

St. Petersburg Free Clinic, Inc. And Affiliate

Consolidated Financial Statements

September 30, 2023 and 2022



**ST. PETERSBURG FREE CLINIC, INC., AND AFFILIATE
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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, 2023 and 2022, and the related consolidated statements of activities, and cash flows for the years then ended, the consolidated statement of functional expenses for the year ended September 30, 2023, 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, 2023 and 2022, 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.

Report on Summarized Comparative Information

We have previously audited St. Petersburg Free Clinic, Inc.'s and Affiliate's 2022 consolidated financial statements, and we expressed an unmodified audit opinion to those audited consolidated financial statements in our report dated February 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

PDR CPAs + Advisors

Oldsmar, Florida
February 26, 2024

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022**

<u>ASSETS</u>		
	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 3,773,446	\$ 7,508,130
Grants receivable	766,651	406,852
Bequests receivable	115,932	52,332
Promises to give, net	242,233	458,617
Inventory	510,921	411,737
Prepaid expenses and other assets	294,888	237,308
Investments	14,577,832	13,664,860
Beneficial interest in assets held by others	563,216	527,367
Property and equipment, net	10,399,163	10,216,481
Construction in progress	121,559	75,139
Operating lease right-of-use assets	1,361,328	-
Total Assets	\$ 32,727,169	\$ 33,558,823
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and other accrued expenses	\$ 315,655	\$ 313,263
Accrued payroll and benefits	274,742	248,458
Deferred revenue	25,025	-
Annuity obligations	70,602	77,321
Operating lease liabilities	1,423,697	-
Total liabilities	2,109,721	639,042
Net assets		
Without donor restrictions:		
Operating	15,588,063	17,179,367
Property and equipment	10,520,722	10,291,620
Board designated for endowment	2,197,318	1,940,598
Board designated for Men's Residence	52,391	85,330
Total net assets without donor restrictions	28,358,494	29,496,915
With donor restrictions	2,258,954	3,422,866
Total net assets	30,617,448	32,919,781
Total Liabilities and Net Assets	\$ 32,727,169	\$ 33,558,823

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Public Support and Revenue				
Contributions	\$ 2,762,288	\$ -	\$ 2,762,288	\$ 2,793,050
Grants and restricted gifts	3,851,303	1,101,940	4,953,243	5,801,919
Special events, net of direct expense of \$337,901	688,216	25,000	713,216	1,021,696
Bequests	662,209	82,500	744,709	10,422,522
Contributed nonfinancial assets:				
Services	195,735	-	195,735	146,956
Food	25,416,294	-	25,416,294	24,853,395
Investment income (loss)	1,082,550	54,920	1,137,470	(997,265)
Net assets released from restrictions	2,428,272	(2,428,272)	-	-
Total public support and revenue	37,086,867	(1,163,912)	35,922,955	44,042,273
Expenses				
Program services				
Health Center	2,435,470	-	2,435,470	1,969,098
Jared S. Hechtkopf Community Food Bank	18,150,789	-	18,150,789	18,077,787
We Help Services	14,252,708	-	14,252,708	12,944,892
Baldwin Women's Residence	1,094,192	-	1,094,192	989,220
Men's Residence	638,485	-	638,485	510,988
Total program services	36,571,644	-	36,571,644	34,491,985
Support services				
General and administrative	677,503	-	677,503	633,286
Fundraising	976,141	-	976,141	1,035,893
Total support services	1,653,644	-	1,653,644	1,669,179
Total expenses	38,225,288	-	38,225,288	36,161,164
Change in Net Assets From Operations	(1,138,421)	(1,163,912)	(2,302,333)	7,881,109
Other Changes in Net Assets				
Gain on forgiveness of note payable - PPP	-	-	-	569,635
	-	-	-	569,635
Change in Net Assets	(1,138,421)	(1,163,912)	(2,302,333)	8,450,744
Net Assets, Beginning of Year	29,496,915	3,422,866	32,919,781	24,469,037
Net Assets, End of Year	\$ 28,358,494	\$ 2,258,954	\$ 30,617,448	\$ 32,919,781

