

St. Petersburg Free Clinic, Inc. and Affiliates

Consolidated Financial Statements

September 30, 2025 and 2024



ST. PETERSBURG FREE CLINIC, INC., AND AFFILIATES
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Oldsmar / Tampa / St. Petersburg

727-785-4447

813-498-1294

727-784-5491 Fax

www.pdr-cpa.com

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of St. Petersburg Free Clinic, Inc. and Affiliates (SPFC) (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, 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, 2025, 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 Affiliates as of September 30, 2025 and 2024, 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 Affiliates 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 Affiliates' 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 control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Affiliates' 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 Affiliates' 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 Affiliates' 2024 consolidated financial statements, and we expressed an unmodified audit opinion to those audited consolidated financial statements in our report dated February 24, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

PDR CPAs + Advisors

Oldsmar, Florida
February 23, 2026

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2025 AND 2024**

<u>ASSETS</u>		
	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 563,418	\$ 983,930
Grants receivable	745,966	2,388,835
Bequests receivable	541,318	49,596
Promises to give, net	-	10,000
Inventory	1,005,946	508,113
Prepaid expenses and other assets	424,178	352,295
Investments	15,293,595	17,628,317
Beneficial interest in assets held by others	648,247	622,831
Property and equipment, net	14,590,511	9,943,384
Construction in progress	1,159,427	3,073,741
Operating lease right-of-use assets	3,143,562	3,338,675
Total Assets	\$ 38,116,168	\$ 38,899,717
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and other accrued expenses	\$ 247,876	\$ 1,788,177
Accrued payroll and benefits	561,118	265,180
Deferred revenue	82,237	25,654
Annuity obligations	74,399	75,292
Operating lease liabilities	3,315,079	3,459,309
Total liabilities	4,280,709	5,613,612
Net assets		
Without donor restrictions:		
Operating	9,490,576	12,982,307
Property and equipment	15,749,938	13,017,125
Board designated for endowment	3,211,146	2,631,695
Board designated for Men's Residence	52,391	52,391
Total net assets without donor restrictions	28,504,051	28,683,518
With donor restrictions	5,331,408	4,602,587
Total net assets	33,835,459	33,286,105
Total Liabilities and Net Assets	\$ 38,116,168	\$ 38,899,717

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2025	2024
Public Support and Revenue				
Contributions	\$ 3,241,687	\$ -	\$ 3,241,687	\$ 3,449,019
Grants and restricted gifts	6,330,144	1,382,932	7,713,076	8,762,933
Special events, net of direct expenses of \$175,212	493,335	-	493,335	577,656
Bequests	1,323,582	541,318	1,864,900	810,145
Contributed nonfinancial assets:				
Services	239,568	-	239,568	265,648
Food	23,526,758	-	23,526,758	27,028,832
Investment income	870,488	46,394	916,882	1,891,300
Gain on sale of property and equipment	2,200	-	2,200	-
Rental income	120,733	-	120,733	-
Net assets released from restrictions	1,241,823	(1,241,823)	-	-
Total public support and revenue	37,390,318	728,821	38,119,139	42,785,533
Expenses				
Program services				
Health Center	2,617,700	-	2,617,700	2,472,665
Jared S. Hechtkopf Community Food Bank	20,260,094	-	20,260,094	20,761,371
We Help Services	11,626,146	-	11,626,146	13,473,518
Baldwin Women's Residence	713,654	-	713,654	1,074,520
Men's Residence	428,552	-	428,552	679,667
Total program services	35,646,146	-	35,646,146	38,461,741
Support services				
General and administrative	778,309	-	778,309	715,463
Fundraising	1,145,330	-	1,145,330	939,672
Total support services	1,923,639	-	1,923,639	1,655,135
Total expenses	37,569,785	-	37,569,785	40,116,876
Change in Net Assets	(179,467)	728,821	549,354	2,668,657
Net Assets, Beginning of Year	28,683,518	4,602,587	33,286,105	30,617,448
Net Assets, End of Year	\$ 28,504,051	\$ 5,331,408	\$ 33,835,459	\$ 33,286,105

