

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**  
Asheville, North Carolina

Audited Financial Statements

For the Years Ended  
December 31, 2022 and 2021

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**  
Asheville, North Carolina

**CONTENTS**

	<u><b>Page(s)</b></u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-14

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
ABCCM Doctors' Medical Clinic, Inc.

### **Opinion**

We have audited the accompanying financial statements of the ABCCM Doctors' Medical Clinic, 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 the ABCCM Doctors' Medical Clinic, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the ABCCM Doctors' Medical Clinic, 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.

### **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 ABCCM Doctors' Medical Clinic, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's 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 auditor's 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 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 ABCCM Doctors' Medical Clinic, 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 the ABCCM Doctors' Medical Clinic, 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.

*Goldsmith Molis & Gray, PLLC*

Goldsmith Molis & Gray, PLLC  
Asheville, North Carolina  
May 9, 2023

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**

## Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>		
Current assets:		
Cash	\$ 447,945	\$ 429,856
Investments	66,820	66,623
Inventory	1,655,805	2,495,621
Grant receivable	12,046	8,237
Other receivables	1,616	1,167
Prepaid expenses	16,436	16,588
Total current assets	<u>2,200,668</u>	<u>3,018,092</u>
Other assets:		
Operating lease right-of-use asset	<u>39,393</u>	<u>-</u>
Total assets	<u><u>\$ 2,240,061</u></u>	<u><u>\$ 3,018,092</u></u>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 77,641	\$ 67,245
Current portion operating lease liability	<u>7,353</u>	<u>-</u>
Total current liabilities	<u>84,994</u>	<u>67,245</u>
Long-term liabilities:		
Operating lease liability, net of current portion	<u>32,040</u>	<u>-</u>
Total liabilities	<u>117,034</u>	<u>67,245</u>
Net assets:		
Without donor restrictions	2,123,027	2,870,847
With donor restrictions	<u>-</u>	<u>80,000</u>
Total net assets	<u>2,123,027</u>	<u>2,950,847</u>
Total liabilities and net assets	<u><u>\$ 2,240,061</u></u>	<u><u>\$ 3,018,092</u></u>

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

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**  
Statements of Activities  
For the Years Ended December 31, 2022 and 2021

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Revenues, gains and other support:				
In-kind contributions	\$ 4,567,378	\$ -	\$ 4,997,841	\$ -
Member contributions	767,500	-	740,000	-
Non-member contributions	5,000	-	-	-
Grant income	335,000	129,570	380,000	265,476
Interest income	197	-	302	-
Other income	1,940	-	2,190	-
Total revenues, gains and other support	<u>5,677,015</u>	<u>129,570</u>	<u>6,120,333</u>	<u>265,476</u>
Net assets released from restrictions	209,570	(209,570)	258,576	(258,576)
Total revenues, gains and other support	<u>5,886,585</u>	<u>(80,000)</u>	<u>6,378,909</u>	<u>6,385,809</u>
Expenses:				
Program services	6,388,840	-	5,488,375	-
Management and general	245,565	-	228,574	-
Total expenses	<u>6,634,405</u>	<u>-</u>	<u>5,716,949</u>	<u>-</u>
Change in net assets	(747,820)	(80,000)	661,960	6,900
Net assets, beginning of year	<u>2,870,847</u>	<u>80,000</u>	<u>2,208,887</u>	<u>73,100</u>
Net assets, end of year	<u>\$ 2,123,027</u>	<u>\$ -</u>	<u>\$ 2,870,847</u>	<u>\$ 80,000</u>
		<u>\$ 2,123,027</u>		<u>\$ 2,950,847</u>

