CHURCH HEALTH CENTER OF MEMPHIS, INC.

Combined Financial Statements
and Supplementary Information
For the Years Ended June 30, 2023 and 2022

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Contents

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Roster of Board of Trustees and Management
June 30, 2023

Management
Dr. G. Scott Morris, M.D., M Div., Chief Executive Officer
Jenny Bartlett-Prescott, Chief Operating Officer
Jennie Robbins, Chief Financial Officer
Lois McFarland, Director, Human Resources
Aarti Bowman, Director, Development
Sherronda Rhyan, Director, Finance

MHM

Independent Auditors' Report

Board of Trustees
Church Health Center of Memphis, Inc.
Memphis, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the combined financial statements of Church Health Center of Memphis, Inc. and its related entity, Empowering Community Healthcare Outreach, (collectively, the "Organization") which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Organization as of June 30, 2023 and 2022, and the combined changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 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.

Change in Accounting Principle

As discussed in note 1 to the combined financial statements, the Organization changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the 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.

Mayer Hoffman McCann P.C.
5100 Poplar Ave., 30th Floor
Memphis, TN 38137

Phone: 901.685.5575
Fax: 901.685.5583
mhmcpa.com

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 for one year after the date that the combined 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 combined 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 audits 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 the 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform

Guidance), is presented for purposes of additional analysis and is 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the Roster of Board of Trustees and Management but does not include the combined financial statements and our auditors' report thereon. Our opinion on the combined financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Mayer Hoffman McCann P.C.

Memphis, Tennessee
December 4, 2023

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Combined Statements of Financial Position
June 30, 2023 and 2022

Assets

	2023	2022
Assets		
Cash	$ 10,535,567	$ 8,174,857
Accounts and other receivables, net	413,418	444,498
Contributions receivable, net	1,671,034	2,368,645
Grants receivable	1,124,726	680,342
Investments	22,843,046	22,293,798
Restricted investments	11,001,801	10,285,272
Prepaid expenses	25,848	9,838
Property and equipment, net	13,813,143	15,515,800
Operating lease right-of-use assets, net	13,887,853	-
Finance lease right-of-use assets, net	286,520	-
Total assets	$ 75,602,956	$ 59,773,050

Liabilities and Net Assets

	2023	2022
Liabilities		
Lines of credit	$ -	$ 554,835
Accounts payable	340,382	212,215
Accrued payroll and related benefits	767,051	901,954
Other accrued expenses	68,381	70,826
Deferred revenue	114,475	131,225
Deferred lease incentive	-	3,860,169
Capital lease obligations	-	368,675
Operating lease liabilities	17,338,742	-
Finance lease liabilities	281,910	-
Total liabilities	18,910,941	6,099,899
Commitments and contingencies		
Net assets		
Without donor restrictions		
Undesignated	30,834,674	28,000,054
Designated by the Board for endowment	2,033,763	2,033,763
	32,868,437	30,033,817
With donor restrictions	23,823,578	23,639,334
Total net assets	56,692,015	53,673,151
	$ 75,602,956	$ 59,773,050

The accompanying notes are an integral part
of these combined financial statements.

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Combined Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and other revenues			
Contributions and grants - CHC	$ 10,727,578	$ 1,747,472	$ 12,475,050
State financial assistance	2,822,426	-	2,822,426
Federal grants	3,846,764	-	3,846,764
Contributions of nonfinancial assets	638,631	-	638,631
MEMPHIS Plan	1,480,863	-	1,480,863
Patient and member receipts	1,968,582	-	1,968,582
Third-party reimbursements	582,643	-	582,643
Dividend and interest income	260,713	277,544	538,257
Net realized and unrealized investment gain	306,328	1,581,835	1,888,163
Special events	208,682	-	208,682
Outreach	4,878	-	4,878
Nutrition Hub	57,947	-	57,947
Other	538,984	-	538,984
	23,445,019	3,606,851	27,051,870
Net assets released from restrictions	3,422,607	(3,422,607)	-
Total support and other revenues	26,867,626	184,244	27,051,870
Functional expenses			
Program services			
Clinic	18,543,808	-	18,543,808
Health Advisory Team	553,176	-	553,176
Community Services Programs	2,413,603	-	2,413,603
Spiritual Care	181,618	-	181,618
Total program services	21,692,205	-	21,692,205
Fundraising	1,570,065	-	1,570,065
General and administrative	770,736	-	770,736
Total functional expenses	24,033,006	-	24,033,006
Increase in net assets	2,834,620	184,244	3,018,864
Net assets at beginning of year	30,033,817	23,639,334	53,673,151
Net assets at end of year	$ 32,868,437	$ 23,823,578	$ 56,692,015

The accompanying notes are an integral part
of these combined financial statements.

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Combined Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and other revenues			
Contributions and grants - CHC	$ 13,411,959	$ 3,301,438	$ 16,713,397
Contributions and grants - ECHO	-	50,000	50,000
State financial assistance	1,555,998	-	1,555,998
Federal grants	243,904	486,000	729,904
Contributions of nonfinancial assets	721,240	-	721,240
MEMPHIS Plan	1,691,724	-	1,691,724
Patient and member receipts	2,260,956	-	2,260,956
Third-party reimbursements	616,441	-	616,441
Dividend and interest income	115,362	589,451	704,813
Net realized and unrealized investment loss	(373,338)	(4,307,248)	(4,680,586)
Special events	183,246	-	183,246
Outreach	2,096	-	2,096
Nutrition Hub	45,224	-	45,224
Other	450,112	-	450,112
	20,924,924	119,641	21,044,565
Net assets released from restrictions	6,086,801	(6,086,801)	-
Total support and other revenues	27,011,725	(5,967,160)	21,044,565
Functional expenses			
Program services			
Clinic	19,113,632	-	19,113,632
Health Advisory Team	581,707	-	581,707
Community Services Programs	2,403,055	-	2,403,055
Spiritual Care	224,310	-	224,310
ECHO Program	377,622	-	377,622
Total program services	22,700,326	-	22,700,326
Fundraising	1,650,846	-	1,650,846
General and administrative	763,769	-	763,769
Total functional expenses	25,114,941	-	25,114,941
Increase (decrease) in net assets	1,896,784	(5,967,160)	(4,070,376)
Net assets at beginning of year	28,137,033	29,606,494	57,743,527
Net assets at end of year	$ 30,033,817	$ 23,639,334	$ 53,673,151

The accompanying notes are an integral part
of these combined financial statements.

