

**St. Petersburg Free Clinic, Inc.
And Affiliate**

Consolidated Financial Statements

September 30, 2022 and 2021



**ST. PETERSBURG FREE CLINIC, INC., AND AFFILIATE
TABLE OF CONTENTS**

INDEPENDENT AUDITOR'S REPORT 3 - 4

Consolidated Financial Statements for the Years Ended September 30, 2022 and 2021:

 Consolidated Statements of Financial Position 5

 Consolidated Statements of Activities..... 6 - 7

 Consolidated Statements of Functional Expenses 8 - 11

 Consolidated Statements of Cash Flows 12

 Notes to Consolidated Financial Statements 13 - 29



Oldsmar / Tampa / St. Petersburg

727-785-4447

813-498-1294

727-784-5491 Fax

www.pdr-cpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Petersburg Free Clinic, Inc. and Affiliate
St. Petersburg, Florida

Opinion

We have audited the accompanying consolidated financial statements of St. Petersburg Free Clinic, Inc. and Affiliate (SPFC) (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Petersburg Free Clinic, Inc. and Affiliate as of September 30, 2022 and 2021, 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 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 Consolidated Financial Statements section of our report. We are required to be independent of St. Petersburg Free Clinic, Inc. and Affiliate 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Petersburg Free Clinic, Inc.'s and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

CONTINUED

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 controls. 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 consolidated 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 consolidated 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 consolidated 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 St. Petersburg Free Clinic, Inc.'s and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Petersburg Free Clinic, Inc. and Affiliate'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.

PDR CPAs + Advisors

Oldsmar, Florida
February 27, 2023

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021**

| <u>ASSETS</u> | | |
|--|----------------------|----------------------|
| | <u>2022</u> | <u>2021</u> |
| Cash and cash equivalents | \$ 7,508,130 | \$ 5,801,232 |
| Grants receivable | 406,852 | 584,036 |
| Bequests receivable | 52,332 | 4,210,927 |
| Promises to give, net | 458,617 | 1,274,123 |
| Inventory | 411,737 | 342,637 |
| Prepaid expenses and other assets | 237,308 | 146,999 |
| Investments | 13,664,860 | 2,644,367 |
| Beneficial interest in assets held by others | 527,367 | 617,426 |
| Property and equipment, net | 10,216,481 | 10,141,536 |
| Construction in progress | 75,139 | 52,805 |
| Total Assets | \$ 33,558,823 | \$ 25,816,088 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Liabilities | | |
| Accounts payable and other accrued expenses | \$ 313,263 | \$ 247,083 |
| Accrued payroll and benefits | 248,458 | 155,636 |
| Deferred revenue | - | 284,742 |
| Annuity obligations | 77,321 | 89,955 |
| Note payable - PPP | - | 569,635 |
| Total liabilities | 639,042 | 1,347,051 |
| Net assets | | |
| Without donor restrictions: | | |
| Operating | 17,179,367 | 3,225,881 |
| Property and equipment | 10,291,620 | 10,194,341 |
| Board designated for endowment | 1,940,598 | 2,433,302 |
| Board designated for Men's Residence | 85,330 | 715,487 |
| Total net assets without donor restrictions | <u>29,496,915</u> | <u>16,569,011</u> |
| With donor restrictions | <u>3,422,866</u> | <u>7,900,026</u> |
| Total net assets | 32,919,781 | 24,469,037 |
| Total Liabilities and Net Assets | \$ 33,558,823 | \$ 25,816,088 |

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

| | Without Donor Restrictions | With Donor Restrictions | Total | |
|---|-------------------------------|----------------------------|----------------------|----------------------|
| | | | 2022 | 2021 |
| Public Support and Revenue | | | | |
| Contributions | \$ 2,793,050 | \$ - | \$ 2,793,050 | \$ 2,839,539 |
| Grants and restricted gifts | 3,670,165 | 2,131,754 | 5,801,919 | 5,954,831 |
| Special events, net of direct expense of \$170,227 | 1,021,696 | - | 1,021,696 | 260,134 |
| Bequests | 10,403,622 | 18,900 | 10,422,522 | 3,028,701 |
| Contributed nonfinancial assets: | | | | |
| Services | 146,956 | - | 146,956 | 198,001 |
| Food | 24,853,395 | - | 24,853,395 | 22,420,747 |
| Investment (loss) income | (927,313) | (69,952) | (997,265) | 637,762 |
| Net assets released from restrictions | 6,557,862 | (6,557,862) | - | - |
| Total public support and revenue | 48,519,433 | (4,477,160) | 44,042,273 | 35,339,715 |
| Expenses | | | | |
| Program services | | | | |
| Health Center | 1,969,098 | - | 1,969,098 | 1,712,368 |
| Jared S. Hechtkopf Community Food Bank | 18,077,787 | - | 18,077,787 | 16,416,026 |
| We Help Services | 12,944,892 | - | 12,944,892 | 12,577,420 |
| Baldwin Women's Residence | 989,220 | - | 989,220 | 840,057 |
| Family Residence | - | - | - | 207,988 |
| Men's Residence | 510,988 | - | 510,988 | 414,135 |
| Total program services | 34,491,985 | - | 34,491,985 | 32,167,994 |
| Support services | | | | |
| General and administrative | 633,286 | - | 633,286 | 486,741 |
| Fundraising | 1,035,893 | - | 1,035,893 | 892,512 |
| Total support services | 1,669,179 | - | 1,669,179 | 1,379,253 |
| Total expenses | 36,161,164 | - | 36,161,164 | 33,547,247 |
| Change in Net Assets From Operations | 12,358,269 | (4,477,160) | 7,881,109 | 1,792,468 |
| Other Changes in Net Assets | | | | |
| Gain on forgiveness of note payable - PPP | 569,635 | - | 569,635 | 486,650 |
| Gain on sale of property | - | - | - | 290,088 |
| | 569,635 | - | 569,635 | 776,738 |
| Change in Net Assets | 12,927,904 | (4,477,160) | 8,450,744 | 2,569,206 |
| Net Assets, Beginning of Year | 16,569,011 | 7,900,026 | 24,469,037 | 21,899,831 |
| Net Assets, End of Year | \$ 29,496,915 | \$ 3,422,866 | \$ 32,919,781 | \$ 24,469,037 |

