

**THE NEIGHBORHOOD
CHRISTIAN CLINIC, INC.**

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT*

December 31, 2024





TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
<i>Statement of Financial Position</i>	3
<i>Statement of Activities</i>	4
<i>Statement of Functional Expenses</i>	5
<i>Statement of Cash Flows</i>	6 - 7
NOTES TO FINANCIAL STATEMENTS	8 - 17



1230 West Washington St., Suite 401
Tempe, AZ 85288

 602-306-4800

 602-274-1313

 www.HaynieCPAs.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Neighborhood Christian Clinic, Inc.

Opinion

We have audited the accompanying financial statements of The Neighborhood Christian Clinic, Inc. (an Arizona nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Neighborhood Christian Clinic, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Neighborhood Christian Clinic, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

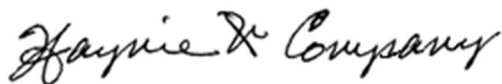
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal 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 The Neighborhood Christian Clinic, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Neighborhood Christian Clinic, Inc.'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.

A handwritten signature in cursive script that reads "Haynie & Company".

Haynie & Company
Tempe, Arizona
November 12, 2025

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,128,737
Inventory	333,710
Prepaid expenses	<u>9,536</u>
Total Current Assets	<u>1,471,983</u>

Property and Equipment, net

446,793

Other Assets

Investments restricted for endowment	<u>112,203</u>
Total Other Assets	<u>112,203</u>
Total Assets	<u><u>\$ 2,030,979</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 40,735
Accrued liabilities	<u>43,565</u>
Total Current Liabilities	<u>84,300</u>

Net Assets

Without donor restrictions	1,510,111
With donor restrictions	<u>436,568</u>
Total Net Assets	<u>1,946,679</u>
Total Liabilities and Net Assets	<u><u>\$ 2,030,979</u></u>

See accompanying notes to financial statements

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<i>Changes in Net Assets</i>			
Revenue and Other Support			
Gifts-in-kind	\$ 2,477,642	\$ -	\$ 2,477,642
Services-in-kind	351,878	-	351,878
Contributions	1,486,111	327,500	1,813,611
Patient receipts	426,106	-	426,106
Interest income	93	-	93
Investment income, net	1,027	10,360	11,387
Other income	7,936	-	7,936
Net assets released from restrictions	<u>3,135</u>	<u>(3,135)</u>	<u>-</u>
Total Revenue and Other Support	4,753,928	334,725	5,088,653
<i>Expenses</i>			
Program services	4,463,513	-	4,463,513
Management services	348,183	-	348,183
Fundraising services	<u>229,184</u>	<u>-</u>	<u>229,184</u>
Total Expenses	5,040,880	-	5,040,880
Change in Net Assets	(286,952)	334,725	47,773
<i>Net Assets, Beginning of Year</i>	<u>1,797,063</u>	<u>101,843</u>	<u>1,898,906</u>
<i>Net Assets, End of Year</i>	<u><u>\$ 1,510,111</u></u>	<u><u>\$ 436,568</u></u>	<u><u>\$ 1,946,679</u></u>

See accompanying notes to financial statements

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	<u>Program Services</u>	<u>Supporting Services</u>		
	Medical	Management	Fundraising	Total Expenses
Gifts-in-kind	\$ 2,711,229	\$ -	\$ -	\$ 2,711,229
Salaries and related benefits	932,642	161,198	57,571	1,151,411
Services-in-kind	351,878	-	-	351,878
Laboratory	108,992	-	-	108,992
Payroll taxes	70,016	12,101	4,322	86,439
Other medical related expenses	86,263	-	-	86,263
Development	-	-	84,984	84,984
Facilities	42,031	21,016	7,005	70,052
Professional and outside services	-	68,207	-	68,207
Depreciation	38,631	19,316	6,439	64,386
Events	-	-	55,176	55,176
Pharmacy	54,651	-	-	54,651
Insurance	19,502	16,291	-	35,793
Licenses, dues and fees	2,683	31,246	-	33,929
Information technology	25,569	-	-	25,569
Printing and postage	9,741	-	13,687	23,428
Training and education	-	12,544	-	12,544
Equipment	7,763	-	-	7,763
Office expenses	-	6,264	-	6,264
Recruitment	1,922	-	-	1,922
	<u>\$ 4,463,513</u>	<u>\$ 348,183</u>	<u>\$ 229,184</u>	<u>\$ 5,040,880</u>

