NEIGHBORHOOD HEALTH CLINIC, INC.

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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NEIGHBORHOOD HEALTH CLINIC, INC.
TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2023

INDEPENDENT AUDITORS' REPORT

Board of Directors
Neighborhood Health Clinic, Inc.
Naples, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Neighborhood Health Clinic, Inc., which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Neighborhood Health Clinic, Inc. as of September 30, 2023, and the changes in their net assets and their 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Neighborhood Health Clinic, Inc. 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 Neighborhood Health Clinic, Inc. ability to continue as a going concern for one year after the date 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 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 GAAS, 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, Neighborhood Health Clinic, Inc. internal controls. 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 Neighborhood Health Clinic, Inc. 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Naples, Florida
March 22, 2024

NEIGHBORHOOD HEALTH CLINIC, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

ASSETS

Cash and Cash Equivalents	$ 7,093,372
Investments, Unrestricted	9,026,898
Unconditional Promises to Give, Net	246,139
Inventory and Other Assets	131,137
Assets Held Under Split-Interest Agreements, Net	250,603
Property and Equipment, Net	17,839,930
Construction in Process	424,089
Cash Surrender Value of Life Insurance	1,000,663
Cash and Investments, Endowment	17,713,143
Total Assets	$ 53,725,974

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable and Accrued Expenses	$ 67,618
Total Liabilities	67,618
NET ASSETS	
Without Donor Restrictions:	
Undesignated	11,786,354
Invested in Property and Equipment	17,839,930
Total Without Donor Restrictions	29,626,284
With Donor Restrictions for Time or Purpose	12,244,177
With Donor Restrictions in Perpetuity	11,787,895
Total Net Assets	53,658,356
Total Liabilities and Net Assets	$ 53,725,974

See accompanying Notes to Financial Statements.

NEIGHBORHOOD HEALTH CLINIC, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

		Without Donor Restriction	With Donor Restrictions for Time or Purpose	With Donor Restrictions in Perpetuity	Total
SUPPORT AND REVENUES					
Contributions and Grants		$ 2,869,609	36,583	$ 24,400	$ 2,930,592
Contributed Services and Supplies		10,788,958	-	-	10,788,958
Special Events Income	1,369,522				
Less: Direct Expenses	(64,575)	1,304,947	-	-	1,304,947
Rental Income		898,525	-	-	898,525
Other Income		37,571	-	-	37,571
Investment Return (Loss)		1,194,442	2,852,227	-	4,046,669
Total Support and Revenues		17,094,052	2,888,810	24,400	20,007,262
Net Assets Released from Restrictions		-	-	-	-
Total Support, Revenues, and Reclassifications		17,094,052	2,888,810	24,400	20,007,262
EXPENSES					
Program Services		14,038,830	-	-	14,038,830
Management and General		393,770	-	-	393,770
Fundraising		292,808	-	-	292,808
Total Expenses		14,725,408	-	-	14,725,408
Change in Value of Split-Interest Agreement		-	(155,648)	-	(155,648)
Loss on Disposal of Fixed Assets		108,271	-	-	108,271
Total Expenses, Losses, and Change in Value of Split Interest Agreement		14,833,679	(155,648)	-	14,678,031
CHANGE IN NET ASSETS		2,260,373	3,044,458	24,400	5,329,231
Net Assets - Beginning of Year		27,365,911	9,199,719	11,763,495	48,329,125
NET ASSETS - END OF YEAR		$ 29,626,284	$ 12,244,177	$ 11,787,895	$ 53,658,356

See accompanying Notes to Financial Statements.

NEIGHBORHOOD HEALTH CLINIC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Program Services	Management and General	Fundraising	Total
Bank Fees	$ 2,803	$ 1,869	$ -	$ 4,672
Depreciation	414,205	88,759	88,758	591,722
Donated Services and Goods	10,788,958	-	-	10,788,958
Dues and Subscriptions	13,928	-	-	13,928
Fundraising Expenses	134,020	2,126	30,766	166,912
Insurance	92,838	1,235	-	94,073
Office Supplies	9,420	-	-	9,420
Other Expenses	724,240	5,935	-	730,175
Professional Fees	72,348	44,528	-	116,876
Repair and Maintenance	178,918	8,870	-	187,788
Salaries and Benefits	1,544,571	234,868	173,284	1,952,723
Telephone	12,135	581	3,451	16,167
Travel and Entertainment	16,585	-	-	16,585
Utilities	94,985	4,999	-	99,984
Less: Special Event Expenses Presented in Net Special Event Revenue	(61,124)	-	(3,451)	(64,575)
Total Expenses	$ 14,038,830	$ 393,770	$ 292,808	$ 14,725,408

See accompanying Notes to Financial Statements.