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|----------------------|
| Public Support and Revenue | | | |
| Contributions | \$ 2,839,539 | \$ - | \$ 2,839,539 |
| Grants and contract revenue | 4,857,876 | 1,096,955 | 5,954,831 |
| Special events, net of direct expense \$3,574 | 260,134 | - | 260,134 |
| Bequests | 260,269 | 2,768,432 | 3,028,701 |
| Contributed nonfinancial assets: | | | |
| Services | 198,001 | - | 198,001 |
| Food | 22,420,747 | - | 22,420,747 |
| Investment income | 538,579 | 99,183 | 637,762 |
| Net assets released from restrictions | 4,260,390 | (4,260,390) | - |
| Total public support and revenue | 35,635,535 | (295,820) | 35,339,715 |
| Expenses | | | |
| Program services | | | |
| Health Center | 1,712,368 | - | 1,712,368 |
| Jared S. Hechtkopf Community Food Bank | 16,416,026 | - | 16,416,026 |
| We Help Services | 12,577,420 | - | 12,577,420 |
| Baldwin Women's Residence | 840,057 | - | 840,057 |
| Family Residence | 207,988 | - | 207,988 |
| Men's Residence | 414,135 | - | 414,135 |
| Total program services | 32,167,994 | - | 32,167,994 |
| Support services | | | |
| General and administrative | 486,741 | - | 486,741 |
| Fundraising | 892,512 | - | 892,512 |
| Total support services | 1,379,253 | - | 1,379,253 |
| Total expenses | 33,547,247 | - | 33,547,247 |
| Changes in Net Assets From Operations | 2,088,288 | (295,820) | 1,792,468 |
| Other Changes in Net Assets | | | |
| Gain on forgiveness of note payable - PPP | 486,650 | - | 486,650 |
| Gain on sale of property | 290,088 | - | 290,088 |
| | 776,738 | - | 776,738 |
| Change in Net Assets | 2,865,026 | (295,820) | 2,569,206 |
| Net Assets, Beginning of Year | 13,703,985 | 8,195,846 | 21,899,831 |
| Net Assets, End of Year | \$ 16,569,011 | \$ 7,900,026 | \$ 24,469,037 |

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | Program Services | | | | | Total Program Services |
|--|--------------------------|---|-----------------------------|--|----------------------------|---------------------------------------|
| | Health Center | Jared S. Hechtkopf Community Food Bank | We Help Services | Baldwin Women's Residence | Men's Residence | |
| Salaries and related expenses | | | | | | |
| Salaries | \$ 1,022,281 | \$ 662,540 | \$ 586,841 | \$ 458,621 | \$ 251,403 | \$ 2,981,686 |
| Payroll taxes and employee benefits | 135,651 | 112,377 | 89,765 | 77,682 | 33,523 | 448,998 |
| Total salaries and related expenses | 1,157,932 | 774,917 | 676,606 | 536,303 | 284,926 | 3,430,684 |
| Other expenses | | | | | | |
| Advertising | 1,721 | 15,666 | 4,687 | 763 | 637 | 23,474 |
| Bank charges | - | - | - | - | - | - |
| Computer expenses | 33,312 | 8,863 | 28,623 | 11,408 | 5,056 | 87,262 |
| Contract services | - | - | - | - | - | - |
| Direct assistance | 121,849 | 3,201,236 | 783,720 | 27,040 | 2,577 | 4,136,422 |
| Dues and subscriptions | 9,988 | 590 | 3,266 | 520 | 520 | 14,884 |
| Fees and licenses | 10,217 | 2,739 | 3,877 | 2,190 | 984 | 20,007 |
| Contributed nonfinancial assets - food | 76,898 | 13,413,818 | 11,138,474 | 92,777 | 76,368 | 24,798,335 |
| Insurance | 44,382 | 18,172 | 21,350 | 33,412 | 11,598 | 128,914 |
| Legal and professional | 27,355 | 13,680 | 10,306 | 16,461 | 4,307 | 72,109 |
| Maintenance and repairs | 68,799 | 49,164 | 37,774 | 40,977 | 8,327 | 205,041 |
| Occupancy | 39,848 | 144,436 | 47,530 | 88,017 | 42,134 | 361,965 |
| Other | - | - | - | - | - | - |
| Postage and printing | 6,506 | 807 | 18,214 | 4,131 | 764 | 30,422 |
| Supplies | 181,127 | 6,982 | 74,020 | 22,502 | 9,878 | 294,509 |
| Small equipment and furniture | 20,612 | 240 | 24,498 | 430 | 1,770 | 47,550 |
| Training | 9,410 | 12,331 | 5,180 | 2,371 | 1,771 | 31,063 |
| Transportation | 1,446 | 217,325 | 4,134 | 3,982 | 650 | 227,537 |
| Depreciation | 157,696 | 196,821 | 62,633 | 105,936 | 58,721 | 581,807 |
| Total other expenses | 811,166 | 17,302,870 | 12,268,286 | 452,917 | 226,062 | 31,061,301 |
| Total expenses | \$ 1,969,098 | \$ 18,077,787 | \$ 12,944,892 | \$ 989,220 | \$ 510,988 | \$ 34,491,985 |

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | Total Program Services | Support Services | | Total Support Services | Total Expenses |
|--|------------------------------|----------------------------------|---------------------|------------------------------|----------------------|
| | | General and Administrative | Fundraising | | |
| Salaries and related expenses | | | | | |
| Salaries | \$ 2,981,686 | \$ 278,325 | \$ 609,237 | \$ 887,562 | \$ 3,869,248 |
| Payroll taxes and employee benefits | 448,998 | 116,830 | 93,131 | 209,961 | 658,959 |
| Total salaries and related expenses | <u>3,430,684</u> | <u>395,155</u> | <u>702,368</u> | <u>1,097,523</u> | <u>4,528,207</u> |
| Other expenses | | | | | |
| Advertising | 23,474 | 8,849 | 66,873 | 75,722 | 99,196 |
| Bank charges | - | 50,981 | 34,380 | 85,361 | 85,361 |
| Computer expenses | 87,262 | 42,936 | 9,265 | 52,201 | 139,463 |
| Contract services | - | - | 1,445 | 1,445 | 1,445 |
| Direct assistance | 4,136,422 | - | - | - | 4,136,422 |
| Dues and subscriptions | 14,884 | 7,811 | 11,360 | 19,171 | 34,055 |
| Fees and licenses | 20,007 | 1,302 | 25,483 | 26,785 | 46,792 |
| Contributed nonfinancial assets - food | 24,798,335 | - | - | - | 24,798,335 |
| Insurance | 128,914 | 8,728 | 13,796 | 22,524 | 151,438 |
| Legal and professional | 72,109 | 40,066 | 25,736 | 65,802 | 137,911 |
| Maintenance and repairs | 205,041 | 9,111 | 7,536 | 16,647 | 221,688 |
| Occupancy | 361,965 | 33,319 | 36,164 | 69,483 | 431,448 |
| Other | - | - | 2,679 | 2,679 | 2,679 |
| Postage and printing | 30,422 | 5,118 | 51,997 | 57,115 | 87,537 |
| Supplies | 294,509 | 13,347 | 25,143 | 38,490 | 332,999 |
| Small equipment and furniture | 47,550 | 243 | 2,058 | 2,301 | 49,851 |
| Training | 31,063 | 5,308 | 8,204 | 13,512 | 44,575 |
| Transportation | 227,537 | 92 | 486 | 578 | 228,115 |
| Depreciation | 581,807 | 10,920 | 10,920 | 21,840 | 603,647 |
| Total other expenses | <u>31,061,301</u> | <u>238,131</u> | <u>333,525</u> | <u>571,656</u> | <u>31,632,957</u> |
| Total expenses | <u>\$ 34,491,985</u> | <u>\$ 633,286</u> | <u>\$ 1,035,893</u> | <u>\$ 1,669,179</u> | <u>\$ 36,161,164</u> |

