



Batts Morrison  
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CERTIFIED PUBLIC ACCOUNTANTS

# Grace Medical Home, Inc. and Affiliates

Combined Financial Statements

For The Years Ended December 31, 2022 and 2021



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CERTIFIED PUBLIC ACCOUNTANTS

## REPORT OF INDEPENDENT AUDITOR

The Board of Directors  
Grace Medical Home, Inc. and Affiliates  
Orlando, Florida

### **Opinion**

We have audited the accompanying combined financial statements of Grace Medical Home, Inc. and Affiliates (collectively referred to herein as “the Organization”), which consist of the combined statements of financial position as of December 31, 2022 and 2021, and the related combined statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Grace Medical Home, Inc. and Affiliates as of December 31, 2022 and 2021, the combined changes in its net assets, and its combined 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 Combined Financial Statements section of our report. We are required to be independent of the Organization 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 Combined Financial Statements**

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

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

### **Auditor’s Responsibility for the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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- Identify and assess the risk of material misstatement of the combined 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 combined 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 Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplemental combining statement of financial position as of December 31, 2022 and the related supplemental combining statement of activities for the year then ended are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Batts Morrison Wales & Lee, P.A.*

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida  
October 4, 2023

**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2022	2021
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,612,969	\$ 3,313,361
Cash restricted for long-term purposes	55,906	94,196
Inventories	1,188,128	1,360,383
Unconditional promises to give	20,000	40,000
Other assets	11,572	13,447
Property and equipment, net	5,480,206	5,288,526
<b>Total assets</b>	<b>\$ 10,368,781</b>	<b>\$ 10,109,913</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 178,552	\$ 146,553
Deferred revenue	—	25,400
<b>Total liabilities</b>	<b>178,552</b>	<b>171,953</b>
<b>NET ASSETS</b>		
Without donor restrictions	9,704,349	9,457,735
With donor restrictions	485,880	480,225
<b>Total net assets</b>	<b>10,190,229</b>	<b>9,937,960</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,368,781</b>	<b>\$ 10,109,913</b>

The Accompanying Notes are an Integral  
Part of These Combined Financial Statements

**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF ACTIVITIES**

	For The Years Ended December 31,					
	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>						
Contributions	\$ 2,756,399	\$ —	\$ 2,756,399	\$ 2,528,017	\$ —	\$ 2,528,017
Noncash contributions (see Note G)	1,493,728	—	1,493,728	2,159,489	—	2,159,489
Grant revenue	—	931,352	931,352	—	1,016,080	1,016,080
Noncash grant revenue (see Note G)	—	365,000	365,000	—	—	—
Facility fees and other revenue	226,679	—	226,679	131,426	—	131,426
Net assets released from restrictions	<u>1,290,697</u>	<u>(1,290,697)</u>	<u>—</u>	<u>1,186,514</u>	<u>(1,186,514)</u>	<u>—</u>
<b>Total public support and revenue and net assets released from restrictions</b>	<b><u>5,767,503</u></b>	<b><u>5,655</u></b>	<b><u>5,773,158</u></b>	<b><u>6,005,446</u></b>	<b><u>(170,434)</u></b>	<b><u>5,835,012</u></b>
<b>EXPENSES</b>						
Program activities						
Medical services for the uninsured	<u>4,956,830</u>	<u>—</u>	<u>4,956,830</u>	<u>5,079,884</u>	<u>—</u>	<u>5,079,884</u>
Supporting activities						
Fundraising	313,810	—	313,810	243,867	—	243,867
General and administrative	<u>250,249</u>	<u>—</u>	<u>250,249</u>	<u>223,254</u>	<u>—</u>	<u>223,254</u>
Total supporting activities	<u>564,059</u>	<u>—</u>	<u>564,059</u>	<u>467,121</u>	<u>—</u>	<u>467,121</u>
<b>Total expenses</b>	<b><u>5,520,889</u></b>	<b><u>—</u></b>	<b><u>5,520,889</u></b>	<b><u>5,547,005</u></b>	<b><u>—</u></b>	<b><u>5,547,005</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>246,614</b>	<b>5,655</b>	<b>252,269</b>	<b>458,441</b>	<b>(170,434)</b>	<b>288,007</b>
<b>NET ASSETS - Beginning of year</b>	<b><u>9,457,735</u></b>	<b><u>480,225</u></b>	<b><u>9,937,960</u></b>	<b><u>8,999,294</u></b>	<b><u>650,659</u></b>	<b><u>9,649,953</u></b>
<b>NET ASSETS - End of year</b>	<b><u>\$ 9,704,349</u></b>	<b><u>\$ 485,880</u></b>	<b><u>\$ 10,190,229</u></b>	<b><u>\$ 9,457,735</u></b>	<b><u>\$ 480,225</u></b>	<b><u>\$ 9,937,960</u></b>