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

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**  
Statements of Functional Expenses  
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Administrative fee	\$ -	\$ 37,500	\$ 37,500	\$ -	\$ 37,500	\$ 37,500
Contract labor	832,806	199,710	1,032,516	768,544	181,104	949,648
Total personnel and related expenses	832,806	237,210	1,070,016	768,544	218,604	987,148
Pharmacy expense	4,655,840	-	4,655,840	3,926,752	-	3,926,752
Contributed services-volunteers	628,062	-	628,062	530,170	-	530,170
Donated facility usage	150,000	-	150,000	150,000	-	150,000
Medical expense	16,283	-	16,283	16,391	-	16,391
Office supplies and computer expense	56,392	-	56,392	48,493	-	48,493
Insurance	12,518	650	13,168	14,140	789	14,929
Utilities	10,289	-	10,289	9,368	-	9,368
Dental expense	-	-	-	173	-	173
Professional fees	-	6,700	6,700	-	8,400	8,400
Telephone	11,387	-	11,387	11,260	-	11,260
Repairs and maintenance	6,911	-	6,911	4,524	-	4,524
Housekeeping	1,681	-	1,681	1,398	-	1,398
Dues and licenses	5,944	-	5,944	6,561	-	6,561
Postage and mailing	667	-	667	505	-	505
Conferences and seminars	-	110	110	-	-	-
Volunteer recognition	-	324	324	-	249	249
Finance charges	-	537	537	-	532	532
Meals	-	34	34	-	-	-
Miscellaneous	60	-	60	96	-	96
Total expenses	\$ 6,388,840	\$ 245,565	\$ 6,634,405	\$ 5,488,375	\$ 228,574	\$ 5,716,949

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

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**

## Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (827,820)	\$ 668,860
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Inventory	839,816	(480,945)
Grant receivable	(3,809)	838
Other receivables	(449)	340
Prepaid expenses	152	(8,884)
Operating lease right-of-use asset	(39,393)	-
Accounts payable and accrued expenses	10,396	4,295
Operating lease liability	39,393	-
Net cash provided by operating activities	<u>18,286</u>	<u>184,504</u>
Cash flows from investing activities:		
Proceeds from sale of investments	55,522	55,279
Purchase of investments	<u>(55,719)</u>	<u>(55,575)</u>
Net cash used in investing activities	<u>(197)</u>	<u>(296)</u>
Change in cash	18,089	184,208
Cash, beginning of year	<u>429,856</u>	<u>245,648</u>
Cash, end of year	<u>\$ 447,945</u>	<u>\$ 429,856</u>
Non-cash investing and financing activities:		
Lease liabilities arising from obtaining right-of-use assets	<u>\$ 41,161</u>	<u>\$ -</u>

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



## **ABCCM DOCTORS' MEDICAL CLINIC, INC.**

Notes to the Financial Statements  
For the Years Ended December 31, 2022 and 2021

### **Note 1 – Summary of Significant Accounting Policies**

ABCCM Doctors' Medical Clinic, Inc. (the "Clinic") is a nonprofit entity whose sole member is Asheville-Buncombe Community Christian Ministry, Inc. The Clinic (a) increases the access to basic health care services for the uninsured/indigent populations in the City of Asheville and throughout Buncombe County, North Carolina; (b) provides health coverage, focusing on serving acute/urgent care needs and assisting when reasonably possible those who require care management in accessing the appropriate private or institution-based service; and (c) augments the safety net by filling gaps with existing primary care and specialty care providers to promote the well-being of uninsured/indigent patients.

The Clinic is funded primarily through member support, donor contributions and grants.

#### **Basis of Accounting**

The financial statements of the Clinic have been prepared utilizing the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

#### **Financial Statement Presentation**

The financial statements of the Clinic have been prepared in accordance with U.S. generally accepted accounting principles, which require the Clinic 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. These net assets may be used at the discretion of the Clinic's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Clinic or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

#### **Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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.

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**

Notes to the Financial Statements  
For the Years Ended December 31, 2022 and 2021

**Note 1 – Summary of Significant Accounting Policies - continued**

Use of Estimates

Preparation of financial statements in accordance with generally accepted accounting principles requires the Clinic's management to use estimates of certain amounts that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Clinic discloses for each class of financial instruments the methods, and when a valuation technique is used, the significant assumptions applied in determining the fair values of financial assets and liabilities. If there is a change in the valuation technique, then the Clinic discloses both the change and the reasons for the change.

The Clinic estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statements of Financial Position. The estimated fair value amounts have been determined by the Clinic using available market information and appropriate valuation methodologies. The Clinic's financial instruments consist primarily of cash and certificates of deposit, inventory, receivables, prepaid expenses, and accounts payable and accrued expenses.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Clinic includes all cash investments which are not subject to withdrawal restrictions or penalties and certificates of deposits with original maturities of three months or less in cash and cash equivalents.