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Contributions	\$ 3,449,019	\$ -	\$ 3,449,019
Grants and restricted gifts	4,864,296	3,898,637	8,762,933
Special events, net of direct expenses \$239,252	577,656	-	577,656
Bequests	793,980	16,165	810,145
Contributed nonfinancial assets:			
Services	265,648	-	265,648
Food	27,028,832	-	27,028,832
Investment income	1,811,283	80,017	1,891,300
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
Expenses			
Program services			
Health Center	2,472,665	-	2,472,665
Jared S. Hechtkopf Community Food Bank	20,761,371	-	20,761,371
We Help Services	13,473,518	-	13,473,518
Baldwin Women's Residence	1,074,520	-	1,074,520
Men's Residence	679,667	-	679,667
Total program services	38,461,741	-	38,461,741
Support services			
General and administrative	715,463	-	715,463
Fundraising	939,672	-	939,672
Total support services	1,655,135	-	1,655,135
Total expenses	40,116,876	-	40,116,876
Change in Net Assets	325,024	2,343,633	2,668,657
Net Assets, Beginning of Year	28,358,494	2,258,954	30,617,448
Net Assets, End of Year	\$ 28,683,518	\$ 4,602,587	\$ 33,286,105

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)**

	Program Services					Support Services		Total	
	SPFC Health & Dental Center	Jared S. Hechtkopf Community Food Bank	We Help FRESH Pantries	Baldwin Women's Residence	Men's Residence	General and Administrative	Fundraising	2025	2024
Salaries and related expenses									
Salaries	\$ 1,375,480	\$ 897,478	\$ 806,863	\$ 313,213	\$ 215,218	\$ 340,624	\$ 668,864	\$ 4,617,740	\$ 4,275,022
Payroll taxes and employee benefits	243,710	218,514	204,431	71,157	62,011	101,753	143,209	1,044,785	1,003,900
Total salaries and related expenses	1,619,190	1,115,992	1,011,294	384,370	277,229	442,377	812,073	5,662,525	5,278,922
Other expenses									
Advertising	-	-	-	-	-	-	30,109	30,109	30,614
Bank charges	-	-	115	-	-	3,757	15,109	18,981	18,748
Computer expenses	125,432	58,111	45,496	20,513	8,666	64,514	78,264	400,996	311,484
Direct assistance	165,558	4,727,090	316,680	23,785	1,961	-	-	5,235,074	4,267,570
Dues and subscriptions	18,122	253	281	81	50	1,459	4,177	24,423	19,650
Fees and licenses	6,868	6,019	12,646	75	50	1,957	395	28,010	28,667
Contributed nonfinancial assets - food	87,166	12,844,642	9,858,108	42,343	42,343	-	-	22,874,602	27,075,042
Insurance	67,503	45,099	59,264	48,023	15,323	28,633	21,159	285,004	252,629
Legal and professional	17,549	10,932	11,309	5,283	2,962	117,707	27,386	193,128	150,335
Maintenance and repairs	48,153	53,724	62,172	34,960	11,517	7,518	7,813	225,857	215,943
Occupancy	77,814	448,569	78,983	45,898	27,851	69,472	80,123	828,710	860,121
Other	2,327	2,100	1,266	-	-	13,166	2,982	21,841	19,465
Postage and printing	4,405	3,679	13,255	1,884	97	10,412	30,395	64,127	74,773
Supplies	260,036	217,729	16,554	3,787	1,942	6,468	13,839	520,355	497,079
Small equipment and furniture	33,108	5,935	2,738	-	-	536	2,345	44,662	14,574
Training	4,865	8,205	5,437	468	288	3,714	3,037	26,014	24,343
Bad debt expense	-	-	-	-	-	-	10,000	10,000	-
Transportation	941	298,974	4,184	10	253	412	1,383	306,157	353,674
Depreciation	78,663	413,041	126,364	102,174	38,020	6,207	4,741	769,210	623,243
Total other expenses	998,510	19,144,102	10,614,852	329,284	151,323	335,932	333,257	31,907,260	34,837,954
Total expenses	\$ 2,617,700	\$ 20,260,094	\$ 11,626,146	\$ 713,654	\$ 428,552	\$ 778,309	\$ 1,145,330	\$ 37,569,785	\$ 40,116,876