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Combined Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services								
	Integrated Health		Outreach						
	Clinic	Health Advisory Team	Community Services Programs	Spiritual Care	ECHO Program	Total Program Services	Fundraising	General and Administrative	Totals
Salaries	$ 9,518,478	$ 304,102	$ 981,696	$ 96,907	$ -	$ 10,901,183	$ 870,976	$ 359,800	$ 12,131,959
Contributed services	494,119	11,000	76,055	1,497	-	582,671	32,785	23,175	638,631
Payroll taxes	666,129	21,310	69,832	6,408	-	763,679	62,075	23,556	849,310
Employee benefits	1,329,719	38,981	132,624	21,548	-	1,522,872	89,868	43,650	1,656,390
Insurance	63,606	2,403	6,928	801	-	73,738	5,420	13,969	93,127
Staff development and recruitment	61,936	1,618	8,472	635	-	72,661	4,825	7,007	84,493
Licenses and dues	50,560	712	7,107	164	-	58,543	982	1,232	60,757
Supplies	934,615	1,988	142,278	1,168	-	1,080,049	13,476	11,034	1,104,559
Printing and publications	20,549	3,193	13,578	573	-	37,893	17,078	2,584	57,555
Postage	17,775	648	1,870	216	-	20,509	9,388	3,769	33,666
Publicity and promotions	101,814	6,867	185,146	1,243	-	295,070	8,976	21,674	325,720
Rent expense	1,462,933	55,129	159,709	18,377	-	1,696,148	124,480	46,381	1,867,009
Utilities	45,997	1,738	13,981	579	-	62,295	3,919	10,102	76,316
Telephone	57,267	2,411	12,121	1,137	-	72,936	5,045	11,456	89,437
Repairs and maintenance	951,684	15,517	54,353	3,525	-	1,025,079	88,634	61,492	1,175,205
Conferences and travel	81,275	1,196	25,665	5,342	-	113,478	6,904	4,818	125,200
Professional services	971,438	13,935	367,736	4,745	-	1,357,854	31,434	81,015	1,470,303
Special events	2,730	13	36	4	-	2,783	78,314	74	81,171
Bad debt expense	206,700	21,750	1,800	-	-	230,250	5,000	-	235,250
Other	75,091	1,568	5,065	528	-	82,252	5,261	6,389	93,902
Total before depreciation and amortization	17,114,415	506,079	2,266,052	165,397	-	20,051,943	1,464,840	733,177	22,249,960
Depreciation and amortization	1,429,393	47,097	147,551	16,221	-	1,640,262	105,225	37,559	1,783,046
Total functional expenses	$ 18,543,808	$ 553,176	$ 2,413,603	$ 181,618	$ -	$ 21,692,205	$ 1,570,065	$ 770,736	$ 24,033,006

The accompanying notes are an integral part of these combined financial statements.

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Combined Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services								
	Integrated Health		Outreach						
	Clinic	Health Advisory Team	Community Services Programs	Spiritual Care	ECHO Program	Total Program Services	Fundraising	General and Administrative	Totals
Salaries	$ 9,471,403	$ 293,284	$ 984,802	$ 112,402	$ 170,423	$ 11,032,314	$ 848,486	$ 358,721	$ 12,239,521
Contributed services	621,803	6,239	40,888	1,945	-	670,875	28,889	21,476	721,240
Payroll taxes	681,305	21,397	73,343	7,864	12,303	796,212	60,715	25,707	882,634
Employee benefits	1,227,617	29,779	144,316	20,581	20,885	1,443,178	83,775	43,087	1,570,040
Insurance	85,282	3,288	11,363	1,651	-	101,584	6,336	19,045	126,965
Staff development and recruitment	43,055	2,961	5,917	405	267	52,605	24,188	3,519	80,312
Licenses and dues	42,859	817	3,738	703	-	48,117	1,351	1,402	50,870
Supplies	1,240,530	1,803	103,635	1,202	836	1,348,006	5,872	9,530	1,363,408
Printing and publications	27,079	2,891	15,993	582	1,487	48,032	37,460	3,311	88,803
Postage	15,541	593	2,067	298	18	18,517	13,438	3,435	35,390
Publicity and promotions	51,725	6,370	118,110	989	5,357	182,551	4,857	11,406	198,814
Rent expense	1,121,974	43,483	157,130	21,753	-	1,344,340	83,683	36,629	1,464,652
Utilities	249,800	9,688	34,507	4,844	-	298,839	18,643	8,325	325,807
Telephone	61,647	2,775	12,465	1,972	2,941	81,800	4,671	12,598	99,069
Repairs and maintenance	848,335	16,097	47,467	5,748	224	917,871	84,733	65,725	1,068,329
Conferences and travel	70,618	484	32,247	3,322	8,682	115,353	3,664	2,144	121,161
Professional services	606,861	50,305	371,553	4,964	154,199	1,187,882	130,362	57,281	1,375,525
Special events	2,612	33	118	17	-	2,780	81,608	199	84,587
Bad debt expense	175,970	21,667	2,567	-	-	200,204	1,000	-	201,204
Other	756,609	7,488	25,825	3,754	-	793,676	14,398	33,323	841,397
Total before depreciation and amortization	17,402,625	521,442	2,188,051	194,996	377,622	20,684,736	1,538,129	716,863	22,939,728
Depreciation and amortization	1,711,007	60,265	215,004	29,314	-	2,015,590	112,717	46,906	2,175,213
Total functional expenses	$ 19,113,632	$ 581,707	$ 2,403,055	$ 224,310	$ 377,622	$ 22,700,326	$ 1,650,846	$ 763,769	$ 25,114,941

The accompanying notes are an integral part of these combined financial statements.