NEIGHBORHOOD HEALTH CLINIC, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 5,329,231
Adjustments to Reconcile Consolidated Net Income to Net Cash Provided by Operating Activities:	
Change in Value of Split-Interest Agreement	(155,648)
Depreciation	591,722
Loss on Disposal of Property and Equipment	108,271
Change in Cash Surrender Value	(121,522)
Realized Gains on Investments	(1,281,681)
Unrealized Gains on Investments	(2,025,451)
Contributions Restricted for Long-Term Purposes	(24,400)
(Increase) Decrease in Assets:	
Inventory and Other Assets	(31,664)
Unconditional Promises to Give and Grant Receivable	(2,545)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	(103,296)
Net Cash Provided by Operating Activities	2,283,017
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	3,478,761
Purchase of Investments	(4,174,289)
Purchase of Property and Equipment	(558,625)
Net Cash Used by Investing Activities	(1,254,153)
NET INCREASE IN CASH	1,028,864
Cash and Cash Equivalents - Beginning of Year	6,064,508
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,093,372

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Neighborhood Health Clinic, Inc. (the Organization) is a Florida nonprofit corporation organized in 1999. Its purpose is to deliver quality medical care to low-income, working, but uninsured people of Collier County, using primarily volunteer professional staff. The Organization is supported primarily through donations, patient contributions, special events, and grants. The Organization does not accept any government funding or support.

During the year ended September 30, 2014, the Organization formed a new entity, 12th and Goodlette, LLC, (LLC) a single member LLC with the Organization as the only member. The new entity was formed to purchase and hold property for future clinic expansion.

On February 4, 2020, the LLC was merged into the Organization and Articles of Dissolution were filed with the Secretary of State.

Basis of Accounting

The accounts of the Organization are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred.

Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization 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. 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all bank and similar deposits, demand accounts, money market funds, and short-term investments with an original maturity of three months or less to be cash equivalents. The Organization maintains bank accounts with balances, which, at times, may exceed federally insured limits.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

Inventory

Inventory consists primarily of pharmaceuticals and medical supplies and is stated at lower of cost or net realizable value.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is to be received. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Additionally, the Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Revenue Recognition

All contributions are considered to be available for use without restriction unless specifically restricted by the donor. Contributions and grants received with donor and grantor stipulations that limit the use of donated assets are treated as net assets with donor restrictions. When the purpose of the restriction is accomplished, the donor-restricted net assets are reclassified to net assets without restrictions and reported in the statement of activities as Net Assets Released from Restrictions. All donor-restricted contributions and grants whose restrictions are met in the same fiscal year as the donation is received are recorded as support without restriction.

Contributions subject to donor-imposed restrictions that must be maintained permanently are treated as net assets with donor restrictions. The donor of those assets permits the use of income earned on related investments for general purposes.

Grants or contributions restricted for the purpose of acquiring or constructing long-lived assets are recorded net assets with donor restrictions until the long-lived asset is acquired or constructed; at such time the net assets are released from the restriction and reclassified to net assets without restriction. Absent donor restrictions as to how long long-lived assets must be maintained, expirations of donor restrictions are reported when donated or acquired Long-lived assets are placed in service.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, or require specialized skills, and are provided by individuals possessing such specialized skills and the services would have been purchased if not donated. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, fundraising activities, and various committee assignments; however, no amounts have been reflected in the financial statements, as these services do not meet the criteria for recognition. See Note 13 for additional information.

The Organization provides substantially all of their patients' medications through drug manufacturer patient assistance programs. As allowed by current accounting standards, the Organization chooses not to record these contributions or the ensuing liability to the ultimate beneficiary. Although not recorded, the value of the medication dispensed during the years ended September 30, 2023, was estimated to be $5,170,752.

The Organization recognizes rental revenues as the rental service is provided. The rental agreements are comprised of an exchange element based on the equipment or space rented.