See accompanying notes to financial statements

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

Cash Flow from Operating Activities:

Cash received from contributions, sales, and services	\$ 2,247,653
Cash paid to suppliers and employees	(1,885,866)
Interest income	93
Dividend income	<u>1,709</u>

Net Cash Provided By Operating Activities 363,589

Cash Flow from Investing Activities:

Purchase of property and equipment	(4,137)
Reinvestment of dividend income, net of fees	<u>(682)</u>

Net Cash (Used in) Investing Activities (4,819)

Net Increase in Cash and Cash Equivalents 358,770

Beginning Cash and Cash Equivalents 769,967

Ending Cash and Cash Equivalents \$ 1,128,737

See accompanying notes to financial statements

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
STATEMENTS OF CASH FLOWS (CONT'D)
For the Years Ended December 31,

Reconciliation of Changes in Net Assets to Net Cash

Provided By (Used In) Operating Activities:

Increase in net assets	\$ 47,773
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	64,386
Unrealized (gain) loss on investments	(9,678)
(Increase) Decrease in operating assets	
Inventory	233,587
Prepaid expenses	(9,536)
Increase in operating liabilities	
Accounts payable	8,874
Accrued liabilities	28,183

<i>Net Cash Provided By Operating Activities</i>	<u><u>\$ 363,589</u></u>
---	---------------------------------

Supplemental Disclosures

Noncash operating transactions:

Gifts-in-kind - received	\$ 2,477,642
Gifts-in-kind - donated	\$ (2,711,229)
Services-in-kind - received	\$ 351,878
Services-in-kind - expensed	\$ (351,878)

See accompanying notes to financial statements

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Neighborhood Christian Clinic, Inc. the “Clinic” is a faith-based clinic located in Phoenix, Arizona. Its mission is to provide medical and dental healthcare services to the uninsured, underserved community; share the Gospel and love of Jesus Christ with interested patients and colleagues; and train and equip healthcare professionals to respectfully share the Gospel and love of Jesus Christ in their daily practice.

The Clinic’s current direct service programs include the following:

Healthcare Services:

Medical Services – provides medical services that include on-site laboratory testing and ultrasound examinations, as well as low-cost referrals to a volunteer network of over 55+ subspecialists and maintained on-site clinics in dermatology, gynecology, physical therapy and chiropractic care.

Dental Services – provides general dental care with a minimal fee schedule for additional services.

Basis of Accounting

The financial statements of the Clinic have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the Clinic have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Clinic to report information regarding its financial position and activities according to the following net asset classifications:

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Presentation (Cont'd)

See Note F for more information on the composition of net assets with donor restrictions and the release of restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flow, cash includes deposits in checking accounts. The Clinic considers highly liquid financial instruments purchased with original maturities of three months or less to be cash and cash equivalents unless the investments are held to meet restrictions for the purchase of property, improvements, and equipment; or the endowment.

The Clinic's deposits are held at financial institutions at which deposits are insured up to \$250,000 per depositor, per account type, by the Federal Deposit Insurance Corporation (the "FDIC"). As of December 31, 2024, the Clinic's uninsured cash balances were \$878,737.

Prepaid Expenses

The Clinic's prepaid expenses consist of prepaid insurance costs. The clinic expenses insurance premiums on a straight-line basis over the life of the policy.

Inventory

Inventory consists of undistributed donated and purchased pharmaceuticals. The pharmaceuticals are stated at the lower of cost or net realizable value at the date of donation or cost if purchased and is determined by the first-in, first-out (FIFO) method.

Investments

Investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gain are recognized.

Property and Equipment

Property and equipment are carried at cost or, for donated assets, the fair value at the date of donation. Maintenance and repairs are expensed as incurred; significant acquisitions and improvements with a cost of \$3,000 for buildings and \$1,000 for equipment and a useful life of more than one year are capitalized. Depreciation is computed using the straight-line method over the assets' estimated three-to-thirty year useful lives.

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Taxes

The Clinic is a public charity, nonprofit organization as defined in the Internal Revenue Code Section 501(c)(3) and is therefore exempt from federal and state income taxes. It is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Clinic has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Clinic has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair value is defined as the price the Clinic would receive upon selling an asset in an orderly transaction to an independent buyer in the principal market of the asset. A three-tier hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Observable inputs are those that reflect assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity's own assumptions in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
 - Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data. Inputs that are unobservable, including the Clinic's own assumptions in determining the fair value of assets such as published catalogs, vendors,

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair Value Measurements (Cont'd)

independent appraisals, and other sources. Methods such as estimates, averages, or computational approximations, such as average value per pound or subsequent sales can be used.

