CHURCH HEALTH CENTER OF MEMPHIS, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2026 and 2025

CHURCH HEALTH CENTER OF MEMPHIS, INC.

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CHURCH HEALTH CENTER OF MEMPHIS, INC.

ROSTER OF BOARD OF TRUSTEES AND MANAGEMENT

For the Years Ended June 30, 2026 and 2025

Board of Trustees

Michael E. Keeney, Chairman
T. Michael Glenn
Chris Anderson
Brandon Arrindell
Michelle Borninkhoff
Ross Glotzbach
*Darrell L. Horn
Benjamin Livingston
**Dr. G. Scott Morris
Benjamin Orgel
**Jennie Robbins
Douglas Scarboro
Susan Springfield
Rev. Dr. J. Lawrence Turner
McLean Wilson
Dr. Robin Womeodu

Management

Jennie Robbins, Chief Executive Officer
Jenny Bartlett-Prescott, Chief Operating Officer
Aarti Bowman, Chief Development Officer
April Crowder, Chief Administrative Officer
Sherronda Rhyan, Chief Financial Officer
Melissa Barnhart, M.D., Medical Director
Joel Finley, M.D., Medical Director

** Elected to the Board on May 18, 2026. First Board meeting August 3, 2026.*
***Non-voting members*

CBIZ CPAs P.C.

5100 Poplar Avenue
30th Floor
Memphis, TN 38137

P: 901.685.5575

Independent Auditors' Report

Board of Trustees
Church Health Center of Memphis, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Church Health Center of Memphis, Inc. (the "Organization") which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2026 and 2025, and the changes in its net assets and its 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by the *Audit Manual*, issued by the Tennessee Comptroller of the Treasury, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 financial statements and our auditors' report thereon. Our opinion on the 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 November 4, 2026, 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.

CBIZ CPAs P.C.

Memphis, Tennessee
November 4, 2026

CHURCH HEALTH CENTER OF MEMPHIS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2026 and 2025

	2026	2025
Assets		
Cash	$ 11,677,563	$ 10,044,139
Accounts and other receivables, net	1,030,542	618,744
Contributions receivable, net	2,840,672	4,190,498
Grants receivable	425,690	785,143
Investments	35,788,604	26,859,583
Restricted investments	8,603,610	12,336,157
Prepaid expenses	--	2,464
Property and equipment, net	11,816,066	13,455,450
Operating lease right-of-use assets, net	8,270,007	9,876,166
Finance lease right-of-use assets, net	21,061	104,012
Total Assets	$ 80,473,815	$ 78,272,356
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 302,612	$ 347,594
Accrued payroll and related benefits	976,747	856,971
Other accrued expenses	101,886	45,119
Deferred revenue	73,175	81,400
Operating lease liabilities	10,480,190	12,482,259
Finance lease liabilities	26,072	120,572
Total Liabilities	11,960,682	13,933,915
Commitments and Contingencies		
Net Assets		
Without donor restrictions		
Undesignated	36,760,764	34,480,451
Designated by the Board for endowment	2,152,137	2,152,137
	38,912,901	36,632,588
With donor restrictions	29,600,232	27,705,853
Total Net Assets	68,513,133	64,338,441
	$ 80,473,815	$ 78,272,356

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

CHURCH HEALTH CENTER OF MEMPHIS, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Other Revenues			
Contributions and grants	$ 15,531,777	$ 2,155,050	$ 17,686,827
State financial assistance	2,015,065	--	2,015,065
Federal grants	390,508	--	390,508
Contributions of nonfinancial assets	856,220	--	856,220
Health Advisory Team	956,384	--	956,384
Patient and member receipts	2,338,487	--	2,338,487
Third-party reimbursements	1,204,792	--	1,204,792
Dividend and interest income	529,539	988,764	1,518,303
Net realized and unrealized investment gain	1,476,979	2,257,930	3,734,909
Special events	46,581	--	46,581
Nutrition Hub	54,373	--	54,373
Other	240,004	--	240,004
	25,640,709	5,401,744	31,042,453
Net Assets Released From Restrictions	3,507,365	(3,507,365)	--
Total Support and Other Revenues	29,148,074	1,894,379	31,042,453
Functional Expenses			
Program Services			
Clinic	20,832,477	--	20,832,477
Health Advisory Team	855,042	--	855,042
Community Services Programs	2,465,167	--	2,465,167
Spiritual Care	461,646	--	461,646
Total Program Services	24,614,332	--	24,614,332
Fundraising	1,407,539	--	1,407,539
General and administrative	845,890	--	845,890
Total Functional Expenses	26,867,761	--	26,867,761
Increase in Net Assets	2,280,313	1,894,379	4,174,692
Net Assets - Beginning of Year	36,632,588	27,705,853	64,338,441
Net Assets - End of Year	$ 38,912,901	$ 29,600,232	$ 68,513,133

