

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

Consolidated Financial Statements

September 30, 2024 and 2023

**And
Reports of Independent Certified
Public Accountants**



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

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, 2024 and 2023, 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, 2024, 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, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 and *Government 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 and *Government 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 2023 consolidated financial statements, and we expressed an unmodified audit opinion to those audited consolidated financial statements in our report dated February 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

CONTINUED

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025 on our consideration of the St. Petersburg Free Clinic, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the St. Petersburg Free Clinic, Inc. and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Petersburg Free Clinic, Inc. and Affiliate's internal control over financial reporting and compliance.

PDR CPAs + Advisors

Oldsmar, Florida
February 24, 2025

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND 2023**

<u>ASSETS</u>		
	2024	2023
Assets		
Cash and cash equivalents	\$ 983,930	\$ 3,773,446
Grants receivable	2,388,835	766,651
Bequests receivable	49,596	115,932
Promises to give, net	10,000	242,233
Inventory	508,113	510,921
Prepaid expenses and other assets	352,295	294,888
Investments	17,628,317	14,577,832
Beneficial interest in assets held by others	622,831	563,216
Property and equipment, net	9,943,384	10,399,163
Construction in progress	3,073,741	121,559
Operating lease right-of-use assets	3,338,675	1,361,328
Total Assets	\$ 38,899,717	\$ 32,727,169
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and other accrued expenses	\$ 1,788,177	\$ 315,655
Accrued payroll and benefits	265,180	274,742
Deferred revenue	25,654	25,025
Annuity obligations	75,292	70,602
Operating lease liabilities	3,459,309	1,423,697
Total liabilities	5,613,612	2,109,721
Net assets		
Without donor restrictions:		
Operating	12,982,307	15,588,063
Property and equipment	13,017,125	10,520,722
Board designated for endowment	2,631,695	2,197,318
Board designated for Men's Residence	52,391	52,391
Total net assets without donor restrictions	28,683,518	28,358,494
With donor restrictions	4,602,587	2,258,954
Total net assets	33,286,105	30,617,448
Total Liabilities and Net Assets	\$ 38,899,717	\$ 32,727,169

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
Public Support and Revenue				
Contributions	\$ 3,449,019	\$ -	\$ 3,449,019	\$ 2,762,288
Grants and restricted gifts	4,864,296	3,898,637	8,762,933	4,953,243
Special events, net of direct expenses of \$239,252	577,656	-	577,656	713,216
Bequests	793,980	16,165	810,145	744,709
Contributed nonfinancial assets:				
Services	265,648	-	265,648	195,735
Food	27,028,832	-	27,028,832	25,416,294
Investment income (loss)	1,811,283	80,017	1,891,300	1,137,470
Net assets released from restrictions	1,651,186	(1,651,186)	-	-
Total public support and revenue	40,441,900	2,343,633	42,785,533	35,922,955
Expenses				
Program services				
Health Center	2,472,665	-	2,472,665	2,435,470
Jared S. Hechtkopf Community Food Bank	20,761,371	-	20,761,371	18,150,789
We Help Services	13,473,518	-	13,473,518	14,252,708
Baldwin Women's Residence	1,074,520	-	1,074,520	1,094,192
Men's Residence	679,667	-	679,667	638,485
Total program services	38,461,741	-	38,461,741	36,571,644
Support services				
General and administrative	715,463	-	715,463	677,503
Fundraising	939,672	-	939,672	976,141
Total support services	1,655,135	-	1,655,135	1,653,644
Total expenses	40,116,876	-	40,116,876	38,225,288
Change in Net Assets	325,024	2,343,633	2,668,657	(2,302,333)
Net Assets, Beginning of Year	28,358,494	2,258,954	30,617,448	32,919,781
Net Assets, End of Year	\$ 28,683,518	\$ 4,602,587	\$ 33,286,105	\$ 30,617,448