In some cases, inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level within which the asset falls is determined based on the lowest level input that is significant to the asset in its entirety.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Patient Services

The Clinic recognizes revenue from patient receipts at a point of time when the transfer of control of promised services under the terms of a contract with the customer are satisfied in an amount that reflects the consideration to which the Clinic expects to be entitled in exchange for those promised services.

The Clinic recognizes other revenue at a point of time during the year when the activity takes place. Amounts received in advance are reflected as deferred revenue until the income, such as rental income, is earned. There was no deferred revenue as of December 31, 2024.

Gifts-in-Kind

The Clinic receives gifts-in-kind, such as pharmaceuticals and donated services for use in its programs. Gifts-in-kind revenue is recognized in circumstances in which the Clinic has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with FASB ASC 958, *Not-For-Profit Entities: Revenue Recognition - Contributions*. Accordingly, the recognition of gifts-in-kind revenue is limited to circumstances in which the Clinic takes constructive possession of the gifts-in-kind and the Clinic is the recipient of the gift, rather than as an agent or intermediary.

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Gift-in-Kind (Cont'd)

Gifts-in-kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received. Fair value is based on the marketplace use of the asset, and thus for measurement purposes, the highest and best use of a gift-in-kind takes into account the uses of the asset. Typically, gifts-in-kind have a base utility or use that has future economic benefit or service potential.

The following methods were used for valuing gifts-in-kind:

- Pharmaceuticals - estimated the fair value using third party listings for similar products.
- Donated Services - estimated the fair value based on the number of hours of service donated using volunteer hourly rates set by Bureau of Labor Statistics.

In circumstances in which the Clinic is functioning as an agent or intermediary with respect to the gifts-in-kind, the Clinic reports an asset and corresponding liability measured at the fair value at the earlier of the time the goods are promised or received from the resource provider, and until the Clinic remits the gifts-in-kind to the ultimate beneficiary.

Gifts-in-kind expense is recorded when the goods are distributed for program use. Undistributed gifts-in-kind are recorded as inventory. The inventory is valued using the same methodologies discussed above. The Clinic believes that this approximates the net realizable value. The Clinic had inventory of \$333,710 at December 31, 2024.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Clinic. For the year ended December 31, 2024, the Clinic received \$351,878 in donated professional services. These services are recorded as contributions in the accompanying financial statements since the recognition criteria was met.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Payroll taxes	Time and effort
Facilities	Square footage
Depreciation	Square footage

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Concentrations

The Organization received 72% of its gifts-in-kind, for the year ended December 31, 2024, from one organization. Total gifts-in-kind received from this organization was \$1,795,041.

Management believes this support will continue in the future, and if not, the support can be replaced from other sources.

Date of Management's Review

In preparing the financial statements, the Clinic's management has evaluated events and transactions for potential recognition or disclosure through November 12, 2025, the date the financial statements were available for issuance.

NOTE B – INVESTMENTS

The following table set forth, by level within the fair value hierarchy, the Clinic's investments at fair value as of December 31, 2024:

Fair Value Measurement at the End of the Reporting Period Using:				
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	<u>Total</u>			
December 31, 2024				
Investments:				
Endowment-pooled funds	\$ <u>112,203</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>112,203</u>
Total Investments	\$ <u>112,203</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>112,203</u>

The Clinic recognizes transfers of assets into and out of levels as of the date an event or change causes the transfer. There were no transfers between levels in the year ended December 31, 2024.

The Clinic's investments (including interest income, dividend income, fees, gains and losses on investments bought and sold, as well as held during the year) appreciated by \$10,360 for the year ended December 31, 2024.