See notes to consolidated financial statements

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

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions	\$ 2,793,050	\$ -	\$ 2,793,050
Grants and restricted gifts	3,670,165	2,131,754	5,801,919
Special events, net of direct expense \$170,227	1,021,696	-	1,021,696
Bequests	10,403,622	18,900	10,422,522
Contributed nonfinancial assets:			
Services	146,956	-	146,956
Food	24,853,395	-	24,853,395
Investment loss	(927,313)	(69,952)	(997,265)
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
Expenses			
Program services			
Health Center	1,969,098	-	1,969,098
Jared S. Hechtkopf Community Food Bank	18,077,787	-	18,077,787
We Help Services	12,944,892	-	12,944,892
Baldwin Women's Residence	989,220	-	989,220
Men's Residence	510,988	-	510,988
Total program services	34,491,985	-	34,491,985
Support services			
General and administrative	633,286	-	633,286
Fundraising	1,035,893	-	1,035,893
Total support services	1,669,179	-	1,669,179
Total expenses	36,161,164	-	36,161,164
Changes in Net Assets From Operations	12,358,269	(4,477,160)	7,881,109
Other Changes in Net Assets			
Gain on forgiveness of note payable - PPP	569,635	-	569,635
	569,635	-	569,635
Change in Net Assets	12,927,904	(4,477,160)	8,450,744
Net Assets, Beginning of Year	16,569,011	7,900,026	24,469,037
Net Assets, End of Year	\$ 29,496,915	\$ 3,422,866	\$ 32,919,781

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	Program Services					Support Services		Total	
	Health Center	Jared S. Hechtkopf Community Food Bank	We Help Services	Baldwin Women's Residence	Men's Residence	General and Administrative	Fundraising	2023	2022
Salaries and related expenses									
Salaries	\$ 1,305,233	\$ 751,892	\$ 635,181	\$ 465,911	\$ 291,066	\$ 315,632	\$ 568,861	\$ 4,333,776	\$ 3,869,248
Payroll taxes and employee benefits	212,882	185,543	144,474	108,082	49,077	143,379	100,330	943,767	658,959
Total salaries and related expenses	1,518,115	937,435	779,655	573,993	340,143	459,011	669,191	5,277,543	4,528,207
Other expenses									
Advertising	545	96	699	33	18	15	34,719	36,125	99,196
Bank charges	-	-	-	-	-	3,789	19,939	23,728	85,361
Computer expenses	44,359	19,070	27,443	17,472	8,415	57,820	56,180	230,759	139,463
Contract services	-	-	-	-	-	-	-	-	1,445
Direct assistance	149,784	3,462,095	743,214	49,910	5,980	-	-	4,410,983	4,136,422
Dues and subscriptions	14,771	-	122	-	-	5,308	1,777	21,978	34,055
Fees and licenses	4,478	9,916	1,349	754	77	1,179	304	18,057	46,792
Contributed nonfinancial assets - food	111,318	12,747,970	12,287,120	104,597	119,259	-	-	25,370,264	24,798,335
Insurance	58,288	26,800	34,566	43,416	14,404	15,649	13,582	206,705	151,438
Legal and professional	23,005	16,805	14,551	12,611	5,810	45,927	29,174	147,883	137,911
Maintenance and repairs	56,501	40,676	47,988	47,694	21,519	4,205	4,367	222,950	221,688
Occupancy	48,847	299,933	77,778	94,255	51,662	50,864	50,747	674,086	431,448
Other	2,876	2,440	2,203	1,760	900	718	5,180	16,077	2,679
Postage and printing	8,339	123	19,014	2,225	197	7,236	49,652	86,786	87,537
Supplies	245,611	41,224	71,063	25,454	10,760	10,523	23,871	428,506	332,999
Small equipment and furniture	3,367	272	3,661	3,335	2,805	1,499	2,596	17,535	49,851
Training	19,697	7,680	12,407	6,936	4,628	7,620	9,475	68,443	44,575
Transportation	650	334,693	3,465	1,722	-	786	33	341,349	228,115
Depreciation	124,919	203,561	126,410	108,025	51,908	5,354	5,354	625,531	603,647
Total other expenses	917,355	17,213,354	13,473,053	520,199	298,342	218,492	306,950	32,947,745	31,632,957
Total expenses	\$ 2,435,470	\$ 18,150,789	\$ 14,252,708	\$ 1,094,192	\$ 638,485	\$ 677,503	\$ 976,141	\$ 38,225,288	\$ 36,161,164