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ 549,354	\$ 2,668,657
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	769,210	623,243
Gain on sale of property and equipment	(2,200)	-
Bad debt expense	10,000	-
Realized gains on investments	(54,685)	(82,476)
Unrealized gains on investments	(459,196)	(1,192,297)
Change in value of beneficial interest in assets held by others	(25,416)	(59,615)
Noncash operating lease expense	330,047	330,047
Grants for acquisition of property and equipment	(755,053)	(2,843,571)
(Increase) decrease in operating assets:		
Grants receivable	1,642,869	(1,622,184)
Bequests receivable	(491,722)	66,336
Unconditional promises to give, net	-	232,233
Inventory	(497,833)	2,808
Prepaid expenses and other assets	(71,883)	(57,407)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,540,301)	1,472,522
Accrued payroll and benefits	295,938	(9,562)
Deferred revenue	56,583	629
Operating lease liabilities	(276,897)	(269,516)
Annuity obligations	(893)	4,690
Net cash used in operating activities	(522,078)	(735,463)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(2,344,863)	(155,130)
Purchases of construction in progress	(1,159,427)	(2,966,782)
Proceeds from sale of property and equipment	2,200	-
Proceeds from sale of investments	25,823,082	38,839,213
Purchases of investments	(22,974,479)	(40,614,925)
Net cash used in investing activities	(653,487)	(4,897,624)
Cash Flows from Financing Activities:		
Grants for acquisition of property and equipment	755,053	2,843,571
Net Decrease in Cash and Cash Equivalents	(420,512)	(2,789,516)
Cash and Cash Equivalents at Beginning of Year	983,930	3,773,446
Cash and Cash Equivalents at End of Year	\$ 563,418	\$ 983,930
SUPPLEMENTAL CASH FLOW INFORMATION:		
Contributed nonfinancial assets - services	\$ 239,568	\$ 265,648
Contributed nonfinancial assets - food	\$ 23,526,758	\$ 27,028,832
NON-CASH INVESTING AND FINANCING ACITIVITES		
Right-of-use assets acquired under operating leases	\$ -	\$ 2,166,915

See notes to consolidated financial statements

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE A - NATURE OF ORGANIZATION

The consolidated financial statements include the operations of St. Petersburg Free Clinic, Inc. dba St. Pete Free Clinic (SPFC), the Sister Margaret Freeman Foundation, Inc. (the Foundation), and SPFC, LLC (collectively, the Free Clinic). With compassion and respect, SPFC changes lives by providing health care, nutritious food, 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 2025 the Health and Dental Center provided over 18,000 patient 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/SPFC Community Food Bank

Established in 1980 as the second food bank in Florida, Jared S. Hechtkopf Community Food Bank/SPFC Community 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. The Food Bank distributes food free of charge to 60+ partner agencies throughout the community, including food pantries (including SPFC's We Help FRESH Pantries), shelters, community kitchens, missions, residential programs, and childcare centers. SPFC's Community Food Bank purchased, collected, and distributed approximately 21.3 million pounds of food in fiscal 2025, offsetting over \$49M in grocery store costs for our neighbors throughout Pinellas County. Of the food distributed through the Food Bank, 75% is fresh produce, protein, dairy, and bread. In 2025, food banking operations moved from Jared S. Hechtkopf Community Food Bank to the new site, the SPFC Community Food Bank. Jared's remains active with volunteer food packing groups and other activities.

SPFC We Help FRESH Pantries

Established in 1975, We Help FRESH Pantry provides access to nutritious food through a dignified market experience. During fiscal year 2025, We Help FRESH Pantry's two locations (Indoor Choice and Deuces Drive-Thru) experienced 370,000 visits by duplicated individuals, 64,000 students and families were served through off-site youth-focused pantries and programs; and 3,700 seniors were provided with groceries at convenient congregate meal sites.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE A - NATURE OF ORGANIZATION - CONTINUED

Community and Patient Navigation

The Navigation Team connects SPFC patients and clients with necessary support to build their personal infrastructure. SPFC direct supports include bus passes for clients to get to work, help in obtaining a driver's license/Florida ID, health screenings, and pathways to medical and healthcare services that SPFC may not provide directly. In other cases, partners are co-located at SPFC facilities to provide those supports, like rent and utilities assistance. During fiscal year 2025, over 3,000 community navigation services were provided to community members needing access to community resources that SPFC does not provide.

Affiliates

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. SPFC, LLC, a limited liability company, was formed on May 23, 2025 as a real estate holding company for the building purchase of 2230 Dr. Martin Luther King Jr. Street S, St. Petersburg, FL, and is a wholly owned subsidiary of St. Petersburg Free Clinic, Inc. The Foundation and SPFC, LLC activities for the fiscal years ended September 30, 2025 and 2024 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 AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

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, 2025 and 2024, 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.
AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

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, 2025 and 2024.