Investments

Investments are originally recorded at cost if purchased or, if donated, at fair market value on the date received. The Organization carries investments at fair value determined by quoted market prices. Investment income may be either with or without donor-restricted resources when earned, determined according to the donor's imposed restrictions. Realized and unrealized gains and losses are recognized in the period in which they occur in the statement of activities.

Fair Value Measurement

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs 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 reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

The fair value hierarchy consists of three levels of inputs used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices in active markets for identical assets or liabilities that the fund has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization also follows the fair value option for financial assets and liabilities standard. This standard allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The Organization has not elected to measure any newly acquired financial instruments at fair value at September 30, 2023, as permitted. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

Property and Equipment

The Organization records equipment at cost when purchased, or at fair market value when donated. Donated assets are reported as contributions without restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor use restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization capitalizes expenditures for personal property and betterments over $5,000 and uses the straight-line method of depreciation calculated over the estimated useful life of the asset, ranging from three to seven years for furniture and equipment, and 40 years for building and improvements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Held Under Split-Interest Agreement

The Organization is the beneficiary of a charitable remainder trust being held by a financial institution. Under the trust agreement, specified amounts or percentages of funds invested are payable to the donor or the donor's designee, for life. Upon the death of the lifetime beneficiary, 50% of the balance of the investment is to be paid to the Organization. The Organization has recorded as assets the present value of its estimated beneficial interest in this gift. The present value of expected future cash inflows under this agreement is calculated using a discount rate of 5% at September 30, 2023. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of split-interest agreements in the statement of activities. The present value of the split-interest agreement receivable totaled $250,603 at September 30, 2023.

Functional Expenses

The cost of providing program and support services has been summarized on a functional basis. The expenses are charged directly to program, supporting and administrative, and fundraising categories based on specific identification. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective (i.e., depreciation, personnel administration, and accounting). Indirect costs have been allocated based upon square footage or full-time equivalents by function.

Income Taxes

The Internal Revenue Service has determined that the Organization is a nonprofit organization that is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and is treated as other than a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for income taxes has been made in these financial statements.

The Organization follows the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainly in income taxes recognized in an organization's financial statements. This standard has no impact on the Organization's financial statements. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. An Exempt Organization Business Income Tax Return (Form 990) is filed annually by the Organization.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Leases

The Organization determines if an arrangement is a lease at inception. As of September 30, 2023, the Organization has not entered into any material leases. However, if an arrangement should be identified as a material lease, operating leases would be included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases would be included in right-of-use assets – financing and lease liability – financing in the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases will not be included as lease liabilities or ROU assets on the statement of financial position.

Individual lease contracts may not provide information about the discount rate implicit in the lease. In these instances, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead will account for each separate lease component and the nonlease component as a single lease component.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 22, 2024, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments consist of the following at September 30, 2023:

	Cost	Fair Value
Domestic Equities	$ 6,555,750	$ 11,473,307
International Equities	356,139	943,435
Mutual Fund - Domestic Equities	2,189,672	2,249,894
Mutual Fund - International Equities	1,723,075	1,747,036
Corporate Bonds	610,514	594,394
Mutual Fund - Fixed Income - Domestic	6,539,911	6,226,464
Mutual Fund - Fixed Income - International	216,677	200,696
Real Assets	1,445,394	1,321,011
Municipal Bonds	561,929	542,018
U.S. Treasury Obligations	452,282	439,927
Mortgage Backed Securities	33,862	30,646
Total	$ 20,685,205	$ 25,768,828

Investments are included in the accompanying statements of financial position as follows:

Investments, Unrestricted	$ 9,026,898
Cash and Investments, Endowment	17,713,143
Cash Included in Cash and Investments, Endowment	(971,213)
Total	$ 25,768,828

Investment return consists of the following:

Interest and Dividends	$ 773,043
Realized Investment Gains	1,281,681
Change in Unrealized Gains	2,113,711
Investment Fees	(121,766)
Total	$ 4,046,669

The Organization's corporate, municipal bonds, mortgage-backed securities, and U.S. Treasury obligations consist of the following at September 30, 2023:

Face Value	Maturity Date	Interest Rate	Cost	Market Value
$ 165,000	2023	0.25% - 5.79%	$ 164,496	$ 164,563
4,472,561	2024	0.37% - 6.50%	583,608	575,382
1,046,000	2025	0.38% - 5.50%	530,397	501,904
880,000	2026	1.21% - 5.73%	191,209	181,603
1,235,000	2027	3.02% - 6.00%	133,073	128,435
90,000	2028	2.97% - 4.50%	55,804	55,098
$ 7,888,561			$ 1,658,587	$ 1,606,985

NOTE 3 FAIR VALUE MEASUREMENT

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Summary of Significant Accounting Policies. The following tables present the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of September 30, 2023:

	Level 1	Level 2	Level 3	Total
Domestic Equities	$ 11,473,307	$ -	$ -	$ 11,473,307
International Equities	943,435	-	-	943,435
Mutual Funds - Domestic Equities	2,249,894	-	-	2,249,894
Mutual Funds - International Equities	1,747,036	-	-	1,747,036
Corporate Bonds	-	594,394	-	594,394
Mutual Funds - Fixed Income	6,226,464	-	-	6,226,464
Mutual Funds - Fixed Income - International	200,696	-	-	200,696
Real Assets	1,321,011	-	-	1,321,011
Municipal Bonds	-	542,018	-	542,018
U.S. Treasury Obligations	439,927	-	-	439,927
Mortgage Backed Securities	30,646	-	-	30,646
Inflation Protected Securities	-	-	-	-
Assets Held Under Split-Interest Agreements	-	-	250,603	250,603
Total	$ 24,632,416	$ 1,136,412	$ 250,603	$ 26,019,431

Municipal bonds and U.S. Treasury obligations are measured at fair value utilizing market prices at the close of the last business day for the statement period, provided by the investment advisors.

Assets held under split-interest agreements are measured at fair value utilizing estimates of split-interest agreement assets utilizing market prices at the close of the last business day for the statement period, in addition to information provided by the agreement trustee.

NOTE 4 UNCONDITIONAL PROMISES TO GIVE AND GRANTS RECEIVABLE, NET

Unconditional promises to give and grants receivable consist of the following at September 30, 2023:

Unconditional Promises to Give	$ 254,139
Less: Discount to Net Present Value	-
Less: Allowance for Uncollectible Accounts	(8,000)
Total	$ 246,139

Unconditional promises to give are scheduled to be received as follows:

1 Year or Less	$ 254,139
Total	$ 254,139

NOTE 5 ASSETS HELD UNDER SPLIT-INTEREST AGREEMENT

Assets held under split-interest agreement consist of the following as of September 30:

Assets Held Under Split-Interest Agreement	$ 415,931
Less: Valuation Allowance	(165,328)
Total	$ 250,603

NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at September 30:

Buildings	$ 15,520,136
Land	2,303,509
Furniture and Equipment	2,921,551
Building Improvements	41,466
Computer Hardware and Software	174,822
Total	20,961,484
Less: Accumulated Depreciation	(3,121,554)
Total	$ 17,839,930

Depreciation expense for the year ended September 30, 2023 totaled $591,722.

NOTE 7 NET ASSETS

As of September 30, 2023, the Organization had net assets with donor restrictions for the following purposes:

Capital Campaign - Construction	$ 5,326,426
Unconditional Promise to Give	246,139
Unappropriated Endowment Earnings	5,578,405
Split-Interest Agreement Receivable	250,603
Total	$ 11,401,573

NOTE 8 BENEFIT PLAN

The Organization has a 401(k) plan for the benefit of its employees. The plan became effective as of January 1, 2015. Employees were eligible to participate upon hire and could elect to defer between 1% and 100% of eligible compensation. The Organization must match at least 100% on the first 4% of eligible compensation that employees defer. For the year ended September 30, 2023, the Organization contributed $61,171 to the 401(k) plan.

NOTE 9 ENDOWMENT

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization’s endowment is donor-restricted and its income is to be used for operations and other administrative costs. Annually, the board can transfer up to 5% of the market value of the account to be used for operations, as discussed below in “Investment Policies.” There is no board-designated endowment.

Interpretation of Relevant Law

The board of directors has interpreted the relevant law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by us in a manner consistent with the standard of prudence prescribed by the relevant law. We consider the following factors 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

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, as of September 30, 2023, deficiencies of this nature that are reported in net assets without restrictions were $-0-.