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**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF CASH FLOWS**

	For The Years Ended	
	December 31,	
	2022	2021
<b>OPERATING CASH FLOWS</b>		
Cash received from contributors and grantors	\$ 3,582,940	\$ 3,730,021
Facility fees and other revenue	228,554	129,313
Cash paid for operating activities and costs	<u>(3,474,866)</u>	<u>(2,976,519)</u>
<b>Net operating cash flows</b>	<b><u>336,628</u></b>	<b><u>882,815</u></b>
<b>INVESTING CASH FLOWS</b>		
Net purchases of and improvements to property and equipment	<u>(174,721)</u>	<u>(18,944)</u>
<b>Net investing cash flows</b>	<b><u>(174,721)</u></b>	<b><u>(18,944)</u></b>
<b>FINANCING CASH FLOWS</b>		
Proceeds from grants restricted for long-term purposes	<u>99,411</u>	<u>180,626</u>
<b>Net financing cash flows</b>	<b><u>99,411</u></b>	<b><u>180,626</u></b>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>261,318</b>	<b>1,044,497</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year</b>	<b><u>3,407,557</u></b>	<b><u>2,363,060</u></b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year</b>	<b><u>\$ 3,668,875</u></b>	<b><u>\$ 3,407,557</u></b>
<b>REPORTED IN THE COMBINED STATEMENTS OF FINANCIAL POSITION AS FOLLOWS</b>		
Cash and cash equivalents	\$ 3,612,969	\$ 3,313,361
Cash restricted for long-term purposes	<u>55,906</u>	<u>94,196</u>
<b>Total cash, cash equivalents, and restricted cash</b>	<b><u>\$ 3,668,875</u></b>	<b><u>\$ 3,407,557</u></b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ 252,269	\$ 288,007
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	348,041	345,607
Grants restricted for long-term purposes	(99,411)	(180,626)
Noncash grant	(365,000)	—
Change in inventories	172,255	74,355
Change in unconditional promises to give	20,000	341,150
Change in other assets	1,875	(2,113)
Change in accounts payable and accrued expenses	31,999	(8,965)
Change in deferred revenue	<u>(25,400)</u>	<u>25,400</u>
<b>Net operating cash flows</b>	<b><u>\$ 336,628</u></b>	<b><u>\$ 882,815</u></b>

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**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2022

	Program activities	Supporting activities			Total expenses
		Fundraising	General and administrative	Total supporting activities	
Salaries and benefits	\$ 2,307,180	\$ 189,748	\$ 118,323	\$ 308,071	\$ 2,615,251
Medical services	1,224,933	—	—	—	1,224,933
Professional and contracted services	591,287	267	44,057	44,324	635,611
Depreciation	302,796	17,402	27,843	45,245	348,041
Technology and related fees	115,839	15,899	7,830	23,729	139,568
Office supplies	103,700	9,318	5,485	14,803	118,503
Repairs and maintenance	77,496	3,832	6,130	9,962	87,458
Utilities	70,817	4,070	6,512	10,582	81,399
Other	56,462	466	19,163	19,629	76,091
Insurance	50,194	1,464	9,746	11,210	61,404
Staff and volunteer development	51,398	3,502	5,102	8,604	60,002
Development	—	58,687	—	58,687	58,687
Merchant processor and bank fees	4,728	9,155	58	9,213	13,941
<b>Total</b>	<b>\$ 4,956,830</b>	<b>\$ 313,810</b>	<b>\$ 250,249</b>	<b>\$ 564,059</b>	<b>\$ 5,520,889</b>