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Contributions	\$ 2,762,288	\$ -	\$ 2,762,288
Grants and restricted gifts	3,851,303	1,101,940	4,953,243
Special events, net of direct expenses \$337,901	688,216	25,000	713,216
Bequests	662,209	82,500	744,709
Contributed nonfinancial assets:			
Services	195,735	-	195,735
Food	25,416,294	-	25,416,294
Investment income	1,082,550	54,920	1,137,470
Net assets released from restrictions	<u>2,428,272</u>	<u>(2,428,272)</u>	<u>-</u>
Total public support and revenue	37,086,867	(1,163,912)	35,922,955
Expenses			
Program services			
Health Center	2,435,470	-	2,435,470
Jared S. Hechtkopf Community Food Bank	18,150,789	-	18,150,789
We Help Services	14,252,708	-	14,252,708
Baldwin Women's Residence	1,094,192	-	1,094,192
Men's Residence	638,485	-	638,485
Total program services	<u>36,571,644</u>	<u>-</u>	<u>36,571,644</u>
Support services			
General and administrative	677,503	-	677,503
Fundraising	976,141	-	976,141
Total support services	<u>1,653,644</u>	<u>-</u>	<u>1,653,644</u>
Total expenses	38,225,288	-	38,225,288
Change in Net Assets	(1,138,421)	(1,163,912)	(2,302,333)
Net Assets, Beginning of Year	29,496,915	3,422,866	32,919,781
Net Assets, End of Year	\$ 28,358,494	\$ 2,258,954	\$ 30,617,448

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	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	2024	2023
Salaries and related expenses									
Salaries	\$ 1,251,617	\$ 697,029	\$ 681,655	\$ 448,310	\$ 307,775	\$ 347,331	\$ 541,305	\$ 4,275,022	\$ 4,333,776
Payroll taxes and employee benefits	255,703	186,902	185,351	95,391	82,217	94,847	103,489	1,003,900	943,767
Total salaries and related expenses	1,507,320	883,931	867,006	543,701	389,992	442,178	644,794	5,278,922	5,277,543
Other expenses									
Advertising	-	-	-	-	-	-	30,614	30,614	36,125
Bank charges	-	-	-	-	-	2,110	16,638	18,748	23,728
Computer expenses	73,709	30,215	45,307	28,230	14,071	65,855	54,097	311,484	230,759
Direct assistance	165,024	3,900,617	145,235	48,964	7,730	-	-	4,267,570	4,410,983
Dues and subscriptions	14,289	129	288	98	53	1,621	3,172	19,650	21,978
Fees and licenses	9,300	9,829	3,155	1,829	820	2,606	1,128	28,667	18,057
Contributed nonfinancial assets - food	102,699	14,726,147	12,026,208	109,994	109,994	-	-	27,075,042	25,370,264
Insurance	64,854	34,947	49,854	53,290	17,441	17,519	14,724	252,629	206,705
Legal and professional	16,002	9,961	11,674	7,550	4,088	68,301	32,759	150,335	147,883
Maintenance and repairs	49,020	32,283	49,889	37,936	29,118	9,431	8,266	215,943	222,950
Occupancy	79,234	387,244	98,213	105,694	48,456	67,418	73,862	860,121	674,086
Other	1,677	1,689	1,638	699	382	9,256	4,124	19,465	16,077
Postage and printing	6,459	3,644	18,837	2,901	123	11,151	31,658	74,773	86,786
Supplies	284,628	147,157	16,134	18,164	8,005	6,147	16,844	497,079	428,506
Small equipment and furniture	2,610	-	2,471	2,291	5,751	819	632	14,574	17,535
Training	4,886	683	5,664	723	239	8,867	3,281	24,343	68,443
Transportation	1,721	342,780	5,656	1,093	869	330	1,225	353,674	341,349
Depreciation	89,233	250,115	126,289	111,363	42,535	1,854	1,854	623,243	625,531
Total other expenses	965,345	19,877,440	12,606,512	530,819	289,675	273,285	294,878	34,837,954	32,947,745
Total expenses	\$ 2,472,665	\$ 20,761,371	\$ 13,473,518	\$ 1,074,520	\$ 679,667	\$ 715,463	\$ 939,672	\$ 40,116,876	\$ 38,225,288