NOTE 9 ENDOWMENT (CONTINUED)

Investment Policies

The Organization has established an investment policy to determine investment or reinvestment of the assets in accordance with such guidelines, policies, and procedures that are authorized by the board. These guidelines, policies, and procedures shall attempt to provide a predictable stream of funding to programs supported by the endowment funds. The endowment investment policy allows the board of directors to distribute up to 5% of the value of the endowment for operations each year. However, if the board elects not to distribute any earnings, those funds remain in the endowment. The annual decision is noncumulative; consequently, no greater than 5% of the value of the endowment can be distributed in any given year. During the year ended September 30, 2023, the board elected to make this decision and distributed $842,604 from the endowment fund for operations. The board had made distributions of $901,836 during the year ended September 30, 2022.

	With Donor Restrictions		
	Purpose Restricted	In Perpetuity Restricted	Total
Endowment Net Assets - September 30, 2021	$ 6,828,293	$ 11,720,270	$ 18,548,563
Contributions	-	-	-
Cash Collected on Existing Receivable	-	-	-
Investment Return (Loss):			
Investment Income	293,022	-	293,022
Investment Expenses	(83,439)	-	(83,439)
Decrease in Value	(2,567,258)	-	(2,567,258)
Total Investment Return (Loss)	(2,357,675)	-	(2,357,675)
Amounts Appropriated for Expenditure	(901,836)	-	(901,836)
Endowment Net Assets - September 30, 2022	3,568,782	11,720,270	15,289,052
Contributions	-	-	-
Cash Collected on Existing Receivable	-	-	-
Investment Return :			
Investment Income	412,911	-	412,911
Investment Expenses	(78,078)	-	(78,078)
Increase/Decrease in Value	2,517,394	-	2,517,394
Total Investment Return	2,852,227	-	2,852,227
Amounts Appropriated for Expenditure	(842,604)	-	(842,604)
Endowment Net Assets - September 30, 2023	$ 5,578,405	$ 11,720,270	$ 17,298,675

NOTE 10 RELATED PARTY TRANSACTIONS

At September 30, 2023, the Organization had unconditional promises to give due from board members totaling $142,900.

In addition, during the year ending September 30, 2023, the Organization received contribution income from board members totaling $444,600.

NOTE 11 LIQUIDITY

The Organization routinely monitors liquidity to meet its operating needs. The Organization considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures, the Organization operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of September 30, 2023 and 2022, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and Cash Equivalents	$ 7,093,372
Investments	26,740,041
Unconditional Promises to Give, Net	246,139
Assets Held Under Split-Interest Agreements, Net	250,603
Total	34,330,155
Less:	
Net Assets with Donor Restrictions for Purpose	(12,244,177)
Net Assets with Donor Restrictions in Perpetuity	(11,787,895)
Total	$ 10,298,083

NOTE 12 LIFE INSURANCE ARRANGEMENT

During the year ended September 30, 2019, the Organization established a nonqualified arrangement for the chief executive officer that is funded by a life insurance policy for which the Organization is the beneficiary. The policy has a death benefit of $6,670,043. During the year ended September 30, 2023 **and 2022**, the Organization paid a premium of $150,000, and had a cash surrender value of the policy as of September 30, 2023 of $1,000,663.

NOTE 13 IN-KIND CONTRIBUTIONS

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in its program services, and fundraising campaigns. In-kind contributions include contributed services that are specialized, and the Organization would otherwise have purchased if not donated; therefore, meeting the criteria for recognition. The Organization recognizes revenue for donated professional services as outlined in Note 1 and based on rates for comparable professional services. For the year ended September 30, 2023, donated professional services were valued at $9,400,231.

The Organization also receives donated medical supplies to support the Organization's program services. Such donated items include medicine, other medical goods, and other personal products. The Organization recognizes revenue for donated goods as outlined in Note 1 and based on retail/wholesale prices of the donated goods. During the year ended September 30, 2023, the Organization received $1,388,727 in donated medical and other supplies.

In-kind contributions as of September 30 were as follows:

Category	Amount	Utilization in Program/Activities	Donor Restrictions	Valuation Techniques
Professional Services	$ 9,400,231	Specialized medical services for use in the programs	None	Fair value estimated on the basis of current rates for comparable products/services
Donated Goods	1,388,727	Medical supplies and medicine for use in the programs	None	Fair value estimated on the basis of current rates for comparable products/services
	$ 10,788,958			

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