



GRACE MEDICAL HOME, INC. AND AFFILIATES

COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020





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, 2021 and 2020, 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, 2021 and 2020, 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, including omissions, 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, 2021 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 10, 2022

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

ASSETS		December 31,	
		2021	2020
ASSETS			
Cash and cash equivalents	\$	3,313,361	\$ 2,302,295
Cash restricted for long-term purposes		94,196	60,765
Inventories		1,360,383	1,434,738
Unconditional promises to give		40,000	381,150
Other assets		13,447	11,334
Property and equipment, net		5,288,526	5,615,189
Total assets		\$ 10,109,913	\$ 9,805,471
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$	146,553	\$ 155,518
Deferred revenue		25,400	—
Total liabilities		171,953	155,518
NET ASSETS			
Without donor restrictions		9,457,735	8,999,294
With donor restrictions		480,225	650,659
Total net assets		9,937,960	9,649,953
Total liabilities and net assets		\$ 10,109,913	\$ 9,805,471

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

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

	For The Year Ended December 31, 2021			For The Year Ended December 31, 2020
	Without donor restrictions	With donor restrictions	Total	
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Special event revenue	\$ —	\$ —	\$ —	\$ 268,214
Direct event expenses	<u>—</u>	<u>—</u>	<u>—</u>	<u>(24,893)</u>
Net special event revenue	—	—	—	243,321
Contributions without donor restrictions	2,528,017	—	2,528,017	1,780,060
Noncash contributions	2,159,489	—	2,159,489	2,515,701
Grant revenue with donor restrictions	—	1,016,080	1,016,080	940,458
Facility fee and other revenue	131,426	—	131,426	90,474
Grant revenue - Paycheck Protection Program	—	—	—	372,066
Net assets released from restrictions	<u>1,186,514</u>	<u>(1,186,514)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>6,005,446</u>	<u>(170,434)</u>	<u>5,835,012</u>	<u>5,942,080</u>
EXPENSES				
Program activities				
Medical services for the uninsured	<u>5,079,884</u>	<u>—</u>	<u>5,079,884</u>	<u>5,789,666</u>
Supporting activities				
Fundraising	243,867	—	243,867	253,608
General and administrative	<u>223,254</u>	<u>—</u>	<u>223,254</u>	<u>219,300</u>
Total supporting activities	<u>467,121</u>	<u>—</u>	<u>467,121</u>	<u>472,908</u>
Total expenses	<u>5,547,005</u>	<u>—</u>	<u>5,547,005</u>	<u>6,262,574</u>
Change in net assets without donor restrictions	458,441	—	458,441	170,543
Change in net assets with donor restrictions	<u>—</u>	<u>(170,434)</u>	<u>(170,434)</u>	<u>(491,037)</u>
CHANGE IN NET ASSETS	458,441	(170,434)	288,007	(320,494)
NET ASSETS - Beginning of year	<u>8,999,294</u>	<u>650,659</u>	<u>9,649,953</u>	<u>9,970,447</u>
NET ASSETS - End of year	<u>\$ 9,457,735</u>	<u>\$ 480,225</u>	<u>\$ 9,937,960</u>	<u>\$ 9,649,953</u>

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

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

	For The Years Ended	
	December 31,	
	2021	2020
OPERATING CASH FLOWS		
Cash received from contributors and grantors	\$ 3,730,021	\$ 3,150,088
Rental income, facility fees, and other	129,313	95,844
Cash received related to special events	—	268,214
Cash paid for operating activities and costs	(2,976,519)	(2,791,382)
Net operating cash flows	882,815	722,764
INVESTING CASH FLOWS		
Net purchases of and improvements to property and equipment	(18,944)	(257,928)
Net investing cash flows	(18,944)	(257,928)
FINANCING CASH FLOWS		
Borrowings	—	372,066
Proceeds from contributions restricted for long-term purposes	180,626	173,262
Net financing cash flows	180,626	545,328
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,044,497	1,010,164
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	2,363,060	1,352,896
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	\$ 3,407,557	\$ 2,363,060
REPORTED IN THE COMBINED STATEMENTS OF FINANCIAL POSITION AS FOLLOWS		
Cash and cash equivalents	\$ 3,313,361	\$ 2,302,295
Cash restricted for long-term purposes	94,196	60,765
Total cash, cash equivalents, and restricted cash	\$ 3,407,557	\$ 2,363,060
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 288,007	\$ (320,494)
Adjustments to reconcile change in net assets to net operating cash flows		
Conversion of note payable to grant revenue (see Note G)	—	(372,066)
Depreciation	345,607	329,623
Contributions restricted for long-term purposes	(180,626)	(173,262)
Change in inventories	74,355	565,600
Change in unconditional promises to give	341,150	668,502
Change in other assets	(2,113)	5,370
Change in accounts payable and accrued expenses	(8,965)	85,161
Change in deferred revenue	25,400	(65,670)
Net operating cash flows	\$ 882,815	\$ 722,764

SUPPLEMENTAL DISCLOSURE

During 2020, \$372,066 of principal reductions of a certain note payable are included in "grant revenue - Paycheck Protection Program" in the accompanying combined statement of activities. See Note G.