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ (2,302,333)	\$ 8,450,744
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	625,531	603,647
Realized losses on investments	100,623	7,617
Unrealized (gain) loss on investments	(557,067)	1,078,412
Change in value of beneficial interest in assets held by others	(35,849)	90,059
Noncash operating lease expense	282,246	-
Gain on forgiveness of note payable - PPP	-	(569,635)
(Increase) decrease in operating assets:		
Grants receivable	(359,799)	177,184
Bequests receivable	(63,600)	4,158,595
Unconditional promises to give, net	216,384	815,506
Inventory	(99,184)	(69,100)
Prepaid expenses and other assets	(57,580)	(90,309)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	49,986	66,180
Accrued payroll and benefits	26,284	92,822
Deferred revenue	25,025	(284,742)
Operating lease liabilities	(267,471)	-
Annuity obligations	(6,719)	(12,634)
Net cash (used in) provided by operating activities	(2,423,523)	14,514,346
Cash Flows from Investing Activities:		
Purchases of property and equipment	(808,213)	(625,787)
Purchases of construction in progress	(46,420)	(75,139)
Proceeds from sale of investments	8,654,712	7,801,423
Purchases of investments	(9,111,240)	(19,907,945)
Net cash used in by investing activities	(1,311,161)	(12,807,448)
Net (Decrease) Increase in Cash and Cash Equivalents	(3,734,684)	1,706,898
Cash and Cash Equivalents at Beginning of Year	7,508,130	5,801,232
Cash and Cash Equivalents at End of Year	\$ 3,773,446	\$ 7,508,130
SUPPLEMENTAL CASH FLOW INFORMATION:		
Contributed nonfinancial assets - services	\$ 195,735	\$ 146,956
Contributed nonfinancial assets - food	\$ 25,416,294	\$ 24,853,395
NON-CASH INVESTING AND FINANCING ACITIVITES		
Right-of-use assets acquired under operating leases	\$ 1,633,593	\$ -

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

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 2023 the Health Center provided over 8,000 medical services and more than \$3.0 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 2023, the Dental Center provided over 2,500 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 2023. Seventy percent 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 2024.

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 2023, We Help FRESH Pantry's three locations (Indoor Choice, Jared's Drive Thru, and Dueces Drive-Thru) served 438,780 duplicated individuals, representing more than 132,000 households in Pinellas County. Fifty-four percent of households served included families with children. Additionally, We Help Services provided more than 33,000 packs of period products, over 17,000 packs of diapers, and more than \$300,000 in water bill support during fiscal year 2023.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

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 over 20,000 bags of healthy food to partner organizations in fiscal year 2023.

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 2023, BWR, the SPFC Men's Residence housed 171 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, 2023 and 2022 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, 2023 AND 2022**

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, 2023 AND 2022**

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

SPFC considers all highly liquid financial investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes to be cash and cash equivalents. Cash and cash equivalents held in the investment accounts for endowments or other long term purposes are excluded from this definition.

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, 2023 and 2022, 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, 2023 and 2022.

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 \$5,000 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.

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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, 2023 and 2022.

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 \$195,735 and \$146,956 for the years ended September 30, 2023 and 2022, 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 4.59% to 4.92%. The liability is reduced as distributions are made to the beneficiaries.

Income Taxes

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

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Uncertain Tax Positions

SPFC and the Foundation account 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 and the Foundation has identified its tax status as a tax-exempt entity as its only significant tax position; however, SPFC and the Foundation 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 and the Foundation’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.

Leases

SPFC has operating lease assets. The determination of whether an arrangement is a lease is made at the leases' inception. Under Financial Accounting Standards Board issued ASU 201-02, *Leases* (Topic 842), a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset.