For the Year Ended December 31, 2021

	Program activities	Supporting activities			Total expenses
		Fundraising	General and administrative	Total supporting activities	
Salaries and benefits	\$ 1,989,116	\$ 183,223	\$ 107,077	\$ 290,300	\$ 2,279,416
Medical services	1,799,466	—	—	—	1,799,466
Professional and contracted services	589,626	—	37,880	37,880	627,506
Depreciation	300,678	17,281	27,648	44,929	345,607
Technology and related fees	90,501	11,739	5,844	17,583	108,084
Office supplies	73,467	7,636	3,681	11,317	84,784
Repairs and maintenance	66,235	3,188	5,100	8,288	74,523
Other	46,833	154	17,971	18,125	64,958
Utilities	48,102	2,765	4,422	7,187	55,289
Insurance	46,068	1,408	5,180	6,588	52,656
Staff and volunteer development	26,125	1,425	8,432	9,857	35,982
Merchant processor and bank fees	3,667	11,899	19	11,918	15,585
Development	—	3,149	—	3,149	3,149
<b>Total</b>	<b>\$ 5,079,884</b>	<b>\$ 243,867</b>	<b>\$ 223,254</b>	<b>\$ 467,121</b>	<b>\$ 5,547,005</b>

The Accompanying Notes are an Integral  
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**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
NOTES TO COMBINED FINANCIAL STATEMENTS

**NOTE A – NATURE OF ACTIVITIES AND BASIS OF COMBINATION**

Grace Medical Home, Inc. (“the Organization”) is a not-for-profit Florida corporation formed to operate medical facilities and provide medical care for the working uninsured, in a manner that reflects the love of Jesus Christ by providing holistic, affordable, comprehensive, and excellent health care services. Such services may include medical care, dental care, chronic disease management, counseling, pharmaceutical services, laboratory services, physical and occupational therapies, and wellness services. The clinic is located in Orlando, Florida.

Grace Medical Home Foundation, Inc. (“the Foundation”) is a not-for-profit Florida corporation formed to provide supporting services to the Organization. The Foundation is supervised or controlled in connection with the Organization in that a majority of the members of the Foundation’s Board of Directors are required to be members of the Organization’s Board of Directors. The Foundation accomplishes its purpose by pursuing and administering both traditional donations and non-traditional donations such as real estate, charitable gift annuities, charitable remainder trusts, endowment funds, and other types of planned giving vehicles.

GMH Property Holdings, Inc. (“Properties”) is a not-for-profit Florida corporation formed to hold and manage real property in support of the Organization. Properties is supervised or controlled in connection with the Organization in that a majority of the members of Properties’ Board of Directors are required to be members of the Organization’s Board of Directors.

The Boards of Directors of the Organization, the Foundation, and Properties are appointed by Grace Medical Nominating Trust (“the Trust”), a trust solely established to protect the not-for-profit mission of the Organization. The Trust has no financial activity of its own.

In conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), the combined financial statements of the Organization include the accounts of the Foundation and Properties, which are separate legal entities. All significant inter-organization accounts and transactions have been eliminated in combination. References to “the Organization” herein include all entities unless otherwise specified.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

The Organization recognizes cash contributions and cash grants as revenue when the contributions are received by the Organization. Cash contributions or grants received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. 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 combined statements of activities as “net assets released from restrictions.”

**Donated services**

Various physicians, nurses, and medical support personnel donate services to the Organization. The estimated value of such services is based on the approximate salary cost of the volunteers and not on standard billable rates and is included in “noncash contributions,” “medical services for the uninsured,” and “general and administrative” expenses in the accompanying combined statements of activities.

**Facility fee revenue**

The Organization charges a nominal fee to patients which is used to subsidize the cost associated with operating the Organization’s facility.

**Cash and cash equivalents**

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.



**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
NOTES TO COMBINED FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash restricted for long-term purposes**

Cash restricted for long-term purposes consists of funds restricted by donors for the purchase of buildings, medical equipment, and supplies.

**Inventories**

Inventories consist of donated medications and medical supplies which were not yet distributed to beneficiaries. Inventories are recorded at estimated fair value (at wholesale) on the date of the gift.