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Combined Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 3,018,864	$ (4,070,376)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	1,597,930	2,175,213
Non-cash operating lease expense	1,857,791	-
Amortization of finance lease right-of-use assets	185,116	-
Amortization of deferred lease incentive	-	(395,914)
Net realized and unrealized investment (gain) loss	(1,888,163)	4,680,586
Reinvested interest and dividends	(314,960)	(704,813)
Contributions restricted for long-term purposes (financing activities)	(965,532)	(1,592,427)
Bad debt expense	235,250	201,204
Loss on disposal of property	-	757,593
Changes in assets and liabilities		
Accounts and other receivables	(204,170)	(157,972)
Contributions receivable	697,611	(85,308)
Grants receivable	(444,384)	(242,217)
Prepaid expenses	(16,010)	5,311
Accounts payable	128,167	(34,156)
Accrued expenses and other liabilities	(154,098)	148,512
Operating lease liabilities, net	(2,267,071)	-
Net cash provided by operating activities	1,466,341	685,236
Cash flows from investing activities:		
Purchases of investments	(6,503,291)	(7,880,788)
Purchases of property and equipment	(366,909)	(145,307)
Proceeds from sale of investments	7,440,637	8,108,629
Net cash provided by investing activities	570,437	82,534
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in endowment	12,050	400,149
Term or performance	953,482	1,192,278
Principal payments on lines of credit	(554,835)	(1,887,761)
Principal payments on capital leases	-	(97,571)
Principal payments on finance lease liabilities	(86,765)	-
Net cash provided by (used in) financing activities	323,932	(392,905)
Net increase in cash	2,360,710	374,865
Cash at beginning of year	8,174,857	7,799,992
Cash at end of year	$ 10,535,567	$ 8,174,857

The accompanying notes are an integral part
of these combined financial statements.

Note 1 - Summary of significant accounting policies

Organization and activities

The Church Health Center of Memphis, Inc. (the "Center") was incorporated on October 15, 1986. The Center, a 501(c)(3) not-for-profit entity, is an ecumenical healthcare ministry which seeks to reclaim the biblical and historical commitment of the church to care for the working uninsured that are sick and to promote healthy bodies and spirits for all. With the volunteer services of health professionals, along with the Center staff, the Center provides on-site, affordable healthcare for the working uninsured and their families. The Center cares for the whole person by providing medical, dental, and eye care, as well as counseling, social work, and health education. It reaches out to the entire community by promoting and encouraging healthy lifestyles and disease prevention and utilizing congregations as the focal point of education. The Center took over control of Empowering Community Healthcare Outreach (ECHO), a separate 501(c)(3) not-for-profit entity, at no cost on May 1, 2015 to expand its mission to provide consulting services to start and develop effective charitable community healthcare clinics.

The Center is governed by a Board of Trustees (the "Board"), which includes a broad range of representatives from the Memphis community. ECHO is governed by a Board of Directors separate from the Center's Board.

Principles of combination

The combined financial statements include the accounts of Church Health Center of Memphis, Inc. and Empowering Community Healthcare Outreach (collectively, the "Organization"), which share common supervision and control. All significant intercompany balances and transactions have been eliminated in the combination.

Basis of accounting

The combined financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America.

Support and revenues

To execute its mission, the Organization has developed a broad funding base. The most significant sources of funding are individuals, faith communities, hospitals, corporations, foundations, federal grants, and state financial assistance.

Contributions and grants received are recorded as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Donor restrictions can be modified only by written request from the original donor or other authorized party. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is

Note 1 - Summary of significant accounting policies (continued)

Support and revenues (continued)

recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. Expirations of donor-imposed restrictions on net assets, that is, when a stipulated time restriction ends or purpose restriction is accomplished, are reported in the statement of activities and changes in net assets as net assets released from restrictions between the classes of net assets. Unconditional promises to give greater than $5,000 are recognized upon receipt of the pledge contract or other credible confirmation.

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their estimated future cash flows, using risk-adjusted interest rates applicable to the years in which the promises are to be received. The unconditional promises to give are reflected as contributions receivable in the accompanying combined statements of financial position.

Conditional contributions received and conditional promises to give are not included as revenue until the conditions or barriers are substantially met. There were no unearned contributions related to conditional contributions received as of June 30, 2023 or June 30, 2022.

MEMPHIS Plan participant revenue and patient and member receipts revenue are exchange transactions and are recognized as revenue as performance obligations are satisfied. A performance obligation is a promise in the contract with a customer to transfer a distinct good or service to a customer. The contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied, either at a point in time or over time.

The Organization's performance obligation for MEMPHIS Plan participant revenue is providing coverage on a monthly basis, and it recognizes revenue over time as the performance obligation is satisfied.

The Organization's performance obligation for patient and member receipts revenue is providing services to the patient. Revenue is recognized at a point in time when the services are provided. Net patient revenues are recorded at the estimated net realizable amounts received or expected to be received. Changes in the estimated net realizable amounts to be received are reflected as a reduction in net revenues at the time of the change in estimate.

Contributed nonfinancial assets

Contributed nonfinancial assets recognized within support and other revenues in the combined statements of activities consists of contributed services of $638,631 and $721,240 for the years ended June 2023 and 2022, respectively. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Note 1 - Summary of significant accounting policies (continued)

Contributed nonfinancial assets (continued)

The Center has an extensive volunteer network. Medical and dental professionals, counselors, social workers, and non-professional volunteers donate time and services to support the operations of the Center. A core staff is maintained to provide services, coordinate the network, and manage the Center.

Contributed services are valued and are reported at their estimated fair value in the combined financial statements. The Center uses data from the United States Bureau of Labor Statistics to estimate fair values. Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed professional services recognized in the combined financial statements include medical and non-medical services that were provided on-site.

Numerous primary care providers, specialists, and professional organizations, including hospital systems, see patients off-site free of charge in their own offices. Off-site services are not recorded even though they are a significant resource because historically there has been no objective or efficient basis to measure the value of these services.

Other medical and non-medical services and various operating supplies are donated regularly. These include, but are not limited to, lab, diagnostic and medical services, grounds maintenance, computer consulting, fundraising, and pharmaceuticals. While very important to the success of the Center, these services and supplies are not recorded because historically there has been no objective or efficient means of doing so.

Receivables

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using a risk-adjusted interest rate, and amortization of the discount is included in contribution revenue.

Receivables are stated at the amount management expects to collect from outstanding balances. Management monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based upon its assessments of the current status of individual accounts. Balances still outstanding after a reasonable period of time has elapsed are generally written off through a charge to the valuation allowance and a credit to the appropriate receivable.

Note 1 - Summary of significant accounting policies (continued)

Investments

The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset in an ordinary transaction between market participants at the measurement date. See note 6 for discussion of fair value measurements.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date. Net realized and unrealized gains (losses) on investments include the Organization's gains and losses on investments bought and sold as well as held during the year. Net realized and unrealized gains (losses) are reported in the combined statements of activities as increases or decreases in net assets without donor restrictions, unless restricted by the donor or by law.