The Clinic maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). The coverage is \$250,000 for substantially all other depository accounts. Deposit accounts, at times, may exceed federally insured limits; however, the Clinic has not suffered any such losses as of December 31, 2022 and 2021.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are not recognized, as they do not meet the criteria for recognition. The Clinic uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

# **ABCCM DOCTORS' MEDICAL CLINIC, INC.**

Notes to the Financial Statements  
For the Years Ended December 31, 2022 and 2021

## **Note 1 – Summary of Significant Accounting Policies - continued**

### **Investments**

The Clinic reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

### **Inventory**

Inventory is composed of pharmaceuticals purchased by and donated to the Clinic and are stated at fair value on a first-in, first-out basis. The fair value is based on Average Wholesale Price (AWP), a widely used benchmark for pricing and reimbursement of prescription drugs for both government and private payers. Values are continuously revalued through pharmaceutical industry database software to which the Clinic subscribes. Any changes in valuation are absorbed through the pharmacy expense account.

### **Revenue and Revenue Recognition**

The Clinic recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Third party contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Clinic has incurred expenditures in compliance with specific contract or grant provisions.

### **In-kind Contributions**

The Clinic receives in-kind contributions from various organizations and individuals. These consist of services, materials, and use of facilities and are valued at the fair market value of the donated service or item at the time of the donation. Contributed services are recognized in the financial statements if they (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals with those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair value. In-kind contributions include the AWP value of pharmaceuticals received at no cost, as well as the contributed value received through pharmaceutical purchases which the Clinic is eligible to make at amounts substantially below AWP value.

## **ABCCM DOCTORS' MEDICAL CLINIC, INC.**

Notes to the Financial Statements  
For the Years Ended December 31, 2022 and 2021

### **Note 1 – Summary of Significant Accounting Policies - continued**

#### **Income Taxes**

The Clinic is established as a not-for-profit entity and has been recognized as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

FASB ASC 740, "Accounting for Uncertainty in Income Taxes", clarifies the accounting for the recognition and measurement of uncertainties in income taxes recognized in an entity's financial statements and prescribes a threshold of more-likely-than-not for recognition of tax positions taken or expected to be taken in a tax return. The Clinic's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence.

As of December 31, 2022, the Clinic had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Clinic's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, years subject to examination include 2019, 2020, and 2021.

#### **Functional Expenses**

The Clinic allocates its expenses on a functional basis between its program and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their nature and expenditure classification. Other expenses that are common to several functions are allocated between management and general or the appropriate program based on an evaluation of benefits to each program. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Clinic. The Clinic does not incur fundraising expenses. ABCCM performs all fundraising for the Clinic and those expenses are reflected on ABCCM's consolidated financial statements.

#### **New Accounting Pronouncement**

##### **Leases**

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 is intended to improve the financial reporting about leasing transactions. The ASU requires organizations that lease assets to recognize assets and liabilities on the balance sheet for the rights and obligations created by those leases. The standard was effective for annual periods beginning after December 15, 2021 and was implemented retrospectively at January 1, 2022, resulting in no cumulative-effect adjustment to the 2021 financial statements.

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**

Notes to the Financial Statements

For the Years Ended December 31, 2022 and 2021

**Note 2 - Investments**

At December 31, 2022 and 2021, the Clinic had investments held in certificates of deposit totaling \$66,820 and \$66,623, respectively. Interest income for the years ended December 31, 2022 and 2021 totaled \$197 and \$302, respectively.

**Note 3 - Inventory**

At December 31, 2022 and 2021, the Clinic had inventory composed of pharmaceuticals totaling \$1,655,805 and \$2,495,621, respectively.

**Note 4 – Leasing Activities**

The Clinic had an operating lease for copier equipment at a rate of \$657 per month. This lease had expired in September 2022.

In September 2022, the Clinic entered into another operating lease for copier equipment at a rate of \$796 per month through September 2027, with no renewal option. An additional fee is charged quarterly for any excess images and is expensed as incurred. The Clinic used its incremental borrowing rate at lease inception in determining the present value of lease payments.

Total copier lease expense was \$8,301 and \$7,884, respectively, for the years ended December 31, 2022 and 2021, and is included as part of office supplies and computer expenses on the statements of functional expenses.

Leases with terms of less than twelve months, if any, are recognized as operating expenses on the straight-line basis.

Maturities of operating lease liabilities are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 9,567
2024	9,567
2025	9,567
2026	9,567
2027	<u>7,167</u>
Total lease payments	45,435
Less imputed interest	<u>(6,592)</u>
Present value of lease liabilities	<u>\$ 39,393</u>

During the year ended December 31, 2022, operating cash flows for operating leases totaled \$8,301. The weighted average of the remaining lease term of the Clinic's operating leases is 4.75 years, while the weighted average discount rate is 6.25%.