**Unconditional promises to give**

Unconditional promises to give are recognized as revenue and assets in the period in which the related promise is made. Unconditional promises to give are stated net of an allowance for doubtful accounts, if any. The Organization estimates the allowance for doubtful accounts based on an analysis of specific accounts, taking into consideration the age of the past due account and an assessment of the ability to pay. Accounts are considered past due when payments are not made in accordance with specified terms. Accounts are written off upon such time management determines the amounts are uncollectible.

**Property and equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. The Organization uses the straight-line method of depreciating and amortizing property and equipment over the expected useful lives of the related assets.

**Deferred revenue**

Deferred revenue consists of certain fees received in advance of their recognition as revenue.

**Net assets**

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

**Functional allocation of expenses**

The combined statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

**Income taxes**

The Organization, Foundation, and Properties are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Organization, Foundation, and Properties are further classified as public charities and not private foundations for federal tax purposes. Neither the Organization or the Foundation have incurred unrelated business income taxes. Income taxes on unrelated business income generated by Properties are immaterial and are recognized as expenses when paid. As a result, no income tax provision or liability has been provided for in the accompanying combined financial statements.

**Use of estimates**

Management uses estimates and assumptions in preparing combined financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these combined financial statements include those related to the estimated fair value of inventories, the useful lives of property and equipment, and the value of donated services, medications, and medical supplies. Actual results could differ from the estimates.

**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
 NOTES TO COMBINED FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New accounting pronouncement**

The Financial Accounting Standards Board issued Accounting Standards Update ASU 2020-07 (“the ASU”), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU is effective for the Organization’s 2022 combined financial statements. The ASU requires that contributed nonfinancial assets be presented separately in the combined statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques. The provisions of the ASU have been retrospectively applied to the Organization’s 2021 combined financial statements, as required by applicable guidance.

**Subsequent events**

The Organization has evaluated for possible financial reporting and disclosure subsequent events through the date of the report of independent auditor, the date as of which the combined financial statements were available to be issued.

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure within one year of the date of the combined statements of financial position are as follows:

	December 31,	
	2022	2021
Cash and cash equivalents	\$ 3,612,969	\$ 3,313,361
Cash restricted for long-term purposes	55,906	94,196
Unconditional promises to give due within one year	20,000	20,000
Total financial assets available	3,688,875	3,427,557
Less:		
Amounts unavailable for general expenditure within one year, due to donor restrictions limiting use to purchase of medical equipment and supplies	(55,906)	(94,196)
Net financial assets available within one year	\$ 3,632,969	\$ 3,333,361

The Organization is primarily supported by contributions and grants. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Certain of the Organization’s donor-restricted net assets are available for general expenditure within one year of December 31, 2022 and 2021, because the restrictions on the net assets are expected to be met by performing the normal activities of the Organization’s programs in the coming year. Management of the Organization believes the Organization has sufficient resources available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need.

**NOTE D – CONCENTRATIONS**

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
NOTES TO COMBINED FINANCIAL STATEMENTS

**NOTE D – CONCENTRATIONS (Continued)**

As discussed in Note G, the Organization receives significant contributions of donated medications and medical supplies for use in operating its clinic, primarily from two donors. The Organization received approximately 14% and 24% of its total revenue from these two donors during 2022 and 2021, respectively.

Volunteers donate significant amounts of time to the Organization to carry out program services and provide administrative support. The Organization hopes and expects to continue its relationship with these donors and volunteers and would be impacted financially if support was to diminish significantly or cease.

**NOTE E – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

Category	December 31,	
	2022	2021
Land	\$ 898,659	\$ 700,209
Building and building improvements	4,887,434	4,564,499
Furniture and equipment	1,034,373	1,016,037
Computer equipment and software	71,354	71,354
Total	6,891,820	6,352,099
Less: Accumulated depreciation and amortization	(1,411,614)	(1,063,573)
Net property and equipment	\$ 5,480,206	\$ 5,288,526

Depreciation expense amounted to \$348,041 and \$345,607 during 2022 and 2021, respectively.

Certain property utilized by the Organization is subject to a declaration of restrictive covenant limiting the use of the subject property for the Organization to provide medical services to low and moderate income persons. Management believes the use of the Organization's property is consistent with the grantor's stipulations.