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

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
Total	\$ 5,079,884	\$ 243,867	\$ 223,254	\$ 467,121	\$ 5,547,005

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

GRACE MEDICAL HOME, INC. AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program activities	Supporting activities			Total expenses
		Fundraising	General and administrative	Total supporting activities	
Medical services	\$ 2,719,567	\$ —	\$ —	\$ —	\$ 2,719,567
Salaries and benefits	1,968,076	196,731	103,170	299,901	2,267,977
Professional and contracted services	490,822	—	34,623	34,623	525,445
Depreciation	286,772	16,481	26,370	42,851	329,623
Technology and related fees	97,678	10,919	6,222	17,141	114,819
Utilities	57,725	3,318	5,308	8,626	66,351
Office supplies	51,397	7,683	5,109	12,792	64,189
Repairs and maintenance	56,469	2,627	4,203	6,830	63,299
Other	13,597	702	23,564	24,266	37,863
Insurance	29,533	1,037	6,125	7,162	36,695
Staff and volunteer development	13,203	1,018	4,268	5,286	18,489
Merchant processor and bank fees	2,860	13,032	331	13,363	16,223
Development	1,967	60	7	67	2,034
Total	\$ 5,789,666	\$ 253,608	\$ 219,300	\$ 472,908	6,262,574
				Direct event expenses	24,893
				Total expenses (including direct event expenses)	\$ 6,287,467

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

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 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, the 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)

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Organization’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Organization of relief measures available under federal law and reducing the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity.

Subsequent events

The Organization has evaluated for possible financial reporting and disclosure subsequent events through the date of the report of the 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,	
	2021	2020
Cash and cash equivalents	\$ 3,313,361	\$ 2,302,295
Cash restricted for long-term purposes	94,196	60,765
Unconditional promises to give due within one year	20,000	341,150
Total financial assets available	3,427,557	2,704,210
Less:		
Amounts unavailable for general expenditure within one year, due to donor restrictions limiting use to purchase of medical equipment and supplies	(94,196)	(60,765)
Net financial assets available within one year	\$ 3,333,361	\$ 2,643,445

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, 2021 and 2020, 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.

As discussed in Note I, 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 24% and 33% of its total revenue from these two donors during 2021 and 2020, respectively.

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

NOTE D – CONCENTRATIONS (Continued)

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 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are subject to donor restrictions according to the “Grace Campaign”, which consists of building-related goals and funding the general operating budget. Unconditional promises to give are due as follows:

	December 31,	
	2021	2020
Less than one year	\$ 20,000	\$ 341,150
One to five years	20,000	40,000
Total	\$ 40,000	\$ 381,150

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	December 31,	
	2021	2020
Land	\$ 700,209	\$ 700,209
Building and building improvements	4,564,499	4,564,499
Furniture and equipment	1,016,037	997,093
Computer equipment and software	71,354	71,354
Total	6,352,099	6,333,155
Less: Accumulated depreciation and amortization	(1,063,573)	(717,966)
Net property and equipment	\$ 5,288,526	\$ 5,615,189

Depreciation expense amounted to \$345,607 and \$329,623 during 2021 and 2020, respectively.

NOTE G – PAYCHECK PROTECTION PROGRAM LOAN

During 2020, the Organization obtained a Paycheck Protection Program note payable (“PPP loan”) in the amount of \$372,066. Pursuant to federal law, the PPP loan may be forgiven in whole or in part based on the nature of the Organization’s expenditures during an applicable period. During 2020, management estimates that the Organization incurred or spent at least \$372,066 of expenditures eligible for forgiveness. Accordingly, this amount has been recognized as a reduction to “notes payable” in the accompanying combined statement of financial position (reducing the balance of the PPP loan to zero as of December 31, 2020) and as “grant revenue – Paycheck Protection Program” in the accompanying combined statement of activities for the year ended December 31, 2020. The PPP loan was fully forgiven in 2021.