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, 2025 and 2024.

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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 \$239,568 and \$265,648 for the years ended September 30, 2025 and 2024, 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 4.16% to 4.71%. The liability is reduced as distributions are made to the beneficiaries.

Income Taxes

SPFC, and the Foundation are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. SPFC, LLC is a single-member LLC and is treated as a disregarded entity for federal tax purposes. As such, its financial activity is reporting within SPFC's Form 990 rather than filing a separate tax return.

Uncertain Tax Positions

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

Lease Income

SPFC recognizes lease income from operating leases on a straight-line basis over the lease term in accordance with ASC 842. Lease income includes fixed payments from tenants and excludes variable payments that do not depend on an index or rate. Lease income is presented as rental income in the accompanying consolidated statement of activities. Lease incentives and initial direct costs, if any, are recognized over the lease term on a straight-line basis. No lease income is recognized for periods prior to lease commencement or during any early access periods where no rent is due.

**ST. PETERSBURG FREE CLINIC, INC.
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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, 2025 and 2024, SPFC's financial assets available to meet general expenditures within one year were as follows:

	<u>2025</u>	<u>2024</u>
Financial Assets:		
Cash and cash equivalents	\$ 563,418	\$ 983,930
Grants receivable	745,966	2,388,835
Bequests receivable	541,318	49,596
Promises to give	-	10,000
Investments	15,293,595	17,628,317
Beneficial interest in assets held by others	648,247	622,831
	<u>17,792,544</u>	<u>21,683,509</u>
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor imposed restrictions:		
Reserve, charitable gift annuities	(270,684)	(243,247)
Internally controlled endowments	(50,000)	(50,000)
Externally controlled endowments	(648,247)	(622,831)
Contributions with donor restrictions	(643,554)	(533,603)
Promises to give with donor restrictions	-	(10,000)
	<u>(1,612,485)</u>	<u>(1,459,681)</u>
Board designations:		
Net assets designated for endowment	(3,211,146)	(2,631,695)
Net assets designated for Men's Residence	(52,391)	(52,391)
	<u>(3,263,537)</u>	<u>(2,684,086)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 12,916,522</u>	<u>\$ 17,539,742</u>

**ST. PETERSBURG FREE CLINIC, INC.
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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, 2025 and 2024 are \$541,318 and \$49,596, respectively.

NOTE E - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at September 30, 2025 and 2024 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Gross unconditional promises to give	\$ -	\$ 10,000
Less unamortized discount	-	-
Net unconditional promises to give	<u>\$ -</u>	<u>\$ 10,000</u>
Amount due in:		
Less than one year	\$ -	\$ 10,000
One to five years	-	-
	<u>\$ -</u>	<u>\$ 10,000</u>

Promises to give with dates extending beyond one year are discounted to present value using Treasury bill rates with similar term investments.

NOTE F - PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Property and equipment consist of the following on September 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 2,378,635	\$ 1,698,135
Building and improvements	13,581,166	9,885,508
Furniture and equipment	2,214,895	1,742,999
Vehicles	1,672,416	1,119,666
	<u>19,847,112</u>	<u>14,446,308</u>
Less accumulated depreciation	<u>(5,256,601)</u>	<u>(4,502,924)</u>
	<u>\$ 14,590,511</u>	<u>\$ 9,943,384</u>

Depreciation expense was \$769,210 and \$623,243 for the years ended September 30, 2025 and 2024, respectively.

Construction in progress at September 30, 2025 and 2024 was \$1,159,427 and \$3,073,741, respectively. Construction in progress at September 30, 2025 represents amounts paid for the initial phase of renovations for the future expanded food pantry and healthcare operation center. During 2025, the new food bank and office space was completed and \$3,073,741 was transferred from construction in progress to property and equipment. Depreciation will commence on the remainder of the construction in progress when the renovations are completed and placed in service.