Property and equipment

Purchased property and equipment are recorded at cost. The cost of property and equipment purchased in excess of $5,000 is capitalized. Donated property and equipment are recorded at estimated fair value. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, generally thirty years for buildings and improvements, fifteen years for leasehold improvements, and five to ten years for furniture and equipment. Depreciation and amortization expense totaled $1,597,930 and $2,175,213 in 2023 and 2022, respectively.

Long-lived assets

The Organization recognizes impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired. There were no such losses recognized for the years ended June 30, 2023 and 2022.

Leases

Effective July 1, 2022, the Organization accounts for leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. Leases are classified as either operating leases or finance leases at lease inception. Whether a lease is classified as an operating lease or finance lease, the Organization records a right-of-use (ROU) asset and a lease liability at the commencement date of the lease, other than for leases with an initial term of 12 months or less. The Organization does not recognize ROU assets or lease liabilities for leases with an initial term of 12 months or less under the short-term lease exemption. Lease liabilities are initially and subsequently reported at the present value of the outstanding lease payments determined by discounting those lease payments over the remaining lease term. As the Organization's leases do not provide an implicit rate, management uses the applicable risk-free rate available at commencement of the lease to determine the present value of

Note 1 - Summary of significant accounting policies (continued)

Leases (continued)

the lease payments. ROU assets are initially reported at the present value of the corresponding lease liability plus any prepaid lease payments and initial direct costs of entering into the lease, and reduced by any lease incentives. Management evaluates for possible impairment of ROU assets annually or more frequently whenever events or changes in circumstances indicate that the carrying value of ROU assets exceeds their fair value. There was no impairment of ROU assets for the year ended June 30, 2023.

Lease terms include options to extend or terminate the lease when it is reasonably certain that those options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Certain lease agreements may include rental payments based on changes in the consumer price index or market values over the lease term. Lease liabilities are not remeasured as a result of these changes, instead these are treated as variable lease payments and are excluded from the measurement of ROU assets and lease liabilities.

The Organization's lease agreements do not contain material residual value guarantees or material restrictive covenants.

Endowment funds

The Organization classifies net assets of donor-restricted endowment funds in accordance with FASB ASC 205, *Presentation of Financial Statements*. ASC 205 provides guidance on net asset classification of donor-restricted endowment funds and required disclosures related to an organization's donor-restricted and board-designated endowment funds. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) establishes guidelines for prudent management of costs and expenditures of funds in relation to the whole economic situation of the charitable institution. An organization, whether or not it is subject to an enacted version of UPMIFA, shall disclose information to enable users of financial statements to understand net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds. See note 15 for required disclosures of endowment funds.

Functional allocation of expenses

Program services, fundraising, and general and administrative expenses have been allocated by function based upon management's estimate of the costs relating to each function. Directly identifiable expenses are classified as program services, fundraising, or general and administrative. Expenses related to more than one function are allocated on the basis of management's estimates. General and administrative expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

Note 1 - Summary of significant accounting policies (continued)

Income taxes

The Center and Echo are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are similarly exempt from Tennessee and Texas state income taxes under the provisions of the Tennessee and Texas tax regulations. Accordingly, no provision for income taxes is included in the accompanying combined financial statements.

The Organization files informational returns with the Internal Revenue Service and the States of Tennessee and Texas. The Organization is generally no longer subject to examinations by tax authorities for tax years prior to 2020.

Events occurring after the reporting date

Management has evaluated events and transactions that have occurred between June 30, 2023 and December 4, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Use of estimates

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Significant estimates used include the estimated fair value of contributed services, contributions receivable discounts, fair value of investments, and the estimated allowance for doubtful accounts and uncollecible contributions receivable. Accordingly, actual results could differ from those estimates.

New accounting pronouncements

Effective July 1, 2021, the Organization retrospectively adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 provides guidance to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure.

In February 2016, the FASB issued guidance (ASC 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Note 1 - Summary of significant accounting policies (continued)

New accounting pronouncements (continued)

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) using through a cumulative effect adjustment, with certain practical expedients available.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether unamortized initial direct costs, if any, before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 finance lease liabilities at the carrying amount of the capital lease obligations on June 30, 2022 of $368,675 and right-of-use assets at the carrying amount of the capital lease asset of $376,806. The Organization also recognized on July 1, 2022 operating lease liabilities of $19,605,813, which represents the present value of the remaining operating lease payments of $22,456,945, discounted using the applicable risk-free rates, and right-of-use assets totaling $15,745,644, which represents the operating lease liability adjusted for deferred lease incentives of $3,860,169 recognized prior to the adoption of ASC 842.

Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The adoption of ASC Topic 842 had a material impact on the Organization's combined statements of financial position but did not have a material impact on the combined statements of activities, combined statements of functional expenses, nor the combined statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Recent accounting pronouncements

Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses* (Topic 342), is an update to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this update are effective for fiscal years beginning after December 15, 2022 for nonpublic entities. The Organization is currently evaluating the effects of adoption of this accounting standard update.

Note 1 - Summary of significant accounting policies (continued)

Reclassifications

Certain reclassifications have been made to the 2022 financial statements in order to conform with the 2023 financial statement presentation.

Note 2 - Accounts and other receivables

Accounts and other receivables consist of the following as of June 30, 2023 and 2022:

	2023	2022
Accounts receivable - patients	$ 321,580	$ 403,333
MEMPHIS Plan	186,543	176,152
Accounts receivable - insurers	189,902	116,955
Other receivables	37,947	19,441
	735,972	715,881
Less allowance for doubtful accounts	322,554	271,383
Accounts and other receivables, net	$ 413,418	$ 444,498

Note 3 - Contributions receivable

Contributions receivable are summarized as follows as of June 30, 2023 and 2022:

	2023	2022
Within one year	$ 881,000	$ 1,135,000
One to five years	961,000	1,365,482
Total contributions receivable	1,842,000	2,500,482
Less present value component	170,966	131,837
Contributions receivable, net	$ 1,671,034	$ 2,368,645

Contributions receivable have been discounted to their net present value using an annual rate of 4.13% in 2023 and 3.01% in 2022.

Each contributions receivable balance is assessed for collectability based on management's knowledge of and relationship with the donor and the age of the pledge. No allowance for uncollectible contributions receivable was recorded as of June 30, 2023 or 2022.