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Program Services | | | | | | Total Program Services |
|--|---------------------|---|----------------------|---------------------------------|---------------------|--------------------|------------------------------|
| | Health Center | Jared S. Hechtkopf Community Food Bank | We Help Services | Baldwin Women's Residence | Family Residence | Men's Residence | |
| Salaries and related expenses | | | | | | | |
| Salaries | \$ 953,312 | \$ 520,453 | \$ 358,651 | \$ 418,531 | \$ 73,003 | \$ 193,791 | \$ 2,517,741 |
| Payroll taxes and employee benefits | 102,365 | 56,998 | 61,815 | 60,987 | 11,689 | 31,621 | 325,475 |
| Total salaries and related expenses | <u>1,055,677</u> | <u>577,451</u> | <u>420,466</u> | <u>479,518</u> | <u>84,692</u> | <u>225,412</u> | <u>2,843,216</u> |
| Other expenses | | | | | | | |
| Advertising | - | 35 | - | - | - | - | 35 |
| Bank charges | - | - | - | - | - | - | - |
| Computer expenses | 69,729 | 16,272 | 24,061 | 21,327 | 10,278 | 14,613 | 156,280 |
| Contract services | - | - | - | - | - | - | - |
| Direct assistance | 28,137 | 4,326,024 | 474,189 | 1,985 | 118 | 2,924 | 4,833,377 |
| Dues and subscriptions | 15,529 | 581 | 561 | 546 | 546 | 546 | 18,309 |
| Fees and licenses | 3,833 | 1,597 | 2,573 | 2,304 | - | 350 | 10,657 |
| Contributed nonfinancial assets - food | 5,710 | 10,967,076 | 11,394,669 | 63,121 | 10,686 | 11,598 | 22,452,860 |
| Insurance | 26,531 | 13,545 | 17,524 | 29,497 | 4,315 | 9,298 | 100,710 |
| Legal and professional | 23,552 | 10,513 | 9,938 | 13,210 | 1,771 | 5,034 | 64,018 |
| Maintenance and repairs | 36,677 | 43,774 | 51,096 | 41,373 | 8,964 | 25,120 | 207,004 |
| Occupancy | 41,749 | 25,915 | 43,636 | 66,339 | 34,689 | 29,609 | 241,937 |
| Other | - | - | - | - | - | - | - |
| Postage and printing | 5,688 | 1,483 | 12,747 | 483 | 221 | 747 | 21,369 |
| Supplies | 258,231 | 18,456 | 44,661 | 13,878 | 3,283 | 8,384 | 346,893 |
| Small equipment and furniture | 5,239 | 18,725 | 4,022 | 24 | - | 13,853 | 41,863 |
| Training | 12,638 | 5,378 | 6,790 | 5,477 | 2,222 | 5,378 | 37,883 |
| Transportation | 193 | 186,854 | 4,511 | 3,464 | 1,447 | 3,037 | 199,506 |
| Depreciation | 123,255 | 202,347 | 65,976 | 97,511 | 44,756 | 58,232 | 592,077 |
| Total other expenses | <u>656,691</u> | <u>15,838,575</u> | <u>12,156,954</u> | <u>360,539</u> | <u>123,296</u> | <u>188,723</u> | <u>29,324,778</u> |
| Total expenses | <u>\$ 1,712,368</u> | <u>\$ 16,416,026</u> | <u>\$ 12,577,420</u> | <u>\$ 840,057</u> | <u>\$ 207,988</u> | <u>\$ 414,135</u> | <u>\$ 32,167,994</u> |

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | Total Program Services | Support Services | | Total Support Services | Total Expenses |
|--|------------------------------|----------------------------------|-------------------|------------------------------|----------------------|
| | | General and Administrative | Fundraising | | |
| Salaries and related expenses | | | | | |
| Salaries | \$ 2,517,741 | \$ 234,556 | \$ 496,834 | \$ 731,390 | \$ 3,249,131 |
| Payroll taxes and employee benefits | 325,475 | 90,668 | 69,235 | 159,903 | 485,378 |
| Total salaries and related expenses | <u>2,843,216</u> | <u>325,224</u> | <u>566,069</u> | <u>891,293</u> | <u>3,734,509</u> |
| Other expenses | | | | | |
| Advertising | 35 | - | 108,550 | 108,550 | 108,585 |
| Bank charges | - | 23,791 | 29,858 | 53,649 | 53,649 |
| Computer expenses | 156,280 | 48,095 | 21,677 | 69,772 | 226,052 |
| Contract services | - | - | 338 | 338 | 338 |
| Direct assistance | 4,833,377 | - | - | - | 4,833,377 |
| Dues and subscriptions | 18,309 | 4,500 | 9,946 | 14,446 | 32,755 |
| Fees and licenses | 10,657 | 7,410 | 30,236 | 37,646 | 48,303 |
| Contributed nonfinancial assets - food | 22,452,860 | - | - | - | 22,452,860 |
| Insurance | 100,710 | 6,615 | 9,841 | 16,456 | 117,166 |
| Legal and professional | 64,018 | 24,931 | 16,590 | 41,521 | 105,539 |
| Maintenance and repairs | 207,004 | 8,665 | 17,460 | 26,125 | 233,129 |
| Occupancy | 241,937 | 13,835 | 13,161 | 26,996 | 268,933 |
| Other | - | 8 | 920 | 928 | 928 |
| Postage and printing | 21,369 | 4,302 | 32,898 | 37,200 | 58,569 |
| Supplies | 346,893 | 6,136 | 11,577 | 17,713 | 364,606 |
| Small equipment and furniture | 41,863 | 1,300 | 1,949 | 3,249 | 45,112 |
| Training | 37,883 | 5,986 | 15,416 | 21,402 | 59,285 |
| Transportation | 199,506 | - | 83 | 83 | 199,589 |
| Depreciation | 592,077 | 5,943 | 5,943 | 11,886 | 603,963 |
| Total other expenses | <u>29,324,778</u> | <u>161,517</u> | <u>326,443</u> | <u>487,960</u> | <u>29,812,738</u> |
| Total expenses | <u>\$ 32,167,994</u> | <u>\$ 486,741</u> | <u>\$ 892,512</u> | <u>\$ 1,379,253</u> | <u>\$ 33,547,247</u> |

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ 8,450,744 | \$ 2,569,206 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 603,647 | 603,963 |
| Realized losses (gains) on investments | 7,617 | (44,705) |
| Unrealized loss (gain) on investments | 1,078,412 | (453,106) |
| Change in value of beneficial interest in assets held by others | 90,059 | (133,730) |
| Gain on sale of property | - | (290,088) |
| Gain on forgiveness of note payable - PPP | (569,635) | (486,650) |
| (Increase) decrease in operating assets: | | |
| Grants receivable | 177,184 | (171,476) |
| Bequests receivable | 4,158,595 | (1,188,155) |
| Unconditional promises to give, net | 815,506 | 243,387 |
| Inventory | (69,100) | (15,797) |
| Prepaid expenses and other assets | (90,309) | (89,744) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | 66,180 | (47,082) |
| Accrued payroll and benefits | 92,822 | (143,782) |
| Deferred revenue | (284,742) | (848) |
| Annuity obligations | (12,634) | (4,897) |
| Net cash provided by operating activities | 14,514,346 | 346,496 |
| Cash Flows from Investing Activities: | | |
| Purchases of property and equipment | (625,787) | (319,335) |
| Purchases of construction in progress | (75,139) | (52,805) |
| Proceeds from sale of property and equipment | - | 731,433 |
| Proceeds from sale of investments | 7,801,423 | 160,765 |
| Purchases of investments | (19,907,945) | (123,596) |
| Net cash (used in) provided by investing activities | (12,807,448) | 396,462 |
| Cash Flows from Financing Activities: | | |
| Proceeds from note payable | - | 569,635 |
| Net cash provided by financing activities | - | 569,635 |
| Net Increase in Cash and Cash Equivalents | 1,706,898 | 1,312,593 |
| Cash and Cash Equivalents at Beginning of Year | 5,801,232 | 4,488,639 |
| Cash and Cash Equivalents at End of Year | \$ 7,508,130 | \$ 5,801,232 |
| Supplemental Cash Flow Information: | | |
| Contributed nonfinancial assets - services | \$ 146,956 | \$ 198,001 |
| Contributed nonfinancial assets - food | \$ 24,853,395 | \$ 22,420,747 |