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,668,657	\$ (2,302,333)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	623,243	625,531
Realized (gains) losses on investments	(82,476)	100,623
Unrealized gain on investments	(1,192,297)	(557,067)
Change in value of beneficial interest in assets held by others	(59,615)	(35,849)
Noncash operating lease expense	330,047	282,246
Grants for acquisition of property and equipment	(2,843,571)	-
(Increase) decrease in operating assets:		
Grants receivable	(1,622,184)	(359,799)
Bequests receivable	66,336	(63,600)
Unconditional promises to give, net	232,233	216,384
Inventory	2,808	(99,184)
Prepaid expenses and other assets	(57,407)	(57,580)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,472,522	49,986
Accrued payroll and benefits	(9,562)	26,284
Deferred revenue	629	25,025
Operating lease liabilities	(269,516)	(267,471)
Annuity obligations	4,690	(6,719)
Net cash used in operating activities	(735,463)	(2,423,523)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(155,130)	(808,213)
Purchases of construction in progress	(2,966,782)	(46,420)
Proceeds from sale of investments	38,839,213	8,654,712
Purchases of investments	(40,614,925)	(9,111,240)
Net cash used in by investing activities	(4,897,624)	(1,311,161)
Cash Flows from Financing Activities:		
Grants for acquisition of property and equipment	2,843,571	-
Net Decrease in Cash and Cash Equivalents	(2,789,516)	(3,734,684)
Cash and Cash Equivalents at Beginning of Year	3,773,446	7,508,130
Cash and Cash Equivalents at End of Year	\$ 983,930	\$ 3,773,446
SUPPLEMENTAL CASH FLOW INFORMATION:		
Contributed nonfinancial assets - services	\$ 265,648	\$ 195,735
Contributed nonfinancial assets - food	\$ 27,028,832	\$ 25,416,294
NON-CASH INVESTING AND FINANCING ACITIVITES		
Right-of-use assets acquired under operating leases	\$ 2,166,915	\$ 1,633,593

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

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 and Dental 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.

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 2024 the Health and Dental Center provided over 16,200 patient encounters for 2,000 patients with each patient receiving on average 8 services (including primary care, services from a specialist, dental care, diabetes intervention services, prescription medications, and medical/healthcare navigation).

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 20.4 million pounds of food in fiscal year 2024. Seventy four 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 2025.

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 2024, We Help FRESH Pantry's three locations (Indoor Choice, Jared's Drive Thru, and Dueces Drive-Thru) served 477,000 visits duplicated individuals. 66,500 students and families were served through off-site youth-focused pantries and programs, and 3,200 seniors were provided groceries at convenient congregate meal sites. Over 2,600 community navigation services were provided the community members needing access to community resources that SPFC does not provide. Additionally, \$47 million in household grocery savings were provided to the community for only \$6.9 million in costs.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

NOTE A - NATURE OF ORGANIZATION - CONTINUED

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. During fiscal year 2024, BWR, the SPFC Men's Residence housed 169 men and women in recovery with 29 graduating and moving on to permanent housing.

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, 2024 and 2023 are included in these consolidated financial statements. All significant intercompany balances and transactions are eliminated in consolidation.

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.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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, 2024 and 2023, 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.

Investments

Investments in debt and equity securities and mutual funds are stated at fair market value in the consolidated statements of financial position. Investments in a limited liability company are stated at cost minus impairment, if any under the guidance in Financial Accounting Standards Board ASC 321-10-35. The investments in a limited liability company do not have readily determinable fair values and do not qualify for the available practical expedient.

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.
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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2024 and 2023.

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.

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, 2024 and 2023.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition - Continued

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 \$265,648 and \$195,735 for the years ended September 30, 2024 and 2023, 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 3.81% to 4.19%. The liability is reduced as distributions are made to the beneficiaries.

Income Taxes

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

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 have identified their tax status as tax-exempt entities as their only significant tax position; however, SPFC and the Foundation have determined that such tax position do not result in an uncertainty requiring recognition. SPFC and the Foundation are 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.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases

SPFC leases warehouse and office space and office equipment under operating leases. 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 (ROU) assets and operating lease liabilities in the accompanying consolidated statements 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 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.

At September 30, 2024 and 2023, SPFC's financial assets available to meet general expenditures within one year were as follows:

	2024	2023
Financial Assets:		
Cash and cash equivalents	\$ 983,930	\$ 3,773,446
Grants receivable	2,388,835	766,651
Bequests receivable	49,596	115,932
Promises to give	10,000	242,233
Investments	17,628,317	14,577,832
Beneficial interest in assets held by others	622,831	563,216
Total financial assets	21,683,509	20,039,310
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor imposed restrictions:		
Reserve, charitable gift annuities	(243,247)	(198,269)
Internally controlled endowments	(50,000)	(50,000)
Externally controlled endowments	(622,831)	(563,216)
Contributions with donor restrictions	(533,603)	(746,910)
Promises to give with donor restrictions	(10,000)	(242,233)
Total contractual or donor-imposed restrictions	(1,459,681)	(1,800,628)
Board designations:		
Net assets designated for endowment	(2,631,695)	(2,197,318)
Net assets designated for Men's Residence	(52,391)	(52,391)
Total board designations	(2,684,086)	(2,249,709)
Financial assets available to meet general expenditures within one year	\$ 17,539,742	\$ 15,988,973

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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, 2024 and 2023 are \$49,596 and \$115,932, respectively.