Note 4 - Liquidity and availability of resources

As of June 30, 2023 and 2022, the following represents the Organization's financial assets which are available to meet expenditures over the next twelve (12) months:

	2023	2022
Cash	$ 10,535,567	$ 8,174,857
Accounts and other receivables, net	413,418	444,498
Contributions receivable, net	881,000	1,135,000
Grants receivable	1,124,726	680,342
Crosstown rent	68,837	2,200,697
Endowment earnings	-	1,156,705
Total financial assets available to meet expenditures over the next twelve months	$ 13,023,548	$ 13,792,099

In addition to the financial assets available to meet general expenditures over the next twelve (12) months, the Organization operates within a balanced budget and anticipates collecting sufficient revenue to cover general expenditures over the next twelve (12) months. As more fully described in note 9, the Organization has an available line of credit of $3,000,000, which it could draw upon in the event of an unanticipated liquidity need. Additionally, Board designated net assets could be appropriated for liquidity needs.

Financial assets not available in the next twelve (12) months include those with contractual or donor-imposed restrictions limiting availability to future years and those designated by the Board for endowment.

Note 5 - Investments

The fair value of investments as of June 30, 2023 and 2022 is summarized as follows:

	2023	2022
Mutual funds	$ 1,745,459	$ 3,544,322
Mutual funds - restricted	11,001,801	10,285,272
Hedge funds	9,702,749	9,025,854
Exchange-traded funds	2,696,427	2,347,920
Money market funds	8,698,411	7,375,702
Total	$ 33,844,847	$ 32,579,070

Investments as of June 30, 2023 and 2022 include restricted endowment funds of $19,489,507 and $19,477,458, respectively. As of June 30, 2023 and 2022, mutual and money market funds totaling $11,001,801 and $10,285,272, respectively, had been restricted by the donor as to the type of investment (see note 7).

Note 5 - Investments (continued)

The Organization utilizes professional investment advisors to assist in fulfilling its investment objectives. The Organization's investment advisory committee is responsible for the oversight of the Organization's selection of investments and investment advisors. The Organization's investment committee and its advisors review the asset allocation on a quarterly basis and work to ensure all strategies outlined are within the investment policy.

Note 6 - Fair value measurements

FASB ASC 820, *Fair Value Measurement*, provides the framework for measuring fair value. ASC 820 defines fair value as the exchange price that would be received for an asset or liability in an orderly transaction between market participants on the measurement date. This framework also provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2023 and 2022.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Note 6 - Fair value measurements (continued)

Exchange traded funds: Valued using the latest closing sales price or official closing price taken from the market in which the security trades.

Money market funds: Valued at cost, which approximates fair value.

Hedge funds: Hedge funds include investments in various Cayman Islands multi-strategy hedge funds and domestic hedge funds that invest in other investment entities and individual domestic and foreign debt and equity securities. The Organization's investments in hedge funds are valued at the NAV of units held by the Organization at year end based upon the fair value of the underlying assets as reported by the respective fund managers. The NAV, as provided by the fund managers, is used as a practical expedient to estimating fair value. The NAV is based upon the fair value of the underlying investments held by the fund less its liabilities. The estimated fair value is determined by the investment managers based upon, among other things, the type of investments, purchase price, marketability, current financial condition, operating results, and other information. The estimated fair values of substantially all of the investments of the underlying investment entities, which may include securities for which prices are not readily available, are determined by the investment managers or management of the respective underlying investment entities and may not reflect amounts that could be realized upon immediate sale. Accordingly, estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. This practical expedient is not used when it is determined to be probable that the investment will transact at an amount different than the reported NAV.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value on a recurring basis as of June 30, 2023 and 2022.

	Investments at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Bonds	$ 1,162,840	$ -	$ -	$ 1,162,840
International	289,153	-	-	289,153
Small cap	144,768	-	-	144,768
Large cap	148,698	-	-	148,698
Total mutual funds	1,745,459	-	-	1,745,459

Note 6 - Fair value measurements (continued)

	Investments at Fair Value as of June 30, 2023			
(continued)	Level 1	Level 2	Level 3	Total
Mutual funds - restricted				
International	$ 5,710,495	$ -	$ -	$ 5,710,495
Small cap	2,384,473	-	-	2,384,473
Large cap	2,906,833	-	-	2,906,833
Total mutual funds - restricted	11,001,801	-	-	11,001,801
Exchange-traded funds	2,696,427	-	-	2,696,427
Money market funds	8,698,411	-	-	8,698,411
Total	$ 24,142,098	$ -	$ -	24,142,098
Hedge funds measured at net asset value*				9,702,749
				$ 33,844,847

	Investments at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Bonds	$ 1,790,090	$ -	$ -	$ 1,790,090
International	882,118	-	-	882,118
Small cap	438,325	-	-	438,325
Large cap	433,789	-	-	433,789
Total mutual funds	3,544,322	-	-	3,544,322
Mutual funds - restricted				
International	4,989,025	-	-	4,989,025
Small cap	2,661,494	-	-	2,661,494
Large cap	2,634,753	-	-	2,634,753
Total mutual funds - restricted	10,285,272	-	-	10,285,272
Exchange-traded funds	2,347,920	-	-	2,347,920
Money market funds	7,375,702	-	-	7,375,702
Total	$ 23,553,216	$ -	$ -	23,553,216
Hedge funds measured at net asset value*				9,025,854
				$ 32,579,070

Note 6 - Fair value measurements (continued)

* In accordance with ASC 820, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying combined statements of financial position.

The following table provides information related to the investments that are valued based on NAV:

	Fair Value June 30, 2023	Fair Value June 30, 2022	Unfunded Commitments as of June 30, 2022	Redemption Frequency	Redemption Notice Period
Hedge funds:					
Cayman Islands	$ 8,462,200	$ 7,651,805	$ -	Annually	90 Days
Domestic	1,240,549	1,374,049	-	None	N/A

a. Hedge fund - Cayman Islands - This investment is an open-ended "umbrella" fund in the Cayman Islands with multiple classes of shares. Each class of shares is separately valued and pursues its own investment objectives and strategies. The fund's overall objective is to achieve capital appreciation through direct and indirect investments in securities, derivative instruments, and commodities. The Organization's investment consists of class shares invested in an underlying investment fund that invests in other multi-strategy and global equity long/short funds.

b. Hedge fund - domestic - This investment is a limited partnership organized as a parallel fund to pool and invest funds contributed by the partners in managed investment vehicles, securities, managed or segregated accounts with money managers, or other investments as may be deemed appropriate by the General Partner. This investment is illiquid and no limited partner may withdraw any capital from the partnership without consent of the General Partner.