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE A - NATURE OF ORGANIZATION

The consolidated financial statements include the operations of St. Petersburg Free Clinic, Inc. dba St. Pete Free Clinic (SPFC) and the Sister Margaret Freeman Foundation, Inc. (the Foundation) (collectively, the Free Clinic). With compassion and respect, SPFC changes lives by providing health care, nutritious food, recovery housing, and education for our neighbors in need. Founded in 1970, SPFC's range of programs reduce the economic burdens of Pinellas County's low-income and Asset Limited, Income Constrained, Employed (ALICE) population by providing services that lower monthly out-of-pocket expenditures, contribute to savings and long-term economic stability, and support long-term individual and family wellness. Current SPFC programs include:

The SPFC Health Center

Established in 1970, the SPFC Health Center offers access to quality healthcare for adults aged 18 - 64 who lack health insurance and meet other income requirements, allowing them to receive primary care, as well as a range of specialty care services. What could become an emergency doesn't because of our patients' capability to connect with our providers to address their health concerns. The Health Center places particular emphasis on the management of chronic health conditions, including diabetes through the Diabetes Education Management Program, our food and Lifestyle Rx Program, and a Prescription Health Program to ensure patients can access expensive medications, like insulin, at no cost. In fiscal year 2022 the Health Center provided 7,860 medical services and \$2.0 million worth of prescription support to the community.

The SPFC Dental Center

The SPFC Dental Center provides uninsured adults with dental hygiene, fillings, extractions, dentures, and other dental services through volunteer dentists, dental assistants, and dental hygienists, as well as a small number of paid professionals. In fiscal year 2022, the Dental Center provided over 2,000 dental services.

Jared S. Hechtkopf Community Food Bank

Established in 1980 as the second food bank in Florida, Jared S. Hechtkopf Community Food Bank (Jared's Food Bank) solicits food products from all segments of the food industry, as well as from groups and organizations through food drives and individual donations. Jared's Food Bank distributes food free of charge to between 50 and 60 partner agencies throughout the community, including food pantries, shelters, community kitchens, missions, residential programs, and childcare centers. These include the SPFC We Help FRESH Pantry, Baldwin Women's Residence, and the SPFC Men's Residence. Jared's Food Bank collected and distributed approximately 20 million pounds of food in fiscal year 2022. Over 70% of the food distributed through Jared's Food Bank is fresh produce, protein, dairy, and bread. In 2022, SPFC acquired a long-term lease on a warehouse that will be renovated to serve as an expanded food bank space expected to be operable in 2023.

SPFC We Help Services

Established in 1975, We Help Services addresses the social determinants of health by providing access to nutritious food, financial support for water and utility bills, and assistance in obtaining driver's licenses, birth certificates, and other documents to secure housing and employment. Client advocates also specializes in providing in-depth navigation for individuals who need access to community services SPFC does not provide. During fiscal year 2022, We Help FRESH Pantry expanded their operations, reopening the Indoor Choice pantry and two new drive-through locations. Through these expansions, SPFC provided 302,000 individuals with food through the FRESH Pantry and specialized partnerships, 50% of households served included families with children. SPFC service expansions also included distributing 15,800 packs of diapers and 19,500 packs of feminine hygiene products to families in need. We Help Services provided \$205,000 in water bill support for fiscal year 2022.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE A - NATURE OF ORGANIZATION - CONTINUED

Fresh Sprouts

Fresh Sprouts strives to facilitate the development of healthy eating habits at a young age and encourage connection around food for families. SPFC partners with local pre-schools and provides weekly deliveries of fresh produce and interactive activities to make trying new foods fun and low-pressure. The program is led by a Registered Dietitian Nutritionist, who works to curate each weekly delivery to encourage explorations, experimentation, and enjoyment. Activity sheets match the produce provided, Table Talk cards include three mealtime questions to spark conversation among families, and developmentally appropriate books are provided to increase food literacy. Fresh Sprouts works to strategically partner with pre-schools across the County where high percentages of families are experiencing food and nutrition insecurity. Through the delivery model, Fresh Sprouts meets families where they already are, at their child's school, which reduces barriers families may experience when attempting to access other food programs. The frequency of family meals has been linked to psychological well-being and increased self-esteem among young children. Fresh Sprouts delivered an average of 305 bags of fresh food per week in fiscal year 2022.

Baldwin Women's Residence & SPFC Men's Residence

The goal of the Transitional Recovery Housing (Baldwin Women's Residence (BWR) and SPFC Men's Residence) is to provide safe housing where those who are experiencing homelessness and recovering from substance use can gain stability in their recovery while obtaining and maintaining employment, saving money, and building relationships. Case Managers help residents identify goals and establish an individualized plan of action to reach said goals. Residents are also offered individual counseling with a licensed clinician at no charge. BWR and SPFC Men's Residence are long-term recovery and housing facilities that mandate no limit on a resident's length of stay. Some residents are ready to move out in one month, others are ready in a year. SPFC Housing staff is willing to make necessary time to ensure clients' mental wellbeing and preparedness to move out at a time where they will be set up for success. Research shows that longer stays in transitional housing programs are associated with better outcomes in substance use, employment, and self-efficacy. Due to the low cost of living, residents are able to save at least 65% of all earned income per pay period in a savings account. Therefore once a resident is ready to move out and live independently, they are often prepared with at least three-month's worth of savings that can also support moving costs. SPFC's Transitional Housing specialists additionally assist residents with finding permanent housing that is affordable. The BWR offers in-kind clothing boutique, where women can choose from a substantial collection of donated clothes to boost confidence and build a professional wardrobe for job interviews and the workplace. SPFC also provides aftercare check-ups, check-in with client after they move out at 1 week, 30 days, 60 days, 90 days, 6 months, and 1 year, offering assistance and helping solve problems that may resurface. During fiscal year 2022, BWR, the SPFC Men's Residence housed 166 men and women.

Affiliate

The Sister Margaret Freeman Foundation, Inc. (the Foundation), a not-for-profit foundation, was incorporated on May 20, 1996. The Free Clinic and the Foundation are related through an economic interest and a majority voting interest on the board of directors. The Foundation's activities for the fiscal years ended September 30, 2022 and 2021 are included in these consolidated financial statements. All significant intercompany balances and transactions are eliminated in consolidation.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements of SPFC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

SPFC presents information regarding its financial position and activities according to two classes of net assets described as follows:

- 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 SPFC. These net assets may be used at the discretion of SPFC'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 SPFC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations

The consolidated statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to SPFC's ongoing services. Nonoperating activities, if any, are limited to other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include the collectability of receivables and unconditional promises to give, determination of the useful lives of the property and equipment, and allocation of functional expenses.