NOTE E - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at September 30, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Gross unconditional promises to give	\$ 10,000	\$ 250,000
Less unamortized discount	-	(7,767)
Net unconditional promises to give	<u>\$ 10,000</u>	<u>\$ 242,233</u>
Amount due in:		
Less than one year	\$ 10,000	\$ 250,000
One to five years	-	-
	<u>\$ 10,000</u>	<u>\$ 250,000</u>

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 rates used at September 30, 2023 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>2024</u>	<u>2023</u>
Land	\$ 1,698,135	\$ 1,698,135
Building and improvements	9,885,508	9,747,573
Furniture and equipment	1,742,999	1,726,460
Vehicles	1,119,666	1,106,678
	14,446,308	14,278,846
Less accumulated depreciation	<u>(4,502,924)</u>	<u>(3,879,683)</u>
	<u>\$ 9,943,384</u>	<u>\$ 10,399,163</u>

Depreciation expense was \$623,243 and \$625,531 for the years ended September 30, 2024 and 2023, respectively.

Construction in progress at September 30, 2024 and 2023 was \$3,073,741 and \$121,559, respectively, and represents amounts paid for the build-out of new warehouse and office space. Depreciation will commence on the construction in progress when the renovations are completed and placed in service.

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NOTE G - INVESTMENTS

SPFC's investments consist of the following at September 30, 2024 and 2023:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 1,016,307	\$ 1,016,307	\$ 5,936,357	\$ 5,936,357
US equities	2,364,632	2,709,286	1,703,447	1,839,071
International equities	1,490,831	1,630,981	447,477	489,398
Fixed income	2,791,541	2,857,376	6,327,667	6,156,844
Real Estate	139,403	149,962	168,082	156,162
Limited liability company (at cost)	245,000	245,000	-	-
US treasuries	8,889,327	9,019,405	-	-
	<u>\$ 16,937,041</u>	<u>\$ 17,628,317</u>	<u>\$ 14,583,030</u>	<u>\$ 14,577,832</u>

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

	2024	2023
Interest and dividends	\$ 616,527	\$ 681,026
Realized gains (losses)	82,476	(100,623)
Unrealized gains	1,192,297	557,067
Total investment income	<u>\$ 1,891,300</u>	<u>\$ 1,137,470</u>

The investment in the limited liability company (LLC) is subject to certain restrictions on withdrawals that could impact the timing of withdrawals and the amount of funds that can be withdrawn at a particular point in time. The LLC invests in short duration loan opportunities collateralized by senior mortgage positions.

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, 2024 and 2023, 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.

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NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - CONTINUED

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

The fair values of assets measured on a recurring basis at September 30, 2024 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Assets Measured at Fair Value at September 30, 2024</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	\$ 1,016,307	\$ 1,016,307	\$ -	\$ -
US equities	2,709,286	2,709,286	-	-
International equities	1,630,981	1,630,981	-	-
Fixed income	2,857,376	2,857,376	-	-
Real Estate	149,962	149,962	-	-
US treasuries	9,019,405	-	9,019,405	-
Beneficial interest in assets held by others	622,831	-	-	622,831
	<u>\$ 18,006,148</u>	<u>\$ 8,363,912</u>	<u>\$ 9,019,405</u>	<u>\$ 622,831</u>

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>

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NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - CONTINUED

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

	<u>2024</u>	<u>2023</u>
Balance, October 1	\$ 563,216	\$ 527,367
Grants	(20,402)	(19,072)
Investment income, net	80,017	54,921
Balance, September 30	<u>\$ 622,831</u>	<u>\$ 563,216</u>

NOTE I - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

On September 30, 2024 and 2023, SPFC has beneficial interests in assets held by the Community Foundation of Tampa Bay (the Community Foundation) of \$507,831 and \$448,216, 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, 2024 and 2023, 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, 2024 and 2023, the Community Foundation of Tampa Bay was holding balances of approximately \$202,000 and \$179,000, 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, 2024 and 2023, this endowment, including the 30% match, was valued at approximately \$163,000 and \$140,000, 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, 2024 and 2023 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.

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NOTE K - CONTRIBUTED NONFINANCIAL ASSETS

During the years ended September 30, 2024 and 2023, SPFC received approximately 13.7 million and 13.2 million pounds of donated food, respectively. The donated food is estimated to be valued at \$1.97 a pound for fiscal year 2024 and \$1.93 a pound for fiscal year 2023, which amounts to approximately \$27,029,000 and \$25,416,000, 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.