**NOTE F – NET ASSETS WITH DONOR RESTRICTIONS**

Activity in net assets with donor restrictions during 2022 was as follows:

	Balance January 1	Grants	Releases	Balance December 31
Health provider salaries	\$ 111,834	\$ 427,305	\$ (321,978)	\$ 217,161
Technology and non-clinical needs	93,488	145,780	(140,851)	98,417
Building, medical equipment, and supplies	94,196	464,411	(502,701)	55,906
Other	50,123	192,772	(191,149)	51,746
Specialty medical services	46,487	3,000	(18,079)	31,408
Unconditional promises to give	40,000	—	(20,000)	20,000
Community outreach program	44,097	63,084	(95,939)	11,242
Total	\$ 480,225	\$ 1,296,352	\$ (1,290,697)	\$ 485,880

**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
NOTES TO COMBINED FINANCIAL STATEMENTS

**NOTE F – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Activity in net assets with donor restrictions during 2021 was as follows:

	<u>Balance</u> <u>January 1</u>	<u>Grants</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Health provider salaries	\$ 41,268	\$ 396,200	\$ (325,634)	\$ 111,834
Building, medical equipment, and supplies	60,765	180,626	(147,195)	94,196
Technology and non-clinical needs	83,957	158,857	(149,326)	93,488
Other	5,888	145,151	(100,916)	50,123
Specialty medical services	34,360	26,800	(14,673)	46,487
Community outreach program	43,271	108,446	(107,620)	44,097
Unconditional promises to give	<u>381,150</u>	<u>—</u>	<u>(341,150)</u>	<u>40,000</u>
Total	<u>\$ 650,659</u>	<u>\$ 1,016,080</u>	<u>\$ (1,186,514)</u>	<u>\$ 480,225</u>

**NOTE G – NONCASH CONTRIBUTIONS AND GRANTS**

During 2022 and 2021, the Organization received approximately \$915,000 and \$1,539,000, respectively, of donated medications and medical supplies for use in operating its clinic. These noncash contributions are recognized as revenue at their estimated fair value on the date the gifts are received and are recognized as expenses when the related gifts are distributed to the end user or the date upon which the gifts expire. Pharmaceutical noncash contributions are generally valued using “wholesale acquisition cost” when available. The Organization considers the valuation practices used for donated medications and medical supplies to be consistent with industry standards. Noncash contributions are not monetized. Unless otherwise noted, noncash contributions do not have donor-imposed restrictions.

Various physicians, nurses, and medical support personnel also donate services to the Organization. Contributed services meeting the criteria for revenue recognition in conformity with U.S. GAAP amounted to approximately \$579,000 and \$596,000 in 2022 and 2021, respectively, and are included in “noncash contributions” in the accompanying combined statements of activities.

During 2022, approximately \$552,000 and \$27,000 are recognized as “medical services for the uninsured” and “general and administrative” expenses, respectively. Volunteer services during 2022 not meeting the criteria for recognition in conformity with U.S. GAAP amounted to approximately \$156,000 (unaudited). The estimated value of such services is not reflected in the accompanying combined financial statements.

During 2021, approximately \$569,000 and \$27,000 are recognized as “medical services for the uninsured” and “general and administrative” expenses, respectively. Volunteer services during 2021 not meeting the criteria for recognition in conformity with U.S. GAAP amounted to approximately \$130,000 (unaudited). The estimated value of such services is not reflected in the accompanying combined financial statements.

Also during 2022, the Organization recognized a noncash grant in the amount of \$365,000 related to the acquisition of certain property for use by the Organization as a medical care facility. This amount is included in the accompanying 2022 combined statement of activities as “noncash grant revenue.”

**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
NOTES TO COMBINED FINANCIAL STATEMENTS

**NOTE H - RETIREMENT PLAN**

The Organization participates in a Section 403(b) defined contribution retirement plan (“the Plan”) which is available to eligible employees as defined in the Plan document. Employees may make elective deferral contributions to the Plan. The Organization makes a discretionary contribution to the Plan, as approved by the Board of Directors. Employees vest in employer contributions after completing five years of credited service. Contributions to the Plan amounted to approximately \$2,000 and \$15,000 for 2022 and 2021, respectively.