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**

Notes to the Financial Statements  
For the Years Ended December 31, 2022 and 2021

**Note 5 – Net Assets**

Net assets without donor restrictions at December 31, 2022 and 2021 were \$2,123,027 and \$2,870,847, respectively.

Net assets with donor restrictions for the purpose of program activities at December 31, 2022 and 2021 were \$0 and \$80,000, respectively.

Net assets released from net assets with donor restrictions resulting from the satisfaction of purpose restrictions for program activities totaled \$209,570 and \$258,576 for the years ended December 31, 2022 and 2021, respectively.

The Clinic maintains an operating reserve equivalent to 75 days of the annual operating budget as designated by the board. The reserve is retained in cash and investments held in certificates of deposit. The amount of this reserve was \$287,979 and \$248,733 as of December 31, 2022 and 2021, respectively.

**Note 6 – In-kind Contributions**

A substantial number of volunteers have donated a significant amount of time and materials to the Clinic's operations and program services. Contributed services of \$628,062 and \$530,170 (management's estimate of the fair value) have been reflected in the accompanying financial statements as in-kind contributions for services contributed by medical/dental/pharmacy professionals at the Clinic for the years ended December 31, 2022 and 2021, respectively.

Contributed pharmaceuticals of \$3,789,316 and \$4,317,671 have been included in the financial statements as in-kind contributions, and as inventory and pharmacy expense for the years ended December 31, 2022 and 2021, respectively.

The Clinic operates in a facility owned by its member, Asheville – Buncombe Community Christian Ministry, Inc. (ABCCM). The estimated fair retail value of the donated facility for the years ended December 31, 2022 and 2021 was \$96,000 and \$96,000, respectively, and is reported as both in-kind contributions and donated facility usage expense in the financial statements. In addition, all equipment used is owned by ABCCM.

A portion of the Clinic's pharmacy operates in a facility owned by Buncombe County, subject to a lease beginning September 1, 2015 with rent of \$1 per year. The estimated fair value of the space for the years ended December 31, 2022 and 2021 was \$54,000 and \$54,000, respectively, and is reported as both in-kind contributions and donated facility usage expense in the financial statements.

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**

Notes to the Financial Statements  
For the Years Ended December 31, 2022 and 2021

**Note 7 – Related Party Transactions**

The Clinic receives a significant portion of its support from the corporate member described in Note 1. This support, as recognized in the financial statements, included the following:

	<u>2022</u>	<u>2021</u>
Member contributions:		
Asheville-Buncombe Community Christian Ministry, Inc.	\$ 767,000	\$ 740,000
In-kind contributions:		
Use of facilities owned by member (See Note 1)	<u>96,000</u>	<u>96,000</u>
	<u>\$ 863,500</u>	<u>\$ 836,000</u>

The Clinic operates under an agreement with ABCCM whereby the corporate member furnishes support services. This agreement provides for a monthly billing from ABCCM to the Clinic for the direct personnel expense of those assigned to the Clinic plus a fixed administrative fee. The Clinic has reported \$1,028,093 and \$944,074 in personnel service expense and \$37,500 and \$37,500 as an administrative fee under this agreement, for the years ended December 31, 2022 and 2021, respectively.

**Note 8 – Availability and Liquidity**

The Clinic's financial assets available at December 31, 2022 and 2021 within one year of the statement of financial position date for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 447,945	\$ 429,856
Investments	66,820	66,623
Grant receivable	12,046	8,237
Other receivables	<u>1,616</u>	<u>1,167</u>
Total financial assets	528,427	505,883

Less amounts unavailable for general expenditures within one year:

Board designation for liquidity reserve (See Note 5)	<u>(287,979)</u>	<u>(248,733)</u>
Total financial assets available within one year	<u>\$ 240,448</u>	<u>\$ 257,150</u>

The Clinic monitors levels of available financial assets to meet its operating needs, liabilities and other obligations as they come due. The Clinic's board has designated 75 days of expenses based on the current annual operating budget as an operating liquidity reserve, which was \$287,979 and \$248,733 as of December 31, 2022 and 2021, respectively. The objective of this reserve is to provide a source of funds to cover costs that are unplanned or unexpected.

**ABCCM DOCTORS' MEDICAL CLINIC, INC.**

Notes to the Financial Statements

For the Years Ended December 31, 2022 and 2021

**Note 9 – Subsequent Events**

The Clinic evaluated the effect that all subsequent events would have on the financial statements through May 9, 2023, which is the date the financial statements were available to be issued.