For the years ended September 30, 2024 and 2023, SPFC received contributed nonfinancial assets as follows:

	<u>Donated Services</u>	<u>Donated Goods</u>	<u>Total</u>	
			<u>2024</u>	<u>2023</u>
Clinical/Medical Services	\$ 265,648	\$ -	\$ 265,648	\$ 195,735
Food	-	27,028,832	27,028,832	25,416,294
	<u>\$ 265,648</u>	<u>\$ 27,028,832</u>	<u>\$ 27,294,480</u>	<u>\$ 25,612,029</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 - 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 2024 and 2023 was approximately \$89,700 and \$80,100, respectively.

NOTE M - FOUNDATION

The Sister Margaret Freeman Foundation, Inc.'s net assets as of September 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Board designated for endowment purposes	\$ 2,631,695	\$ 2,197,318
With donor restrictions	115,000	115,000
	<u>\$ 2,746,695</u>	<u>\$ 2,312,318</u>

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NOTE N - LEASES

SPFC leases office and warehouse space, and office equipment under operating leases. These leases expire at various dates through May 2039. 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
2025	\$ 279,165
2026	277,767
2027	282,418
2028	281,738
2029	285,205
Thereafter	3,237,343
Total undiscounted cash flows	4,643,636
Less: present value discount	(1,184,327)
Total liabilities	\$ 3,459,309

Lease terms and discount rates as of September 30, are as follows:

	2024	2023
Weighted-average remaining lease term in years	14.47 years	5.55 years
	2024	2023
Weighted-average discount rate	4.00%	3.81%

Operating lease costs for SPFC for the years ended September 30, 2024 and 2023 were \$330,047 and \$282,246, respectively. Variable lease costs for SPFC for the years ended September 30, 2024 and 2023 were \$184,943 and \$73,348, respectively.

The lease for the warehouse space has an original lease term of 86 months ending in May 2029. The lease provides for four successive renewal options of five years each. Management has determined it is likely that SPFC will elect to exercise the first two five year options and they have been included in the calculation of operating lease right of use assets and operating lease liabilities at September 30, 2024.

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NOTE O - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2024 and 2023 relate to assets contributed by donors and other funding sources for specific purposes and time periods as follows:

	<u>2024</u>	<u>2023</u>
Subject to time restrictions:		
Bequests receivable	\$ 49,596	\$ 115,932
Subject to use restrictions:		
Donated property	228,288	228,288
Restricted use facilities	2,783,893	-
Grants and restricted gifts	857,979	1,059,285
Promises to give	10,000	242,233
	<u>3,880,160</u>	<u>1,529,806</u>
Net assets held in perpetuity:		
Tampa Bay Community Foundation	65,479	58,230
Pinellas County Community Foundation	115,000	115,000
Beth A. Houghton Leadership Endowment	139,335	122,849
Food Bank Endowment	303,017	267,137
Founders Endowment	50,000	50,000
	<u>672,831</u>	<u>613,216</u>
	<u>\$ 4,602,587</u>	<u>\$ 2,258,954</u>

Net assets were released from restrictions as follows during the years ended September 30, 2024 and 2023, by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors:

	<u>2024</u>	<u>2023</u>
Bequests receivable	\$ 82,500	\$ 18,900
Grants and restricted gifts	1,328,686	2,179,372
Project pledges	240,000	230,000
	<u>\$ 1,651,186</u>	<u>\$ 2,428,272</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 O - 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 2024, SPFC received a \$3 million Federal grant to make improvements to the leased warehouse space (**NOTE N**) in order to operate a food bank. The grant requires SPFC to continue using the leased warehouse space as a food bank for a period of eleven years, which begins one year after improvements are completed, if the warehouse space is no longer leased or no longer used as a food bank, SPFC will be required to repay the \$3 million grant. This obligation to repay grant funds decreases \$300,000 for each year the warehouse space is used as a food bank and after eleven years from the date improvements are completed, the repayment requirement is reduced to \$0. The funds earned under the grant agreement were \$2,783,893 at September 30, 2024 and have been included in net assets with donor restrictions.