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NOTE G - INVESTMENTS

SPFC's investments consist of the following at September 30, 2025 and 2024:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 2,045,022	\$ 2,045,022	\$ 1,016,307	\$ 1,016,307
US equities	3,741,892	4,007,937	2,364,632	2,709,286
International equities	1,556,737	1,787,615	1,490,831	1,630,981
Fixed income	2,534,718	2,568,335	2,791,541	2,857,376
Real Estate	-	-	139,403	149,962
Limited liability company (at cost)	410,000	410,000	245,000	245,000
US treasuries	4,407,580	4,474,686	8,889,327	9,019,405
	<u>\$ 14,695,949</u>	<u>\$ 15,293,595</u>	<u>\$ 16,937,041</u>	<u>\$ 17,628,317</u>

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

	2025	2024
Interest and dividends	\$ 403,001	\$ 616,527
Realized gains	54,685	82,476
Unrealized gains	459,196	1,192,297
Total investment income	<u>\$ 916,882</u>	<u>\$ 1,891,300</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, 2025 and 2024, 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, 2025 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Assets Measured at Fair Value at September 30, 2025	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 2,045,022	\$ 2,045,022	\$ -	\$ -
US equities	4,007,937	4,007,937	-	-
International equities	1,787,615	1,787,615	-	-
Fixed income	2,568,335	2,568,335	-	-
US treasuries	4,474,686	-	4,474,686	-
Beneficial interest in assets held by others	648,247	-	-	648,247
	\$ 15,531,842	\$ 10,408,909	\$ 4,474,686	\$ 648,247

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

	Fair Value Measurements at Reporting Date Using			
	Assets Measured at Fair Value at September 30, 2024	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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
	\$ 18,006,148	\$ 8,363,912	\$ 9,019,405	\$ 622,831

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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>2025</u>	<u>2024</u>
Balance, October 1	\$ 622,831	\$ 563,216
Grants	(20,977)	(20,402)
Investment income, net	46,393	80,017
Balance, September 30	<u>\$ 648,247</u>	<u>\$ 622,831</u>

NOTE I - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

On September 30, 2025 and 2024, SPFC has beneficial interests in assets held by the Community Foundation of Tampa Bay (the Community Foundation) of \$533,247 and \$507,831, 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, 2025 and 2024, 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, 2025 and 2024, the Community Foundation of Tampa Bay was holding balances of approximately \$212,000 and \$202,000, 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, 2025 and 2024, this endowment, including the 30% match, was valued at approximately \$170,000 and \$163,000, 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, 2025 and 2024 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.

**ST. PETERSBURG FREE CLINIC, INC.
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NOTE K - CONTRIBUTED NONFINANCIAL ASSETS

During the years ended September 30, 2025 and 2024, SPFC received approximately 12.4 million and 13.7 million pounds of donated food, respectively. The donated food is estimated to be valued at \$1.90 a pound for fiscal year 2025 and \$1.97 a pound for fiscal year 2024, which amounts to approximately \$23,527,000 and \$27,029,000, 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, 2025 and 2024, SPFC received contributed nonfinancial assets as follows:

	<u>Donated Services</u>	<u>Donated Goods</u>	<u>Total</u>	
			<u>2025</u>	<u>2024</u>
Clinical/Medical Services	\$ 239,568	\$ -	\$ 239,568	\$ 265,648
Food	-	23,526,758	23,526,758	27,028,832
	<u>\$ 239,568</u>	<u>\$ 23,526,758</u>	<u>\$ 23,766,326</u>	<u>\$ 27,294,480</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 2025 and 2024 was approximately \$91,300 and \$89,700, respectively.

NOTE M - FOUNDATION

The Sister Margaret Freeman Foundation, Inc.'s net assets as of September 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Board designated for endowment purposes	\$ 3,211,146	\$ 2,631,695
With donor restrictions	115,000	115,000
	<u>\$ 3,326,146</u>	<u>\$ 2,746,695</u>

**ST. PETERSBURG FREE CLINIC, INC.
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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
2026	\$ 277,767
2027	282,418
2028	281,738
2029	285,205
2030	293,761
Thereafter	2,943,582
Total undiscounted cash flows	4,364,471
Less: present value discount	(1,049,392)
Total liabilities	\$ 3,315,079

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

	2025	2024
Weighted-average remaining lease term in years	13.55 years	14.47 years
	2025	2024
Weighted-average discount rate	4.00%	4.00%

Operating lease costs for SPFC for each of the years ended September 30, 2025 and 2024 were \$330,047. Variable lease costs for SPFC for the years ended September 30, 2025 and 2024 were \$214,750 and \$184,943, 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.