Note 7 - Restricted investments

During fiscal year 2011, an anonymous donor advanced mutual funds into the Organization's endowment account totaling $10,000,000 under a conditional challenge gift arrangement. Under the terms of the challenge gift, the Organization agreed to raise an additional $20,000,000 by December 31, 2015, to not spend any of the principal of or earnings on the mutual funds advance until the challenge was met in full, and to reinvest any earnings in the prefunded mutual funds. The Organization was entitled to the earnings on the mutual funds upon either raising the additional contributions or the end of the challenge period. The Organization earned $1 of the challenge gift for every $2 in qualifying contributions. Upon meeting the terms of the challenge or the end of the

Note 7 - Restricted investments (continued)

challenge period, the Organization was entitled to the total value of the principal and reinvested earnings or the earned value of the principal and reinvested earnings, respectively. The challenge gift was met and fully earned as of June 30, 2013. As of June 30, 2023 and 2022, the prefunded mutual funds plus the earnings thereon totaling $11,001,801 and $10,285,272, respectively, are included in restricted investments in the accompanying combined statements of financial position.

Note 8 - Property and equipment

Property and equipment as of June 30, 2023 and 2022 consists of the following:

	2023	2022
Building and leasehold improvements	$ 20,968,987	$ 20,950,674
Furniture and equipment	5,624,211	5,786,755
Building and land	73,289	73,289
Construction in progress	39,980	475
	26,706,467	26,811,193
Less accumulated depreciation and amortization	12,893,324	11,295,393
Property and equipment, net	$ 13,813,143	$ 15,515,800

Note 9 - Lines of credit

The Center had a $4,500,000 line of credit with a financial institution. Interest was payable monthly at the three-month LIBOR Rate plus 2.3%. The principal balance was due in annual payments of $900,000, with the final payment due March 2023. Borrowings outstanding under the line of credit totaled $345,905 as of June 30, 2022. The line of credit was unsecured.

In March 2018, the Center entered into a $3,000,000 revolving credit agreement with a financial institution. In March 2023, the terms of the agreement were modified to extend the maturity date of the line to March 2024. Interest is payable at the Wall Street Journal Prime Rate less 0.3% (7.95% as of June 30, 2023). The principal balance plus all accrued interest is due March 2024. There were no borrowings outstanding under the line of credit as of June 30, 2023. Borrowings outstanding under the line of credit totaled $47,476 as of June 30, 2022. The line of credit is unsecured.

In August 2019, the Center entered into a $2,500,000 line of credit agreement with a financial institution. Interest is payable at the three-month LIBOR Rate plus 2.3% (7.84% as of June 30, 2023). Principal and interest is payable monthly in the amount of $32,313. The remaining principal balance plus all remaining accrued interest is due December 2024. Advances totaling $1,530,837 were made against this line of credit. There were no borrowings under this line of credit as of June 30, 2023. Borrowings outstanding under the line of credit totaled $161,454 as of June 30, 2022. The line of credit is unsecured.

Note 10 - Capital lease obligations

As of June 30, 2022, the Organization leased certain equipment under various capital lease agreements. The capital lease obligations were payable in monthly installments totaling approximately $9,000 and expire at various dates through November 2026. Obligations under the capital leases were recorded in the accompanying combined statements of financial position at the present value of future minimum lease payments, discounted at their respective interest rates. The capitalized costs, less accumulated amortization, are included in property and equipment in the accompanying combined statements of financial position as of June 30, 2022. Amortization expense related to equipment under capital lease agreements is included in depreciation and amortization expense in the combined statements of functional expenses for the year ended June 30, 2022. The capitalized cost, less accumulated amortization, totaled $376,565 as of June 30,2022. Upon the adoption of ASC 842, *Leases*, on July 1, 2022, leases previously recognized as capital leases are classified as finance leases. See note 11.

Future minimum lease payments under capital leases as of June 30, 2022, were as follows:

Fiscal Year	
2023	$ 105,213
2024	91,364
2025	86,532
2026	83,332
2027	20,054
Net minimum lease payments	386,495
Less amounts representing interest	17,820
Present value of future minimum lease payments	$ 368,675

Note 11 - Leases

The Organization leases office and storage space under operating lease agreements which expire at various dates through March 2032 with remaining lease terms ranging from 1.8 to 8.8 years as of June 30, 2023. The Organization also leases certain equipment under finance lease agreements which expire at various dates through November 2026 with remaining lease terms ranging from 0.5 to 3.4 years as of June 30, 2023.

In 2014, the Organization signed on to become one of the founding tenants in the Crosstown Concourse building. On April 1, 2017, the Organization moved its operations into the renovated Crosstown Concourse under the terms of a fifteen year operating lease. The lease provides for annual rental payments of approximately $1,800,000. Additionally, the lease agreement stipulates the landlord will provide a tenant allowance of approximately $6,000,000 to reimburse the

Note 11 - Leases (continued)

Organization for a portion of its tenant improvements. In accordance with ASC-840-20, the tenant allowance was recorded as a deferred lease incentive liability and was recognized as a reduction of rental expense prior to the adoption of ASC 842, *Leases*, effective July 1, 2022. The Organization also recorded a leasehold improvement of $6,000,000, which is being amortized over the term of the lease. The Organization has two options to renew the lease for additional terms of thirty months each at rates and terms mutually agreed upon with the landlord.

The components of lease expense recognized for the year ended June 30, 2023 were as follows:

Operating lease cost	$ 1,887,862
Sublease income	(23,777)
Finance lease cost	
Amortization of right-of-use assets	185,116
Interest on lease liabilities	7,555
Total finance lease cost	$ 192,671

Rent expense for the year ended June 30, 2022 totaled $1,464,652. Future minimum lease payments as of June 30, 2022 were $1,833,100 for each of the years ending June 30, 2023 through 2027 and $8,707,100 thereafter.