NOTE P - ENDOWMENT FUND

SPFC's endowment consists of the donor-restricted funds in **NOTE O** 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, 2024 and 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Summary of Endowment Assets September 30, 2024:			
Donor-restricted endowment	\$ -	\$ 672,831	\$ 672,831
Board-designated funds	2,631,695	-	2,631,695
	\$ 2,631,695	\$ 672,831	\$ 3,304,526
Summary of Endowment Assets September 30, 2023:			
Donor-restricted endowment	\$ -	\$ 613,216	\$ 613,216
Board-designated funds	2,197,318	-	2,197,318
	\$ 2,197,318	\$ 613,216	\$ 2,810,534

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

NOTE P - ENDOWMENT FUND - CONTINUED

Changes in endowment net assets for the year ended September 30, 2024 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, 2024:			
Endowment net assets, beginning	\$ 2,197,318	\$ 613,216	\$ 2,810,534
Investments return:			
Investment income	57,994	6,028	64,022
Net appreciation (realized and unrealized)	464,935	73,989	538,924
Total investment return	522,929	80,017	602,946
Contributions	500	-	500
Distributions	(89,052)	(20,402)	(109,454)
Total funds	<u>\$ 2,631,695</u>	<u>\$ 672,831</u>	<u>\$ 3,304,526</u>

Changes in endowment net assets for the year ended September 30, 2023 consist of the following:

	<u>Restrictions</u>	<u>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 depreciation (realized and unrealized)	205,252	50,048	255,300
Total investment return	256,220	54,920	311,140
Contributions	500	-	500
Distributions	-	(19,072)	(19,072)
Modification of restriction by donor	-	(200,000)	(200,000)
Total funds	<u>\$ 2,197,318</u>	<u>\$ 613,216</u>	<u>\$ 2,810,534</u>

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

NOTE P - 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 Q - 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.

In 2024, SPFC received a \$3 million Federal grant to make improvements to leased warehouse space (**NOTES N AND O**) in order to operate a food bank. The grant terms require SPFC to continue to use the leased warehouse space for a period of eleven years or repayment of a portion of the grant funds will be required. In addition, if the project funded by the \$3 million Federal grant is not completed in accordance with grant terms, return of all grant funds previously advanced to SPFC will 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 R - SUBSEQUENT EVENTS

SPFC has evaluated all subsequent events through February 24, 2025, 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.

SUPPLEMENTARY INFORMATION

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2024**

<u>Federal Agency Pass-Through Entity Federal Program</u>	<u>Federal Assistance Listing Number</u>	<u>Contract/ Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>	<u>Provided to Subrecipients</u>
FEDERAL AWARDS:				
U.S. Department of Treasury				
<i>Passed through Pinellas Community Foundation:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP4653	\$ 2,783,893	\$ -
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP4653	59,678	-
<i>Passed through City of St. Petersburg, FL:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	295,710	-
Total U.S. Department of Treasury			3,139,281	-
Total Expenditures of Federal Awards			\$ 3,139,281	\$ -

See accompanying notes to schedule of expenditures of federal awards

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2024**

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of St. Petersburg Free Clinic, Inc. and Affiliate (SPFC) under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of SPFC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of SPFC.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

SPFC has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of St. Petersburg Free Clinic, Inc., and Affiliate (SPFC), which comprise the consolidated statement of financial position as of September 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered SPFC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of SPFC's internal control. Accordingly, we do not express an opinion on the effectiveness of SPFC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SPFC's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

CONTINUED

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS - CONTINUED**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SPFC's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SPFC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PDR CPAs + Advisors

Oldsmar, Florida
February 24, 2025



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited St. Petersburg Free Clinic, Inc., and Affiliate's (SPFC) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of SPFC's major federal programs for the year ended September 30, 2024. SPFC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SPFC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SPFC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SPFC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to SPFC's federal programs.

CONTINUED

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE - CONTINUED**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SPFC's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SPFC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and *the* Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 SPFC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SPFC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SPFC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

CONTINUED

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE - CONTINUED**

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PDR CPAs + Advisors

Oldsmar, Florida
February 24, 2025

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024**

Part I - Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards Section

Internal control over major federal programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes X none reported

Type of auditor's report on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a) of the Uniform Guidance? yes X no

Identification of major federal programs:

Federal Programs:

Federal Assistance Listing Number	Name of Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to determine Type A programs:

Federal programs \$ 750,000

Auditee qualified as low-risk auditee for federal purposes? yes X no

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2024**

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weakness, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no reportable findings.

Part III - Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weakness, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance.

There were no reportable findings.

Part IV - Summary Schedule of Prior Audit Findings

A Summary Schedule of Prior Audit Findings is not necessary since there were no prior audit findings related to a major federal program.