**SUPPLEMENTAL SCHEDULES**

**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
December 31, 2022

<b>ASSETS</b>					
	Grace Medical Home, Inc.	Grace Medical Home Foundation, Inc.	GMH Property Holdings, Inc.	Eliminations	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,932,235	\$ 1,606,171	\$ 74,563	\$ —	\$ 3,612,969
Cash restricted for long-term purposes	55,906	—	—	—	55,906
Inventories	1,188,128	—	—	—	1,188,128
Unconditional promises to give	20,000	—	—	—	20,000
Other assets	78,172	—	—	(66,600)	11,572
Property and equipment, net	165,231	—	5,314,975	—	5,480,206
<b>Total assets</b>	<b>\$ 3,439,672</b>	<b>\$ 1,606,171</b>	<b>\$ 5,389,538</b>	<b>\$ (66,600)</b>	<b>\$ 10,368,781</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 174,630	\$ 28,265	\$ 42,257	\$ (66,600)	\$ 178,552
<b>Total liabilities</b>	<b>174,630</b>	<b>28,265</b>	<b>42,257</b>	<b>(66,600)</b>	<b>178,552</b>
<b>NET ASSETS</b>					
Without donor restrictions	2,779,162	1,577,906	5,347,281	—	9,704,349
With donor restrictions	485,880	—	—	—	485,880
<b>Total net assets</b>	<b>3,265,042</b>	<b>1,577,906</b>	<b>5,347,281</b>	<b>—</b>	<b>10,190,229</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,439,672</b>	<b>\$ 1,606,171</b>	<b>\$ 5,389,538</b>	<b>\$ (66,600)</b>	<b>\$ 10,368,781</b>

See Accompanying Report of Independent Auditor

**GRACE MEDICAL HOME, INC. AND AFFILIATES**  
**COMBINING STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2022

	Grace Medical Home, Inc.	Grace Medical Home Foundation, Inc.	GMH Property Holdings, Inc.	Eliminations	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Public support and operating revenue					
Contributions	\$ 2,756,399	\$ —	\$ —	\$ —	\$ 2,756,399
Noncash contributions	1,493,728	—	—	—	1,493,728
Facility fees and other revenue	287,936	5,343	—	(66,600)	226,679
Grant revenue	—	500,000	—	(500,000)	—
Total public support and operating revenue	4,538,063	505,343	—	(566,600)	4,476,806
Net assets released from restrictions	925,697	—	365,000	—	1,290,697
Total public support and operating revenue and net assets released from restrictions	5,463,760	505,343	365,000	(566,600)	5,767,503
Expenses					
Program activities	5,166,118	15,852	312,483	(537,623)	4,956,830
Supporting activities					
Fundraising	296,931	3,595	21,863	(8,579)	313,810
General and administrative	216,906	12,323	41,418	(20,398)	250,249
Total supporting activities	513,837	15,918	63,281	(28,977)	564,059
Total expenses	5,679,955	31,770	375,764	(566,600)	5,520,889
Change in net assets without donor restrictions	<u>(216,195)</u>	<u>473,573</u>	<u>(10,764)</u>	<u>—</u>	<u>246,614</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
Grant revenue	931,352	—	—	—	931,352
Noncash grant revenue	—	—	365,000	—	365,000
Net assets released from restrictions	(925,697)	—	(365,000)	—	(1,290,697)
Change in net assets with donor restrictions	<u>5,655</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,655</u>
<b>CHANGE IN NET ASSETS</b>	<b>(210,540)</b>	<b>473,573</b>	<b>(10,764)</b>	<b>—</b>	<b>252,269</b>
<b>NET ASSETS - Beginning of year</b>	<b>3,475,582</b>	<b>1,104,333</b>	<b>5,358,045</b>	<b>—</b>	<b>9,937,960</b>
<b>NET ASSETS - End of year</b>	<b>\$ 3,265,042</b>	<b>\$ 1,577,906</b>	<b>\$ 5,347,281</b>	<b>\$ —</b>	<b>\$ 10,190,229</b>

See Accompanying Report of Independent Auditor