Investments

Investments in debt and equity securities and mutual funds are stated at fair market value in the consolidated statements of financial position. Investment income or loss (including gains or losses on investments, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Investment income and gains earned on the endowment fund are reported as increases in net assets with donor restrictions in the reporting period in which the income and gains are recognized and released from restriction when distributed for operating purposes.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with financial institutions and from time to time money market fund accounts. SPFC considers all highly liquid assets with an initial maturity of three months or less as cash.

Financial instruments which potentially subject SPFC to concentrations of credit risk consist principally of cash held in financial institutions more than federally insured limits. From time to time throughout the years ended September 30, 2022 and 2021, SPFC's cash balance may have exceeded the federally insured limit. However, SPFC has not experienced and does not expect to incur any losses in such accounts.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management monitors the collection of its receivable balances on an ongoing basis. SPFC provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts when, in management's estimation, it is probable that the receivable is not collectible. SPFC has determined that all amounts are collectible; accordingly no allowance for potentially uncollectible accounts has been recorded at September 30, 2022 and 2021.

Property and Equipment

Property and equipment are stated at cost, if purchased or at estimated fair value at the date of receipt, if acquired by gift. Expenditures more than \$2,500 with an estimated useful life more than one year are capitalized. Depreciation is calculated using the straight-line method over the useful lives of the respective assets ranging from 3 to 40 years. Gifts of long-lived assets are reported as unrestricted support.

Inventory

Inventory consists of donated and purchased food and supplies. Donated food and supplies are recorded and carried in inventory at their estimated fair value at date of receipt. Purchased food and supplies are valued at the lower of cost or net realizable value with cost being determined by the first in, first-out method.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition

Grants and Contributions - SPFC reports grants and contributions that are restricted by the donor as increases in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions.

Certain grants, including cost reimbursement contracts, are considered conditional contributions since the grant agreements require SPFC to perform services, incur expenses or meet contract objectives to earn the grant funding. Revenue under these contracts is deferred until earned. Revenue is earned and recognized in the consolidated financial statements when eligible expenses are incurred, services performed, or grant objectives met.

Promises to Give - Conditional promises to give are not recognized in the consolidated financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

SPFC uses the allowance method to determine uncollectible promises to give. SPFC has determined that all amounts are collectible; accordingly no allowance for potentially uncollectible accounts has been recorded at September 30, 2022 and 2021.

Donated Services - Donated services that require specialized skills are recorded at fair market value. Donated services are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These services consisted of medical services donated and totaled \$146,956 and \$198,001 for the years ended September 30, 2022 and 2021, respectively.

Charitable Gift Annuities

SPFC maintains custody of the assets related to charitable gift annuities (CGA) and makes specified distributions to a designated beneficiary over the term of each annuity. Assets under the annuities are recorded at fair value.

The annuity liabilities associated with the CGA are determined based on the present value of the estimated future payments to be made to the designated beneficiaries. Discount rates used in computing present values range from 1.52% to 2.02%. The liability is reduced as distributions are made to the beneficiaries.

Income Taxes

SPFC is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Uncertain Tax Positions

SPFC accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. SPFC has identified its tax status as a tax-exempt entity as its only significant tax position; however, SPFC has determined that such tax position does not result in an uncertainty requiring recognition. SPFC is not currently under examination by any taxing jurisdiction. SPFC’s federal returns are generally open for examination for three years following the date filed.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been reported on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Program and supporting expenses, when specifically, identifiable, are classified to the function which incurred the expense. Salaries and payroll taxes have been allocated using employee timecards which documents the time spent within each program and category. Certain expenses are allocated to each function based on management’s estimate.

New Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-07 (Topic 958) – *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the consolidated financial statements, with the exception of increased disclosures.

NOTE C - AVAILABILITY AND LIQUIDITY

SPFC is supported by contributions with and without donor restrictions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, SPFC must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for expenditure within one year. As part of SPFC’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. SPFC regularly monitors liquidity to meet its operating needs and other contractual commitments. SPFC has various sources of liquidity at its disposal including cash and investments.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE C - AVAILABILITY AND LIQUIDITY - CONTINUED

At September 30, 2022 and 2021, SPFC's financial assets available to meet general expenditures within one year were as follows:

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|---------------------|
| Financial Assets: | | |
| Cash and cash equivalents | \$ 7,508,130 | \$ 5,801,232 |
| Grants receivable | 406,852 | 584,036 |
| Bequests receivable | 52,332 | 4,210,927 |
| Promises to give | 458,617 | 1,274,123 |
| Investments | 13,664,860 | 2,644,367 |
| Beneficial interest in assets held by others | <u>527,367</u> | <u>617,426</u> |
| Total financial assets | 22,618,158 | 15,132,111 |
| Less amounts unavailable for general expenditure within one year due to: | | |
| Contractual or donor imposed restrictions: | | |
| Reserve, charitable gift annuities | (177,276) | (211,065) |
| Internally controlled endowments | (250,000) | (450,000) |
| Externally controlled endowments | (527,368) | (617,426) |
| Contributions with donor restrictions | (1,762,143) | (1,263,137) |
| Promises to give with donor restrictions | <u>(258,617)</u> | <u>(874,123)</u> |
| Total contractual or donor-imposed restrictions | (2,975,404) | (3,415,751) |
| Board designations: | | |
| Net assets designated for endowment | (1,940,598) | (2,433,302) |
| Net assets designated for Men's Residence | <u>(85,330)</u> | <u>(715,487)</u> |
| Total board designations | <u>(2,025,928)</u> | <u>(3,148,789)</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 17,616,826</u> | <u>\$ 8,567,571</u> |

NOTE D - BEQUESTS RECEIVABLE

SPFC recognizes a receivable and revenue for their interest in bequests based on the inventories of estate assets and conditions contained in the respective wills. Amounts expected to be received in future years are discounted to provide estimates in current year dollars. SPFC records bequests receivable (when the court declares the related will valid) as donor restricted. As funds from an estate (other than those required to be held in perpetuity) are collected, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Bequests receivable at September 30, 2022 and 2021 are \$52,332 and \$4,210,927, respectively.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE E - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at September 30, 2022 and 2021 are summarized as follows:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|-------------------|---------------------|
| Gross unconditional promises to give | \$ 480,000 | \$ 1,317,823 |
| Less unamortized discount | (21,383) | (43,700) |
| Net unconditional promises to give | <u>\$ 458,617</u> | <u>\$ 1,274,123</u> |
| Amount due in: | | |
| Less than one year | \$ 280,000 | \$ 837,823 |
| One to five years | 200,000 | 480,000 |
| | <u>\$ 480,000</u> | <u>\$ 1,317,823</u> |

Unconditional promises to give at September 30, 2022 include a pledge from a donor totaling approximately \$400,000 or 83% of total unconditional promises to give. Amounts due from two donors totaled \$1.1 million or 87% of total unconditional promises to give at September 30, 2021. Promises to give with due dates extending beyond one year are discounted to present value using Treasury bill rates with similar term investments. The applicable discount rates used ranged from 1.13% to 3.44%.

