513,890)</u>
	\$	<u>1,683,786</u>

Note 3 – Certificates of Deposit

The Organization maintains a portion of its operating funds in federally insured fixed income certificates of deposit. As of December 31, 2024, the Organization held certificates of deposit of \$790,405. As of December 31, 2024, the certificates of deposit bear interest ranging from 0.25% to 4.87% and mature during the year(s) ending December 31, 2024 and 2025.

Note 4 – Contributions Receivable

At December 31, 2024, contributions receivable was comprised of \$120,400 of unconditional promises to give, which the Organization expects to receive \$70,400 during the year ended December 31, 2024.

Note 5 – Property and Equipment

Property and equipment consisted of the following at December 31, 2024:

Building and Improvements	\$	615,288
Equipment		86,271
Furniture		<u>26,998</u>
		728,557
Accumulated Depreciation		<u>(214,667)</u>
	\$	<u>513,890</u>

During the year ended December 31, 2024, depreciation expense amounted to \$24,556.

Note 6 – Leases

Quantitative disclosures about the Organization's leases as of December 31, 2024, are as follows:

Finance Lease Costs:		
Amortization of Right of Use Assets	\$	6,925
Interest on Lease Liabilities		<u>1,292</u>
Total Finance Lease Costs	\$	<u>8,217</u>

Smith Medical Clinic, Inc.
Notes to Financial Statements
December 31, 2024

Cash Paid for Amounts included in Measurement of Lease Liabilities

Operating Cash Flows from Finance Leases	\$ 8,727
Finance Cash Flows from Finance Leases	\$ 7,788

The weighted average for each of the following:

Remaining Lease Term	3.5 years
Discount Rate – Finance Leases	4.5%

The approximate future lease payments under finance leases at December 31, 2024, are as follows:

2025	\$ 7,788
2026	7,788
2027	7,788
2028	<u>3,894</u>
Total Lease Payments (Undiscounted)	27,258
Less: Net Present Value Adjustment	<u>(2,082)</u>
Total Lease Liabilities	<u>\$ 25,176</u>

Note 7 – Net Assets with Donor Restrictions

The detail of the Organization’s net asset categories at December 31, 2024 is as follows:

Without Donor Restrictions:	
Undesignated	\$ <u>2,175,035</u>
With Donor Restrictions:	
SheWell	100,000
Women’s Health	<u>250,000</u>
Total With Donor Restrictions	<u>350,000</u>
 Total Net Assets	 <u>\$ 2,525,035</u>

Note 8 – Commitments and Contingencies

From time to time, the Organization is involved in various litigations arising in the ordinary course of business. In the opinion of management, the disposition of all such matters should not have a material adverse effect on the Organization financial position or changes in its net assets.

Note 9 – Subsequent Events

The Organization has evaluated subsequent events through July 29, 2025, the date which the financial statements were available to be issued.