Other information related to leases for the year ended June 30, 2023 is as follows:

Supplemental cash flows information:	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 2,283,777
Operating cash flows from finance leases	7,555
Financing cash flows from finance leases	86,764
Weighted average remaining lease term:	
Operating leases	8.74 years
Finance leases	1.15 years
Weighted average discount rate:	
Operating leases	2.88%
Finance leases	2.34%

Note 11 - Leases (continued)

Future minimum lease payments due under non-cancelable lease agreements as of June 30, 2023 are as follows:

Fiscal Year	Operating Leases	Finance Leases
2024	$ 2,316,816	$ 94,302
2025	2,315,609	88,664
2026	2,302,332	88,664
2027	2,302,332	20,941
2028	2,302,332	-
Thereafter	8,620,385	-
	20,159,806	292,571
Less amount representing interest	(2,821,064)	(10,661)
	$ 17,338,742	$ 281,910

Note 12 - Net assets

Net assets without donor restriction are those assets available for use for program services, management and general, and fundraising expenses. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The following table summarizes net assets as of June 30, 2023.

	Without Donor Restrictions	With Donor Restrictions	Total
Operating funds:			
Undesignated	$ 30,834,674	$ -	$ 30,834,674
Subject to expenditure for specified purpose:			
Endowment fund earnings -			
Programs & Services	-	4,001,217	4,001,217
Crosstown project	-	68,837	68,837
Gap year program	-	-	-
Integrated Health	-	264,017	264,017
Endowment funds	2,033,763	19,489,507	21,523,270
Total net assets	$ 32,868,437	$ 23,823,578	$ 56,692,015

Note 12 - Net assets (continued)

The following table summarizes net assets as of June 30, 2022.

	Without Donor Restrictions	With Donor Restrictions	Total
Operating funds:			
Undesignated	$ 28,000,054	$ -	$ 28,000,054
Subject to expenditure for specified purpose:			
Endowment fund earnings - Programs & Services	-	2,141,838	2,141,838
Crosstown project	-	1,324,048	1,324,048
Gap year program	-	441,120	441,120
Integrated Health	-	254,870	254,870
Endowment funds	2,033,763	19,477,458	21,511,221
Total net assets	$ 30,033,817	$ 23,639,334	$ 53,673,151

Note 13 - Net assets released from restrictions

The following table summarizes net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors for the years ended June 30, 2023 and 2022.

	2023	2022
Crosstown project	$ 2,423,211	$ 3,508,445
Integrated health	999,176	369,684
Outreach	220	240
Endowment fund earnings - Programs and services	-	1,156,705
Perea Preschool program	-	458,494
General and administrative	-	300,000
ECHO	-	248,353
Gap year program	-	44,880
Total	$ 3,422,607	$ 6,086,801

Note 14 - Unrestricted net assets - board designated for endowment

By resolution, the Board has designated certain amounts of the Center's net assets without donor restrictions to be maintained as an endowment. The Board designated endowment may be spent with Board approval. The Board designated endowment was $2,033,763 as of June 30, 2023 and 2022.

Note 15 - Endowment funds

The Center's endowment accounts consist of three donor-restricted endowment funds established for the purpose of funding the programs and services of the Organization, two of which were established in accordance with individual gifts, and one of which was established as a general endowment fund for individual contributions that do not designate a specific purpose. In addition to the three donor-restricted endowment funds, the Board has also designated certain net assets to be maintained as an endowment (see note 14). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of the Organization has interpreted the Tennessee Uniform Prudent Management of Institutional Funds Act (TUPMIFA) 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 Organization retains in perpetuity (a) the original value of gifts donated to the permanent endowment funds and (b) the original value of subsequent gifts to the permanent endowment funds. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Note 15 - Endowment funds (continued)

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 23,490,724	$ 23,490,724
Board-designated endowment funds	2,033,763	-	2,033,763
Total funds	$ 2,033,763	$ 23,490,724	$ 25,524,487

Changes in endowment net assets for the fiscal year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 2,033,763	$ 21,619,296	$ 23,653,059
Investment gain	-	1,859,378	1,859,378
Contributions	-	12,050	12,050
Appropriation of endowment assets for expenditure	-	-	-
End of year	$ 2,033,763	$ 23,490,724	$ 25,524,487

Endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 21,619,296	$ 21,619,296
Board-designated endowment funds	2,033,763	-	2,033,763
Total funds	$ 2,033,763	$ 21,619,296	$ 23,653,059

Note 15 - Endowment funds (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 2,033,763	$ 26,093,645	$ 28,127,408
Investment loss	-	(3,717,793)	(3,717,793)
Contributions	-	400,149	400,149
Appropriation of endowment assets for expenditure	-	(1,156,705)	(1,156,705)
End of year	$ 2,033,763	$ 21,619,296	$ 23,653,059

The portion of the endowment funds subject to time and purpose restrictions was $4,001,217 and $2,141,838 as of June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, endowment funds totaling $2,103,678 and $1,387,149, respectively, were only subject to time restrictions.

Funds with deficiencies

Fair value of assets associated with individual donor-restricted endowment funds may, at times, fall below the level that the donor requires the Organization to retain in a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in assets without donor restrictions. These deficiencies result from allowed withdrawals from endowment funds and unfavorable market fluctuations that occur after the investment of donor restricted contributions and/or continued appropriation for fees and previously approved budgeted expenditures. There were no such deficiencies as of June 30, 2023 and 2022.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce consistent long-term growth of capital without undue exposure to risk.

Note 15 - Endowment funds (continued)

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a significant emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and relationship to investment objectives

The Organization has a policy of budgeting for expenditure each year a percentage of its endowment funds' average fair value over the prior three calendar years preceding the fiscal year in which the expenditure is planned. For fiscal years 2023 and 2022, this percentage was five percent (5%). There were no appropriations of endowment earnings during fiscal year 2023. Such appropriations were made subsequent to year-end (see note 20). Appropriations of endowment earnings totaled $1,156,705 in 2022. In establishing this policy, the Organization considered the long-term expected return on its endowment funds.

Accordingly, over the long-term, the Organization expects the current spending policy to allow for endowment growth. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 16 - Retirement plan

The Organization sponsors a 401(k) defined contribution plan (the "plan"). All employees of the Organization are eligible for the plan and may elect to defer up to 100% of their compensation, subject to Internal Revenue Service limitations. Once an employee completes twelve months of service and 1,000 hours, and works at least 20 hours per week, the Organization contributes 3% of each employee's compensation to the plan. After one year of service, the Organization contributes a discretionary match up to 1% of each employee's compensation to the plan, based on the employee's contribution. Assets of the plan are held by a custodial trustee. The plan is administered by a committee selected by Organization management. The Organization's contributions to the plan totaled $345,300 and $373,300 for the years ended June 30, 2023 and 2022, respectively.