NOTE F - PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Property and equipment consist of the following on September 30:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|----------------------|----------------------|
| Land | \$ 1,698,135 | \$ 1,698,135 |
| Building and improvements | 9,337,237 | 9,152,308 |
| Furniture and equipment | 1,328,583 | 1,248,105 |
| Vehicles | 1,106,678 | 693,494 |
| | <u>13,470,633</u> | <u>12,792,042</u> |
| Less accumulated depreciation | (3,254,152) | (2,650,506) |
| | <u>\$ 10,216,481</u> | <u>\$ 10,141,536</u> |

Depreciation expense was \$603,647 and \$603,963 for the years ended September 30, 2022 and 2021, respectively.

Construction in progress at September 30, 2022 was \$75,139 and represents amounts paid for the initial phase of build-out of the new office space. Construction in progress at September 30, 2021 was \$52,805, and represented amounts paid for the completion of the expansion of SPFC's facilities for the We Help and Dental programs. During the year ended September 30, 2022 the renovation for the facilities for the We Help and Dental programs were completed and \$52,805 was transferred from construction in progress to property and equipment. Depreciation will commence on the remainder of the construction in progress when the renovations are completed and placed in service.

During the year ended September 30, 2021, SPFC sold land, buildings, and improvements used in The Family Residence program resulting in approximately \$290,000 of gain on sale of property which is included in the accompanying consolidated statement of activities for the year ended September 30, 2021. The Family Residence property was sold to a related party.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE G - INVESTMENTS

SPFC's investments consist of the following at September 30, 2022 and 2021:

| | 2022 | | 2021 | |
|------------------------|----------------------|----------------------|---------------------|---------------------|
| | Cost | Market | Cost | Market |
| Money market funds | \$ 114,853 | \$ 114,853 | \$ 34,295 | \$ 34,295 |
| US equities | 2,183,475 | 2,043,121 | 1,014,739 | 1,511,614 |
| International equities | 321,964 | 285,113 | 304,550 | 377,208 |
| Fixed income | 11,446,727 | 11,221,773 | 680,915 | 721,250 |
| | <u>\$ 14,067,019</u> | <u>\$ 13,664,860</u> | <u>\$ 2,034,499</u> | <u>\$ 2,644,367</u> |

The following summarizes investment income reflected in the consolidated statements of activities:

| | 2022 | 2021 |
|--------------------------------|---------------------|-------------------|
| Interest and dividends | \$ 88,764 | \$ 139,951 |
| Realized (losses) gains | (7,617) | 44,705 |
| Unrealized (losses) gains | (1,078,412) | 453,106 |
| Total investment (loss) income | <u>\$ (997,265)</u> | <u>\$ 637,762</u> |

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS

SPFC's investments are reported at fair value in the accompanying consolidated statements of financial position. Following is a description of valuation methodologies used for investments measured at fair value.

Money Market - Valued at the net asset value of shares held by SPFC at year-end.

US and international equities – Values are based on unadjusted quoted prices for identical assets in an active market SPFC can access. As of September 30, 2022 and 2021, these investments consisted of mutual funds and individual equity securities.

Fixed income – For fixed income mutual funds, values are based on unadjusted quoted prices for identical assets in an active market SPFC can access. For investments in individual bonds and similar securities, inputs to the valuation methodologies include (1) quoted prices for similar assets in active markets; (2) quoted prices for identical or similar assets in inactive markets; (3) inputs other than quoted prices that are observable for the asset; (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Beneficial interest in assets held by others - The investments are managed by an unrelated third party and are valued based upon the third-party information without adjustment. SPFC does not develop nor are they provided with the quantitative inputs used to develop the fair market values.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - CONTINUED

The fair values of assets measured on a recurring basis at September 30, 2022 are as follows:

| | <u>Fair Value Measurements at Reporting Date Using</u> | | | |
|---|--|--|--|--|
| | <u>Assets Measured at Fair Value at September 30, 2022</u> | <u>Quoted Prices in Active Markets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Money market funds | \$ 114,853 | \$ 114,853 | \$ - | \$ - |
| US equities | 2,043,121 | 2,043,121 | - | - |
| International equities | 285,113 | 285,113 | - | - |
| Fixed income | 11,221,773 | 1,020,645 | 10,201,128 | - |
| Beneficial interest in assets held by others | 527,367 | - | - | 527,367 |
| | <u>\$ 14,192,227</u> | <u>\$ 3,463,732</u> | <u>\$ 10,201,128</u> | <u>\$ 527,367</u> |

The fair values of assets measured on a recurring basis at September 30, 2021 are as follows:

| | <u>Fair Value Measurements at Reporting Date Using</u> | | | |
|---|--|--|--|--|
| | <u>Assets Measured at Fair Value at September 30, 2021</u> | <u>Quoted Prices in Active Markets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Money market funds | \$ 34,295 | \$ 34,295 | \$ - | \$ - |
| US equities | 1,511,614 | 1,511,614 | - | - |
| International equities | 377,208 | 377,208 | - | - |
| Fixed income | 721,250 | 216,972 | 504,278 | - |
| Beneficial interest in assets held by others | 617,426 | - | - | 617,426 |
| | <u>\$ 3,261,793</u> | <u>\$ 2,140,089</u> | <u>\$ 504,278</u> | <u>\$ 617,426</u> |

The following is a summary of changes in the fair value of SPFC's Level 3 assets for the years ended September 30:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|-------------------|-------------------|
| Balance, October 1 | \$ 617,426 | \$ 483,696 |
| Contributions | - | 51,739 |
| Grants | (20,106) | (17,192) |
| Investment (loss) income, net | (69,953) | 99,183 |
| Balance, September 30 | <u>\$ 527,367</u> | <u>\$ 617,426</u> |

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE I - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

On September 30, 2022 and 2021, SPFC has beneficial interests in assets held by the Community Foundation of Tampa Bay (the Community Foundation) of \$412,367 and \$502,426, respectively. These beneficial interests include the Food Bank Endowment, the Beth A. Houghton Leadership Endowment, and a general endowment. During the years ended September 30, 2022 and 2021, \$0- and \$51,739, respectively, of new gifts were contributed to these accounts by SPFC. Since these funds were transferred to the Community Foundation by SPFC and SPFC is the named beneficiary, these amounts are included in the accompanying consolidated statements of financial position.

In addition, at September 30, 2022 and 2021, the Community Foundation of Tampa Bay was holding balances of approximately \$165,000 and \$201,000, respectively, representing contributions made directly to the Community Foundation for the benefit of SPFC and matching funds for the Food Bank Endowment and Beth A. Houghton Leadership Endowment. Earnings on these funds are earmarked to be distributed on a periodic basis to SPFC. The Community Foundation has been granted variance power over these funds which provide the Community Foundation the unilateral power to redirect the use of the funds to other beneficiaries if SPFC were to discontinue operations. Because the Community Foundation has been granted variance power, funds contributed by donors to the Community Foundation on behalf of SPFC and matching endowment funds are not considered to be an asset of SPFC and have not been reported in the accompanying consolidated statements of financial position.

In 2012, the Sister Margaret Freeman Foundation invested \$115,000 with the Pinellas Community Foundation as an endowment. The Pinellas County Community Foundation matched the \$115,000 with 30% or \$34,500. The endowment will pay 5% of its year-end value to SPFC each year. The 30% match is not considered to be an asset of SPFC and has not been reported in the accompanying consolidated financial statements. As of September 30, 2022 and 2021, this endowment, including the 30% match, was valued at approximately \$131,000 and \$169,000, respectively. The portion invested by the Sister Margaret Freeman Foundation is included with beneficial interest in assets held by others on the accompanying consolidated statements of financial position.