Operating leases are included in operating lease right-of-use assets (ROU), current operating lease liabilities, and operating lease liabilities in the accompanying consolidated statement of financial position.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. SPFC uses the implicit rate in the lease when it is readily determinable. If SPFC's leases do not provide an implicit rate, management uses a risk free rate at lease commencement to determine the present value of lease payments.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. SPFC's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option. For leases with an initial term of 12 months or less, a right-of-use asset and lease liability is not recognized and lease expense is recognized on a straight-line basis over the lease term.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases* and additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, the “new lease standard”). The new leases standard modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements.

On October 1, 2022, SPFC adopted the new leases standard utilizing the modified retrospective method, under which amounts in prior periods presented were not restated. SPFC elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The most significant impact was the recognition of operating lease right-of-use assets and operating lease liabilities. Upon adoption, SPFC recorded \$1,633,593 operating lease right-of-use assets and \$1,633,593 operating lease liabilities on its consolidated statement of financial position. The adoption of the new lease standard did not have a material impact on SPFC’s results of operations or cash flows.

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.
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NOTE C - AVAILABILITY AND LIQUIDITY - CONTINUED

At September 30, 2023 and 2022, SPFC's financial assets available to meet general expenditures within one year were as follows:

	2023	2022
Financial Assets:		
Cash and cash equivalents	\$ 3,773,446	\$ 7,508,130
Grants receivable	766,651	406,852
Bequests receivable	115,932	52,332
Promises to give	242,233	458,617
Investments	14,577,832	13,664,860
Beneficial interest in assets held by others	563,216	527,367
	20,039,310	22,618,158
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor imposed restrictions:		
Reserve, charitable gift annuities	(198,269)	(177,276)
Internally controlled endowments	(50,000)	(250,000)
Externally controlled endowments	(563,216)	(527,368)
Contributions with donor restrictions	(746,910)	(1,762,143)
Promises to give with donor restrictions	(242,233)	(258,617)
	(1,800,628)	(2,975,404)
Board designations:		
Net assets designated for endowment	(2,197,318)	(1,940,598)
Net assets designated for Men's Residence	(52,391)	(85,330)
	(2,249,709)	(2,025,928)
Financial assets available to meet general expenditures within one year	\$ 15,988,973	\$ 17,616,826

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, 2023 and 2022 are \$115,932 and \$52,332, respectively.

**ST. PETERSBURG FREE CLINIC, INC.
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NOTE E - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at September 30, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Gross unconditional promises to give	\$ 250,000	\$ 480,000
Less unamortized discount	(7,767)	(21,383)
Net unconditional promises to give	<u>\$ 242,233</u>	<u>\$ 458,617</u>
Amount due in:		
Less than one year	\$ 250,000	\$ 280,000
One to five years	-	200,000
	<u>\$ 250,000</u>	<u>\$ 480,000</u>

Unconditional promises to give at September 30, 2023 include a pledge from a donor totaling \$200,000 or 80% of total unconditional promises to give. Amounts due from a donor totaled \$400,000 or 83% of total unconditional promises to give at September 30, 2022. Promises to give with dates extending beyond one year are discounted to present value using Treasury bill rates with similar term investments. The applicable discount rate used ranged from 2.05% to 3.44%.

NOTE F - PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Property and equipment consist of the following on September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,698,135	\$ 1,698,135
Building and improvements	9,747,573	9,337,237
Furniture and equipment	1,726,460	1,328,583
Vehicles	1,106,678	1,106,678
	<u>14,278,846</u>	<u>13,470,633</u>
Less accumulated depreciation	(3,879,683)	(3,254,152)
	<u>\$ 10,399,163</u>	<u>\$ 10,216,481</u>

Depreciation expense was \$625,531 and \$603,647 for the years ended September 30, 2023 and 2022, respectively.

Construction in progress at September 30, 2023 and 2022 was \$121,559 and \$75,139, respectively, and represents amounts paid for the initial phase of build-out of the new office space. Depreciation will commence on the construction in progress when the renovations are completed and placed in service.