Note 17 - Risks and uncertainties

The Organization has concentrated its credit risk for cash by maintaining deposits in a financial institution which may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to significant risk to cash.

Note 17 - Risks and uncertainties (continued)

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the combined statements of financial position.

Note 18 - Supplemental cash flow information

Cash paid for interest totaled $25,500 in 2023 and $52,900 in 2022.

Non-cash financing activities

During 2022, the Organization financed equipment totaling approximately $375,000 through capital leases.

Note 19 - Employee retention tax credit

The Organization has elected to account for its participation in programs deemed to be government grants as conditional contributions under Subtopic 958-605, *Not-for-Profit Entities: Revenue Recognition*, which requires that all program conditions be substantially met before recognition into income.

The Organization has claimed refundable credits under the Employee Retention Credit program totaling $2,818,327 for eligible quarters in fiscal years 2020 and 2021, as provided under the CARES Act and subsequently amended by the Consolidated Appropriations Act, 2021. Under the terms of the program, the Organization must incur qualifying wage or healthcare costs and have either suspended operations under government orders or experience a specified decline in gross receipts. If conditions are not met, any amount of credit is refundable to the government and the Organization may be subject to fines and penalties.

During the year ended June 30, 2023, the Organization received the refunds, and it recognized income related to the employee retention credit of $2,818,327 upon completion of an analysis providing reasonable assurance that the Organization met the conditions set forth in the program. The employee retention credit is included in federal grants revenue in the combined statement of activities for the year ended June 30, 2023.

Note 20 - Subsequent event

In July 2023, there were appropriations of endowment earnings transferred to the Organization's operating cash account totaling $1,250,550.

SUPPLEMENTARY INFORMATION

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2023

Federal Agency/ Pass Through Agency	Assistance Listing Number	Contract/ Agreement Number	Expenditures
Federal Awards			
U.S. Department of Health and Human Services			
Substance Abuse and Mental Health Services Administration/ Tennessee Department of Mental Health and Substance Abuse Services			
Federal Block Grants for Prevention and Treatment of Substance Abuse	93.959	74871	$ 252,385
Ending HIV Epidemic (EHE) Pillars	N/A	N/A	4,231
Opioid State Targeted Response (STR) Community Response	93.788	N/A	225,552
Opioid State Targeted Response (STR) Coalition	93.788	N/A	105,540
Subtotal Program 93.788	93.788		331,092
Tennessee Department of Health/ Centers for Disease Control and Prevention			
Immunization Cooperative Agreements	93.268	34352-91022	200,243
Tennessee Charitable Care Network (TCCN) COVID-19 Disparities	93.391	73445	73,673
Comprehensive HIV Prevention Programs for Health Departments	93.940	34349-99622	40,167
Tennessee Department of Health/ TN Breast and Cervical Screening Program Community Patient Navigators	93.898	34347-77223	52,870
Tennessee Department of Health/ Injury Prevention and Control Research and State and Community Based Programs			
Tennessee Department of Health Supplement	93.136	34301-36922	15,150
Shelby County Safe Syringe Program (SSP)	93.136	34301-36923	76,800
Subtotal Program 93.136	93.136		91,950
Total Federal Awards			$ 1,046,611

The accompanying notes are an integral part of this schedule.

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended June 30, 2023

State Agency/ Pass Through Agency	Assistance Listing Number	Contract/ Agreement Number	Expenditures
State Financial Assistance			
Tennessee Department of Health			
Safety Net Grant - Primary Care Services for Uninsured Adult Tennesseans	N/A	34352-22022	$ 1,295,498
Safety Net Grant - Emergency Dental Services for Uninsured Adult Tennesseans (as amended)	N/A	34352-23622	943,399
Project Diabetes Initiative Services	N/A	34347-87823	13,609
United Way of Greater Nashville/ HIV and HCV Prevention/Diagnosing Services Program	N/A	N/A	30,670
Tennessee Department of Mental Health and Substance Abuse Services			
Lifeline Peer Project	N/A	N/A	64,706
Total State Financial Assistance			$ 2,347,882

The accompanying notes are an integral part of this schedule.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Note A - Basis of presentation

The schedule of expenditures of federal awards and state financial assistance (the "Schedule") summarizes the expenditures of the Organization under programs of the federal and state governments for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note B - Grants receivable

Grants receivable totaling $1,124,726 and $680,342 as of June 30, 2023 and 2022, respectively, are included in the accompanying combined statements of financial position.

Note C. Summary of Significant Accounting Policies

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

2. The Organization elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

To the Board of Trustees
Church Health Center of Memphis, Inc.
Memphis, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Church Health Center of Memphis, Inc. and its related entity, Empowering Community Healthcare Outreach (collectively, the "Organization"), which comprise the combined statement of financial position as of June 30, 2023 and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 4, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Mayer Hoffman McCann P.C.
5100 Poplar Ave., 30th Floor
Memphis, TN 38137
Phone: 901.685.5575
Fax: 901.685.5583
mhmcpa.com

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mayer Hoffman McCann P.C.

Memphis, Tennessee
December 4, 2023

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Independent Auditors' Report

To the Board of Trustees
Church Health Center of Memphis, Inc.
Memphis, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Church Health Center of Memphis, Inc. and its related entity, Empowering Community Healthcare Outreach (collectively, the "Organization") with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Mayer Hoffman McCann P.C.
5100 Poplar Ave., 30th Floor
Memphis, TN 38137
Phone: 901.685.5575
Fax: 901.685.5583
mhmcpa.com

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Mayer Hoffman McCann P.C.

Memphis, Tennessee
December 4, 2023

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____Yes __X__ No
Significant deficiency(ies) identified?	____Yes __X__ None reported
Noncompliance material to financial statements noted?	____Yes __X__ No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	____Yes __X__ No
Significant deficiency(ies) identified?	____Yes __X__ None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a).	____Yes __X__ No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
93.788	Opioid State Targeted Response (STR)
93.268	Immunization Cooperative Agreements

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee: ____Yes __X__ No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

CHURCH HEALTH CENTER OF MEMPHIS, INC.

Schedule of Prior Year Findings
Year Ended June 30, 2023

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status
2022-001	Applying Provisions of Grant Agreements to Financial Reporting	Corrected