**ST. PETERSBURG FREE CLINIC, INC.
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NOTE O - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2025 and 2024 relate to assets contributed by donors and other funding sources for specific purposes and time periods as follows:

	2025	2024
Subject to time restrictions:		
Bequests receivable	\$ 541,318	\$ 49,596
Subject to use restrictions:		
Donated property	228,288	228,288
Restricted use facilities	3,000,000	2,783,893
Grants and restricted gifts	863,555	857,979
Promises to give	-	10,000
	4,091,843	3,880,160
Net assets held in perpetuity:		
Tampa Bay Community Foundation	68,192	65,479
Pinellas County Community Foundation	115,000	115,000
Beth A. Houghton Leadership Endowment	146,483	139,335
Food Bank Endowment	318,572	303,017
Founders Endowment	50,000	50,000
	698,247	672,831
	\$ 5,331,408	\$ 4,602,587

Net assets were released from restrictions as follows during the years ended September 30, 2025 and 2024, by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors:

	2025	2024
Bequests receivable	\$ 49,597	\$ 82,500
Grants and restricted gifts	1,182,226	1,328,686
Project pledges	10,000	240,000
	\$ 1,241,823	\$ 1,651,186

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 award 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. The release of restriction begins one year after improvements are completed, and 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 \$216,107 and \$2,783,893 at September 30, 2025 and 2024, respectively, 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, 2025 and 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Summary of Endowment Assets September 30, 2025:			
Donor-restricted endowment	\$ -	\$ 698,247	\$ 698,247
Board-designated funds	<u>3,211,146</u>	<u>-</u>	<u>3,211,146</u>
	<u>\$ 3,211,146</u>	<u>\$ 698,247</u>	<u>\$ 3,909,393</u>
Summary of Endowment Assets September 30, 2024:			
Donor-restricted endowment	\$ -	\$ 672,831	\$ 672,831
Board-designated funds	<u>2,631,695</u>	<u>-</u>	<u>2,631,695</u>
	<u>\$ 2,631,695</u>	<u>\$ 672,831</u>	<u>\$ 3,304,526</u>

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NOTE P - ENDOWMENT FUND - CONTINUED

Changes in endowment net assets for the year ended September 30, 2025 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, 2025:			
Endowment net assets, beginning	\$ 2,631,695	\$ 672,831	\$ 3,304,526
Investments return:			
Investment income	76,166	7,964	84,130
Net appreciation (realized and unrealized)	182,285	38,429	220,714
Total investment return	258,451	46,393	304,844
Contributions	321,000	-	321,000
Distributions	-	(20,977)	(20,977)
Total funds	<u>\$ 3,211,146</u>	<u>\$ 698,247</u>	<u>\$ 3,909,393</u>

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 depreciation (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>

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 O**). 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 - LEASE INCOME

SPFC entered into two non-cancelable operating leases with Metropolitan Ministries, Inc. (the Tenant), at two properties located at 812 4th Ave. N. and 3835 28th St. N., St. Petersburg, FL. Both leases commenced June 1, 2025, with an initial term of three years and an option for the Tenant to extend for an additional three years. Lease income is recognized on a straight-line basis over the non-cancelable term. The leases provide for fixed monthly base rent and do not include contingent rent based on performance or usage. The leases are subject to early termination provisions with six months' notice by either party after commencement, subject to certain conditions.

Future minimum lease income under non-cancelable operating leases as of September 30:

Years Ending September 30,	812 4th Ave N.	3835 28th St. N.	Amount
2026	\$ 236,000	\$ 107,000	\$ 343,000
2027	236,000	107,000	343,000
2028	157,333	71,333	228,666
	<u>\$ 629,333</u>	<u>\$ 285,333</u>	<u>\$ 914,666</u>

**ST. PETERSBURG FREE CLINIC, INC.
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NOTE Q - LEASE INCOME - CONTINUED

The following table summarizes the carrying amounts of property, plant, and equipment related to the leased properties as of September 30, 2025.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
812 4th Ave N. Building	\$ 3,831,811	\$ (988,225)	\$ 2,843,586
813 4th Ave N. Land	177,073	-	177,073
3835 28th St. N. Building	1,094,415	(334,007)	760,408
3836 28th St. N. Land	95,375	-	95,375
	<u>\$ 5,198,674</u>	<u>\$ (1,322,232)</u>	<u>\$ 3,876,442</u>

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. SPFC reviews the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.

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.

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 23, 2026, 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.