**ST. PETERSBURG FREE CLINIC, INC.
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NOTE G - INVESTMENTS

SPFC's investments consist of the following at September 30, 2023 and 2022:

	2023		2022	
	Cost	Market	Cost	Market
Money market funds	\$ 5,936,357	\$ 5,936,357	\$ 114,853	\$ 114,853
US equities	1,703,447	1,839,071	2,183,475	2,043,121
International equities	447,477	489,398	321,964	285,113
Fixed income	6,327,667	6,156,844	11,446,727	11,221,773
Real Estate	168,082	156,162	-	-
	<u>\$ 14,583,030</u>	<u>\$ 14,577,832</u>	<u>\$ 14,067,019</u>	<u>\$ 13,664,860</u>

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

	2023	2022
Interest and dividends	\$ 681,026	\$ 88,764
Realized losses	(100,623)	(7,617)
Unrealized gains (losses)	557,067	(1,078,412)
Total investment income (loss)	<u>\$ 1,137,470</u>	<u>\$ (997,265)</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, 2023 and 2022, 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.

Real Estate – Values are based on unadjusted quoted prices for identical assets in a market SPFC can access and consist of exchange traded funds.

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NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - CONTINUED

The fair values of assets measured on a recurring basis at September 30, 2023 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Assets Measured at Fair Value at September 30, 2023</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	\$ 5,936,357	\$ 5,936,357	\$ -	\$ -
US equities	1,839,071	1,839,071	-	-
International equities	489,398	489,398	-	-
Fixed income	6,156,844	961,464	5,195,380	-
Real Estate	156,162	156,162	-	-
Beneficial interest in assets held by others	563,216	-	-	563,216
	<u>\$ 15,141,048</u>	<u>\$ 9,382,452</u>	<u>\$ 5,195,380</u>	<u>\$ 563,216</u>

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

	<u>2023</u>	<u>2022</u>
Balance, October 1	\$ 527,367	\$ 617,426
Grants	(19,072)	(20,106)
Investment income (loss), net	54,921	(69,953)
Balance, September 30	<u>\$ 563,216</u>	<u>\$ 527,367</u>

**ST. PETERSBURG FREE CLINIC, INC.
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NOTE I - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

On September 30, 2023 and 2022, SPFC has beneficial interests in assets held by the Community Foundation of Tampa Bay (the Community Foundation) of \$448,216 and \$412,367, 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, 2023 and 2022, there were no new gifts 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, 2023 and 2022, the Community Foundation of Tampa Bay was holding balances of approximately \$179,000 and \$165,000, 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, 2023 and 2022, this endowment, including the 30% match, was valued at approximately \$140,000 and \$131,000, 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, 2023 and 2022 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, 2023 and 2022, SPFC received approximately 13.2 million and 12.9 million pounds of donated food, respectively. The donated food is estimated to be valued at \$1.93 a pound for fiscal year 2023 and \$1.92 a pound for fiscal year 2022, which amounts to approximately \$25,416,000 and \$24,850,000, 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.

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NOTE K - CONTRIBUTED NONFINANCIAL ASSETS - CONTINUED

For the years ended September 30, 2023 and 2022, SPFC received contributed nonfinancial assets as follows:

	<u>Donated Services</u>	<u>Donated Goods</u>	<u>Total</u>	
			<u>2023</u>	<u>2022</u>
Clinical/Medical Services	\$ 195,735	\$ -	\$ 195,735	\$ 146,956
Food	-	25,416,294	25,416,294	24,853,395
	<u>\$ 195,735</u>	<u>\$ 25,416,294</u>	<u>\$ 25,612,029</u>	<u>\$ 25,000,351</u>

All donated services and goods 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

The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides loans for qualifying entities. The loan and accrued interest are forgivable if the loan proceeds are used for qualifying expenses as described in the CARES Act.

In February 2021, SPFC obtained a 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 - 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 2023 and 2022 was approximately \$80,100 and \$67,700, respectively.