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

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>Balance</u> <u>January 1</u>	<u>Grants and</u> <u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Health provider salaries	\$ 41,268	\$ 396,200	\$ (325,634)	\$ 111,834
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>

Activity in net assets with donor restrictions during 2020 was as follows:

	<u>Balance</u> <u>January 1</u>	<u>Grants and</u> <u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Unconditional promises to give	\$ 1,049,652	\$ —	\$ (668,502)	\$ 381,150
Technology and non-clinical needs	—	179,378	(95,421)	83,957
Medical equipment and supplies	2,541	173,262	(115,038)	60,765
Community outreach program	22,050	107,128	(85,907)	43,271
Health provider salaries	47,999	415,490	(422,221)	41,268
Specialty medical services	19,272	46,000	(30,912)	34,360
Other	<u>182</u>	<u>19,200</u>	<u>(13,494)</u>	<u>5,888</u>
Total	<u>\$ 1,141,696</u>	<u>\$ 940,458</u>	<u>\$ (1,431,495)</u>	<u>\$ 650,659</u>

NOTE I – NONCASH CONTRIBUTIONS

During 2021 and 2020, the Organization received approximately \$1,539,000 and \$2,017,000, 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.

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 \$596,000 and \$499,000 in 2021 and 2020, respectively, and are included in “noncash contributions” in the accompanying combined statements of activities.

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.

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

NOTE I – NONCASH CONTRIBUTIONS (Continued)

During 2020, approximately \$472,000 and \$27,000 are recognized as “medical services for the uninsured” and “general and administrative” expenses, respectively. Volunteer services during 2020 not meeting the criteria for recognition in conformity with U.S. GAAP amounted to approximately \$184,000 (unaudited). The estimated value of such services is not reflected in the accompanying combined financial statements.

NOTE J – 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 \$15,000 for 2021. The Organization accrued contributions of approximately \$15,000 to the Plan during 2020, which were paid in 2021.

SUPPLEMENTAL SCHEDULES

GRACE MEDICAL HOME, INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS					
	Grace Medical Home, Inc.	Grace Medical Home Foundation, Inc.	GMH Property Holdings, Inc.	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 1,846,749	\$ 1,210,414	\$ 256,198	\$ —	\$ 3,313,361
Cash restricted for long-term purposes	94,196	—	—	—	94,196
Inventories	1,360,383	—	—	—	1,360,383
Unconditional promises to give	40,000	—	—	—	40,000
Other assets	249,626	—	—	(236,179)	13,447
Property and equipment, net	56,489	—	5,232,037	—	5,288,526
Total assets	\$ 3,647,443	\$ 1,210,414	\$ 5,488,235	\$ (236,179)	\$ 10,109,913
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 146,461	\$ 106,081	\$ 130,190	\$ (236,179)	\$ 146,553
Deferred revenue	25,400	—	—	—	25,400
Total liabilities	171,861	106,081	130,190	(236,179)	171,953
NET ASSETS					
Without donor restrictions	2,995,357	1,104,333	5,358,045	—	9,457,735
With donor restrictions	480,225	—	—	—	480,225
Total net assets	3,475,582	1,104,333	5,358,045	—	9,937,960
Total liabilities and net assets	\$ 3,647,443	\$ 1,210,414	\$ 5,488,235	\$ (236,179)	\$ 10,109,913

See Accompanying Report of Independent Auditor

GRACE MEDICAL HOME, INC. AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021

	Grace Medical Home, Inc.	Grace Medical Home Foundation, Inc.	GMH Property Holdings, Inc.	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Public support and operating revenue					
Contributions	\$ 2,528,017	\$ —	\$ —	\$ —	\$ 2,528,017
Noncash contributions	2,159,489	—	—	—	2,159,489
Facility fee and other revenue	183,766	1,219	—	(53,559)	131,426
Total public support and operating revenue	4,871,272	1,219	—	(53,559)	4,818,932
Net assets released from restrictions	1,186,514	—	—	—	1,186,514
Total public support and operating revenue and net assets released from restrictions	6,057,786	1,219	—	(53,559)	6,005,446
Expenses					
Program activities	4,796,056	14,920	298,748	(29,840)	5,079,884
Supporting activities					
Fundraising	227,555	3,403	19,715	(6,806)	243,867
General and administrative	190,680	11,618	37,869	(16,913)	223,254
Total supporting activities	418,235	15,021	57,584	(23,719)	467,121
Total expenses	5,214,291	29,941	356,332	(53,559)	5,547,005
Change in net assets without donor restrictions	843,495	(28,722)	(356,332)	—	458,441
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS					
Grant revenue	1,016,080	—	—	—	1,016,080
Net assets released from restrictions	(1,186,514)	—	—	—	(1,186,514)
Change in net assets with donor restrictions	(170,434)	—	—	—	(170,434)
CHANGE IN NET ASSETS	673,061	(28,722)	(356,332)	—	288,007
NET ASSETS - Beginning of year	2,802,521	1,133,055	5,714,377	—	9,649,953
NET ASSETS - End of year	\$ 3,475,582	\$ 1,104,333	\$ 5,358,045	\$ —	\$ 9,937,960

See Accompanying Report of Independent Auditor