NOTE J - CHARITABLE GIFT ANNUITIES

Under the charitable gift annuity agreements, SPFC receives a stated amount and, in consideration of the amount transferred, agrees to pay the annuitants a specified annuity payment. Of the three agreements in effect, one agreement requires quarterly distributions at an annual distribution rate of 4.5%. The second and third agreements require annual distributions of 11.5% and 13.5%, respectively, and distributions are deferred until the year 2031. Distributions during each of the years ended September 30, 2022 and 2021 were approximately \$4,800.

State law requires SPFC to maintain assets at least equal to the sum of the reserves on its outstanding charitable gift annuity agreements, calculated in accordance with the Internal Revenue Code, and a surplus of 10% of such reserves. SPFC voluntarily maintains assets that exceed the required reserves and surplus.

NOTE K - CONTRIBUTED NONFINANCIAL ASSETS

During the years ended September 30, 2022 and 2021, SPFC received approximately 12.9 million and 12.5 million pounds of donated food, respectively. The donated food is estimated to be valued at \$1.92 a pound for fiscal year 2022 and \$1.79 a pound for fiscal year 2021, which amounts to approximately \$24,850,000 and \$22,420,000, respectively. The donations and the inventory value of donated food are recorded when SPFC has the unilateral power to redirect the use of the transferred assets to another beneficiary.

Additionally, SPFC receives donated medicine throughout the year consisting primarily of sample items. Medicines are disbursed appropriately as needed. Due to the high volume of activity, and the difficulty in determining the fair value, revenue and expense are not recorded.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE K - CONTRIBUTED NONFINANCIAL ASSETS - CONTINUED

For the years ended September 30, 2022 and 2021, SPFC received contributed nonfinancial assets as follows:

| | <u>Donated Services</u> | <u>Donated Goods</u> | <u>Total</u> | |
|---------------------------|-----------------------------|----------------------|----------------------|----------------------|
| | | | <u>2022</u> | <u>2021</u> |
| Clinical/Medical Services | \$ 146,956 | \$ - | \$ 146,956 | \$ 198,001 |
| Food | - | 24,853,395 | 24,853,395 | 22,420,747 |
| | <u>\$ 146,956</u> | <u>\$ 24,853,395</u> | <u>\$ 25,000,351</u> | <u>\$ 22,618,748</u> |

All donated services and assets were utilized by SPFC's program services. There were no donor imposed restrictions associated with the donated services. Donated services are valued based on current rates for similar medical services. Donated goods are valued at the estimated average fair value of one pound of donated food product at the national level.

NOTE L - PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

In April 2020, SPFC received a loan under the Paycheck Protection Program (PPP) in the amount of \$486,650. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides loans to qualifying entities. The loan and accrued interest are forgivable if the loan proceeds are used for qualifying expenses as described in the CARES Act. During 2021, SPFC used all proceeds from the loan for qualifying expenses and applied for forgiveness of the PPP loan. In April 2021, SPFC received approval of its application for loan forgiveness and the loan was fully forgiven. SPFC recognized a \$486,650 gain on forgiveness of note payable which is included in the accompanying statement of activities for the year ended September 30, 2021.

Additionally, in February 2021, SPFC received a second PPP loan in the amount of \$569,635. In December 2021, SPFC received approval of its application for loan forgiveness and the loan was fully forgiven. SPFC recognized a \$569,635 gain on forgiveness of note payable which is included in the accompanying statement of activities for the year ended September 30, 2022.

NOTE M - OPERATING LEASE

During 2022, SPFC entered into an agreement to lease 36,383 square feet of office space located in St. Petersburg, FL. The original lease agreement is for 7 years, beginning March 21, 2022, and expires May 21, 2029. Total rent paid under this lease for the year ended September 30, 2022 was approximately \$79,000.

SPFC, previously entered into an agreement for additional parking space. The original lease agreement is for 10 years, effective January 1, 2015, and expires January 1, 2025. Total rent paid on this lease for each of the years ended September 30, 2022 and 2021 was approximately \$12,000.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE M - OPERATING LEASE - CONTINUED

SPFC has additional office equipment lease agreements through February 2028. Total rent paid on these leases for each of the years ended September 30, 2022 and 2021 was approximately \$9,577.

The approximate future minimum lease payments required under these operating leases at September 30, 2022 are as follows:

| Years Ending September 30, | Amount |
|-------------------------------|--------------|
| 2023 | \$ 264,991 |
| 2024 | 267,368 |
| 2025 | 274,749 |
| 2026 | 273,351 |
| 2027 | 278,181 |
| Thereafter | 469,047 |
| | \$ 1,827,687 |

NOTE N - RETIREMENT PLAN

SPFC has a 401(k)-retirement plan which covers all employees over 21 years of age. Employees are eligible to participate and are auto enrolled at 1% of eligible salary on the 1st month following 60 days of employment. The contribution for fiscal 2022 and 2021 was approximately \$67,700 and \$51,500, respectively.

NOTE O - FOUNDATION

The Sister Margaret Freeman Foundation, Inc.'s net assets as of September 30, 2022 and 2021 consisted of the following:

| | 2022 | 2021 |
|--|--------------|--------------|
| Without donor restrictions, undesignated | \$ - | \$ 41,760 |
| Board designated for endowment purposes | 1,940,598 | 2,433,302 |
| With donor restrictions | 115,000 | 115,000 |
| | \$ 2,055,598 | \$ 2,590,062 |

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE P - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2022 and 2021 relate to assets contributed by donors and other funding sources for specific purposes and time periods as follows:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|---------------------|---------------------|
| Subject to time restrictions: | | |
| Bequests receivable | \$ 52,332 | \$ 4,210,927 |
| Subject to use restrictions: | | |
| Donated property | 228,288 | 228,288 |
| Grants and restricted gifts | 2,106,261 | 1,519,262 |
| Promises to give | 258,617 | 874,123 |
| | <u>2,593,166</u> | <u>2,621,673</u> |
| Net assets held in perpetuity: | | |
| Tampa Bay Community Foundation | 53,948 | 66,554 |
| Pinellas County Community Foundation | 115,000 | 115,000 |
| Beth A. Houghton Leadership Endowment | 113,030 | 137,666 |
| Food Bank Endowment | 245,390 | 298,206 |
| Founders Endowment | 50,000 | 50,000 |
| Rothman Endowment Receivable | 200,000 | 400,000 |
| | <u>777,368</u> | <u>1,067,426</u> |
| | <u>\$ 3,422,866</u> | <u>\$ 7,900,026</u> |

Net assets were released from restrictions as follows during the years ended September 30, 2022 and 2021, by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------|---------------------|---------------------|
| Bequests receivable | \$ 4,177,495 | \$ 1,580,277 |
| Grants and restricted gifts | 1,542,544 | 2,307,605 |
| Project pledges | 837,823 | 372,508 |
| | <u>\$ 6,557,862</u> | <u>\$ 4,260,390</u> |

In 2007, SPFC received a \$50,000 donation to establish an endowment fund. A stipulation of the donation was SPFC match the contributed amount from unrestricted monies. The matching funds are included as part of board designated funds. Terms of the donation require the funds to be segregated from SPFC's operating funds. Earnings will be released to SPFC for general operations. This donor-restricted endowment is included in net assets held in perpetuity.