NOTE N - FOUNDATION

The Sister Margaret Freeman Foundation, Inc.'s net assets as of September 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Board designated for endowment purposes	\$ 2,197,318	\$ 1,940,598
With donor restrictions	115,000	115,000
	<u>\$ 2,312,318</u>	<u>\$ 2,055,598</u>

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NOTE O - LEASES

SPFC leases office space, equipment, and warehouse via operating leases. These leases expire at various dates through May 2029. The lease agreements provide for minimum lease payments and include payments adjusted for inflation. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants. Short-term leases, defined as leases with initial terms of 12 months or less, are not reflected on the accompanying consolidated statements of financial position.

Lease liability maturities due under operating leases as of September 30, are as follows:

Years Ending September 30,	Amount
2024	\$ 271,784
2025	279,165
2026	277,767
2027	282,418
2028	281,737
Thereafter	188,253
Total undiscounted cash flows	1,581,124
Less: present value discount	(157,427)
Total liabilities	\$ 1,423,697

As of September 30, 2023, the weighted-average remaining lease term for SPFC's operating leases is 5.55 years, and the weighted-average discount rate associated with the operating leases is 3.81%. Operating lease costs for SPFC for the year ended September 30, 2023 was \$282,246 .

Rent expense for the previous year ended September 30, 2022 was approximately \$101,000 reported under the previous lease accounting standard.

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NOTE P - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2023 and 2022 relate to assets contributed by donors and other funding sources for specific purposes and time periods as follows:

	<u>2023</u>	<u>2022</u>
Subject to time restrictions:		
Bequests receivable	\$ 115,932	\$ 52,332
Subject to use restrictions:		
Donated property	228,288	228,288
Grants and restricted gifts	1,059,285	2,106,261
Promises to give	242,233	258,617
	<u>1,529,806</u>	<u>2,593,166</u>
Net assets held in perpetuity:		
Tampa Bay Community Foundation	58,230	53,948
Pinellas County Community Foundation	115,000	115,000
Beth A. Houghton Leadership Endowment	122,849	113,030
Food Bank Endowment	267,137	245,390
Founders Endowment	50,000	50,000
Rothman Endowment Receivable	-	200,000
	<u>613,216</u>	<u>777,368</u>
	<u>\$ 2,258,954</u>	<u>\$ 3,422,866</u>

Net assets were released from restrictions as follows during the years ended September 30, 2023 and 2022, by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors:

	<u>2023</u>	<u>2022</u>
Bequests receivable	\$ 18,900	\$ 4,177,495
Grants and restricted gifts	2,179,372	1,542,544
Project pledges	230,000	837,823
	<u>\$ 2,428,272</u>	<u>\$ 6,557,862</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.

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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. 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 each of the four years from fiscal 2020 through fiscal 2023, the donor amended the original gift and directed that \$200,000 of the remaining balance be used for program support. As of September 30, 2023, the entire \$1,000,000 contribution has been used or redirected for program support in accordance with the donor's instructions.

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, 2023 and 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Summary of Endowment Assets September 30, 2023:			
Donor-restricted endowment	\$ -	\$ 613,216	\$ 613,216
Board-designated funds	<u>2,197,318</u>	<u>-</u>	<u>2,197,318</u>
	<u>\$ 2,197,318</u>	<u>\$ 613,216</u>	<u>\$ 2,810,534</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>

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE Q - ENDOWMENT FUND - CONTINUED

Changes in endowment net assets for the year ended September 30, 2023 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, 2023:			
Endowment net assets, beginning	\$ 1,940,598	\$ 777,368	\$ 2,717,966
Investments return:			
Investment income	50,968	4,872	55,840
Net appreciation (realized and unrealized)	205,252	50,048	255,300
Total investment return	<u>256,220</u>	<u>54,920</u>	<u>311,140</u>
Contributions	500	-	500
Distributions	-	(19,072)	(19,072)
Modification of restriction by donor	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Total funds	<u>\$ 2,197,318</u>	<u>\$ 613,216</u>	<u>\$ 2,810,534</u>

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)	(588,001)	(74,654)	(662,655)
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>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Total funds	<u>\$ 1,940,598</u>	<u>\$ 777,368</u>	<u>\$ 2,717,966</u>

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

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 P**). 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 26, 2024, 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.