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE C – ENDOWMENT NET ASSETS

General

Net assets with donor restrictions held in perpetuity as of December 31, 2024, represents one fund held by a Foundation. The principal is to be maintained in perpetuity. As required by generally accepted accounting principles, net assets associated with this endowment fund are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The Clinic has interpreted the State of Arizona's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Clinic classifies as net assets with donor restrictions (a) the original value of gifts on the date received by the Clinic, and (b) the original value of subsequent gifts on the date received by the Clinic and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Any remaining portion of the endowment fund is classified as designated net assets until those amounts are appropriated for expenditure by the Clinic in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return Objectives and Risk Parameters / Strategies Employed for Achieving Objectives

The Clinic has adopted investment and spending policies for endowment assets with the objectives of preserving capital while concentrating on long-term growth. Accordingly, the investment process objective is to achieve, over a 3–5-year market cycle, returns that will exceed inflation. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund and investment assets and allocation between asset classes and strategies are managed not to expose the fund to an unacceptable level of risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The spending policy determines the amount of money in a given year that will be distributed from the Clinic's endowment assets. The current spending policy is to evaluate the earnings of the endowment fund for the prior year and the planned expenditures for the Clinic's operations as a part of the annual Clinic budget process. Recommendations will then be made for distributions from the endowment fund.

Changes in Endowment Net Assets

Changes in endowment net assets for the year ended December 31, 2024, are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 101,843
Investment returns, net	<u>10,360</u>
Endowment net assets, end of year	<u>\$ 112,203</u>

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE C – ENDOWMENT NET ASSETS (CONT'D)

Underwater Funds

As of December 31, 2024, no endowment funds were underwater.

NOTE D – AVAILABILITY AND LIQUIDITY

The following represents the Clinic's financial assets available to meet general expenditures as of December 31, 2024:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,128,737
Investments	<u>112,203</u>
Total Financial Assets	1,240,940
Less amounts not available to be used within one year:	
Investments in perpetuity	(75,000)
Endowment earnings not expected to be spent	(37,203)
Restricted by donor with purpose restrictions	<u>(324,365)</u>
	(436,568)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 804,372</u>

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2024:

Buildings	\$ 1,047,910
Equipment	376,679
Furnishings	<u>14,655</u>
Less: accumulated depreciation	<u>(992,451)</u>
Total property and equipment, net	<u>\$ 446,793</u>

Depreciation expense for the year ended December 31, 2024, was \$64,386.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows as of December 31, 2024:

Subject to spending policy and appropriation

Investments held in perpetuity-	
Endowment	\$ 75,000
Endowment earnings available under spending policy	37,203
Donations	<u>324,365</u>
	<u>\$ 436,568</u>

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS (CONT'D)

Net assets released from net assets with donor restrictions were as follows for the year ended December 31, 2024:

In accordance with spending policy and appropriation

Behavioral Health Expense	\$ <u>3,135</u>
---------------------------	-----------------

NOTE G – LEASE AGREEMENTS

Lessee

In 2022, the Clinic entered into a twenty-five-year lease agreement with a not-for-profit organization for land on which the Clinic has constructed its facility. The lease requires annual rent of \$1, and has the option for an additional twenty-five years, provided no event of default has occurred. The fair value of the contributed rent is not significant and has not been recorded.

Lessor

The Clinic owns real property adjacent to the Clinic. The property was purchased to provide lodging to visiting medical practitioners who want the opportunity to experience a Christian clinic in a low-income neighborhood. The property is currently being rented through short term agreements to tenants that agree to act as hosts for visiting medical practitioners in exchange for discounted rent.

During the year ended December 31, 2024, revenue related to rent from real property totaled \$3,367, which is included in other income on the statement of activities.

NOTE H – RETIREMENT PLAN

The Clinic has a defined contribution plan under Internal Revenue Code Section 403(b) covering all qualified employees. The Clinic matches employee contributions of 5%. Total contributions to the plan for the year ended December 31, 2024, was \$22,155.

NOTE I – GIFTS-IN-KIND

The Clinic received gifts-in-kind for the year ended December 31, 2024 as follows:

Pharmaceuticals	\$ 2,477,642
Donated Services	<u>351,878</u>
 Total gifts-in-kind	 \$ <u>2,829,520</u>

THE NEIGHBORHOOD CHRISTIAN CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – GIFTS-IN-KIND (CONT'D)

Fiscal Year	Cargo Type	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques & Input
2024	Pharmaceuticals	\$2,477,642	Healthcare Services	No associated donor restrictions except that the Clinic use the donation in accordance with their charitable purpose.	Estimated the fair value using third party listings for similar products.
2024	Donated Service	\$351,878	Healthcare Services	No associated donor restrictions except that the Clinic use the donation in accordance with their charitable purpose.	Estimated the fair value based on average salary of similar job using data from the Bureau of Labor Statistics.