In 2012, SPFC invested \$52,600 with the Community Foundation of Tampa Bay. SPFC will receive periodic distributions from this account in accordance with the investment agreement. The fair value of the investment is included in net assets held in perpetuity.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE P - NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

In 2012, the Sister Margaret Freeman Foundation invested \$115,000 within the Pinellas County Community Foundation. As an incentive for this investment the Pinellas County Community Foundation provided a 30% match on the funds invested into the Sister Margaret Freeman Foundation's account. Only the earnings on these funds will be distributed on a periodic basis to the Sister Margaret Freeman Foundation. Based on the terms of the investment, the invested amount, as well as the match provided, will never be returned to the Sister Margaret Freeman Foundation. The original \$115,000 investment is included in net assets held in perpetuity. The 30% match received is not reported in SPFC's consolidated financial statements.

In 2016, SPFC received a pledge from a donor which created a \$1,000,000 endowment. This endowment receivable has been reported as net assets with donor restrictions. During fiscal 2019, \$200,000 of this endowment pledge receivable was collected and used to fund the Food Bank Endowment leaving \$800,000 remaining in the Rothman Endowment as of September 30, 2019. During fiscal 2020, the donor amended the original gift and directed that \$200,000 of the remaining \$800,000 Rothman Endowment be used for program support in fiscal 2021 leaving \$600,000 in the Rothman Endowment as of September 30, 2020. During fiscal 2021, the donor amended the original gift again and directed that \$200,000 of the remaining \$600,000 Rothman Endowment be used for program support in fiscal 2021 leaving \$400,000 in the Rothman Endowment as of September 30, 2021. During fiscal 2022, the donor amended the original gift again and directed that \$200,000 of the remaining \$400,000 Rothman Endowment be used for program support in fiscal 2022 leaving \$200,000 in the Rothman Endowment as of September 30, 2022.

In 2019, the Beth A. Houghton Leadership Endowment was created and funded by several contributions in the total amount of \$20,600. Since 2019, an additional \$92,925 of contributions have been added to this endowment.

NOTE Q - ENDOWMENT FUND

SPFC's endowment consists of the donor-restricted funds in **NOTE P** and one board designated investment fund established for the purpose of providing a continuous source of income for SPFC. 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.

Endowment net asset composition by type of fund as of September 30, 2022 and 2021:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Summary of Endowment Assets September 30, 2022: | | | |
| Donor-restricted endowment | \$ - | \$ 777,368 | \$ 777,368 |
| Board-designated funds | <u>1,940,598</u> | <u>-</u> | <u>1,940,598</u> |
| | <u>\$ 1,940,598</u> | <u>\$ 777,368</u> | <u>\$ 2,717,966</u> |
| Summary of Endowment Assets September 30, 2021: | | | |
| Donor-restricted endowment | \$ - | \$ 1,067,426 | \$ 1,067,426 |
| Board-designated funds | <u>2,433,302</u> | <u>-</u> | <u>2,433,302</u> |
| | <u>\$ 2,433,302</u> | <u>\$ 1,067,426</u> | <u>\$ 3,500,728</u> |

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE Q - ENDOWMENT FUND - CONTINUED

Changes in endowment net assets for the year ended September 30, 2022 consist of the following:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Changes in Endowment Net Assets for the year ended September 30, 2022: | | | |
| Endowment net assets, beginning | \$ 2,433,302 | \$ 1,067,426 | \$ 3,500,728 |
| Investments return: | | | |
| Investment income | 53,030 | 4,702 | 57,732 |
| Net depreciation (realized and unrealized) | <u>(588,001)</u> | <u>(74,654)</u> | <u>(662,655)</u> |
| Total investment return | <u>(534,971)</u> | <u>(69,952)</u> | <u>(604,923)</u> |
| Contributions | 42,267 | - | 42,267 |
| Distributions | - | (20,106) | (20,106) |
| Modification of restriction by donor | - | <u>(200,000)</u> | <u>(200,000)</u> |
| Total funds | <u>\$ 1,940,598</u> | <u>\$ 777,368</u> | <u>\$ 2,717,966</u> |

Changes in endowment net assets for the year ended September 30, 2021 consist of the following:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Changes in Endowment Net Assets for the year ended September 30, 2021: | | | |
| Endowment net assets, beginning | \$ 2,003,191 | \$ 1,133,696 | \$ 3,136,887 |
| Investments return: | | | |
| Investment income | 36,888 | 4,337 | 41,225 |
| Net appreciation (realized and unrealized) | <u>470,646</u> | <u>94,846</u> | <u>565,492</u> |
| Total investment return | <u>507,534</u> | <u>99,183</u> | <u>606,717</u> |
| Contributions | - | 51,739 | 51,739 |
| Distributions | (77,423) | (17,192) | (94,615) |
| Modification of restriction by donor | - | <u>(200,000)</u> | <u>(200,000)</u> |
| Total funds | <u>\$ 2,433,302</u> | <u>\$ 1,067,426</u> | <u>\$ 3,500,728</u> |

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE Q - ENDOWMENT FUND - CONTINUED

Return Objectives, Risk Parameters, and Strategies

SPFC has adopted an investment and spending policy for endowment assets that attempts to preserve the real (inflation adjusted) value of endowment assets, increase the real value of the portfolio and facilitate a potential distribution to support some level of future operations. Endowment assets include those assets of donor-restricted funds that SPFC must hold in perpetuity or for a donor-specified period(s). These objectives are met for funds held with the Community Foundation of Tampa Bay and Pinellas Community Foundation through the control of each of those Community Foundations (see **NOTES I AND Q**). The Sister Margaret Freeman Foundation Board (the Foundation Board) serves as the Investment Committee for all other endowment funds. The terms of the operating policies of the endowment fund (the Fund) requires that the Fund will be managed by the Investment Committee. The Investment Committee is responsible to oversee the portfolio's investments and monitor the investments on an ongoing basis to ensure that long-term objectives are being met. The Investment Committee has agreed to a target asset allocation for the portfolio's assets and seeks advice from professional investment managers which hold the assets. The Fund is to invest funds in accordance with the standards set forth in the Foundation Board's investment policy.

Spending Policy

The Foundation Board is operating under an approved endowment policy that seeks to preserve the purchasing power of the Fund while providing income at the highest attainable level. The endowment fund may distribute income and dividends. Under Florida UPMIFA capital gains may also be distributed. Investment earnings and capital gains are accumulated in net assets without donor restrictions. There is to be no invasion of the original principal of the gift given to SPFC unless the donor instructs otherwise.

NOTE R - CONTINGENCIES AND UNCERTAINTIES

Grants

SPFC receives significant support from grantor agencies for its programs under cost reimbursement agreements. SPFC is subject to audit examination by grantor agencies. If reimbursed expenditures are disallowed, repayments could be required.

Legal

From time to time, SPFC may be involved in various litigation proceedings incidental to the ordinary course of business. In the opinion of management, the ultimate liability, if any, resulting from such litigation would not be material in relation to SPFC's financial position or changes in statement of activities.

NOTE S - SUBSEQUENT EVENTS

SPFC has evaluated all subsequent events through February 27, 2023, the date the consolidated financial statements were available to be issued. SPFC is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.