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

CHURCH HEALTH CENTER OF MEMPHIS, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Other Revenues			
Contributions and grants	$ 15,135,169	$ 6,331,298	$ 21,466,467
State financial assistance	2,105,321	--	2,105,321
Federal grants	1,055,231	--	1,055,231
Contributions of nonfinancial assets	707,562	--	707,562
Health Advisory Team	1,052,930	--	1,052,930
Patient and member receipts	1,988,086	--	1,988,086
Third-party reimbursements	1,321,708	--	1,321,708
Dividend and interest income	170,276	353,731	524,007
Net realized and unrealized investment gain	305,355	2,268,979	2,574,334
Special events	277,205	--	277,205
Nutrition Hub	76,311	--	76,311
Other	289,822	--	289,822
	24,484,976	8,954,008	33,438,984
Net Assets Released From Restrictions	5,088,916	(5,088,916)	--
Total Support and Other Revenues	29,573,892	3,865,092	33,438,984
Functional Expenses			
Program Services			
Clinic	19,830,766	--	19,830,766
Health Advisory Team	840,474	--	840,474
Community Services Programs	3,084,899	--	3,084,899
Spiritual Care	436,367	--	436,367
Total Program Services	24,192,506	--	24,192,506
Fundraising	1,432,119	--	1,432,119
General and administrative	803,875	--	803,875
Total Functional Expenses	26,428,500	--	26,428,500
Increase in Net Assets	3,145,392	3,865,092	7,010,484
Net Assets - Beginning of Year	33,487,196	23,840,761	57,327,957
Net Assets - End of Year	$ 36,632,588	$ 27,705,853	$ 64,338,441

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

CHURCH HEALTH CENTER OF MEMPHIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2026

	Program Services							
	Integrated Health		Outreach					
	Clinic	Health Advisory Team	Community Services Programs	Spiritual Care	Total Program Services	Fundraising	General and Administrative	Totals
Salaries	$ 11,219,994	$ 453,026	$ 1,261,787	$ 280,917	$ 13,215,724	$ 827,282	$ 446,637	$ 14,489,643
Contributed services	619,601	10,704	141,682	8,719	780,706	44,703	30,811	856,220
Payroll taxes	789,315	31,749	91,501	19,618	932,183	58,567	29,835	1,020,585
Employee benefits	1,352,023	72,222	143,592	28,044	1,595,881	109,491	49,877	1,755,249
Insurance	118,769	3,665	7,209	1,833	131,476	4,718	15,188	151,382
Staff development and recruitment	101,349	2,156	3,862	23,239	130,606	3,997	5,772	140,375
Licenses and dues	48,892	703	7,740	538	57,873	1,569	2,480	61,922
Supplies	1,186,454	2,191	59,504	1,327	1,249,476	2,221	7,010	1,258,707
Printing and publications	30,454	3,891	2,251	588	37,184	17,592	3,852	58,628
Postage	15,188	15,796	1,565	398	32,947	10,946	3,298	47,191
Publicity and promotions	66,352	6,043	146,316	1,772	220,483	4,561	14,682	239,726
Lease expense	1,526,493	68,917	202,323	38,073	1,835,806	105,270	41,107	1,982,183
Utilities	(1,691)	(90)	8,900	(46)	7,073	(116)	(374)	6,583
Telephone	31,663	3,425	10,333	813	46,234	2,263	5,740	54,237
Repairs and maintenance	1,087,093	85,573	66,580	8,043	1,247,289	73,716	66,654	1,387,659
Conferences and travel	53,341	3,280	6,173	1,971	64,765	2,325	2,285	69,375
Professional services	912,498	18,528	90,560	14,339	1,035,925	23,851	76,774	1,136,550
Special events	6,352	150	296	87	6,885	25,370	623	32,878
Bad debt expense	121,264	--	(622)	--	120,642	--	--	120,642
Other	22,978	1,009	8,687	505	33,179	1,299	3,994	38,472
Total Before Depreciation and Amortization	19,308,382	782,938	2,260,239	430,778	22,782,337	1,319,625	806,245	24,908,207
Depreciation and amortization	1,524,095	72,104	204,928	30,868	1,831,995	87,914	39,645	1,959,554
Total Functional Expenses	$ 20,832,477	$ 855,042	$ 2,465,167	$ 461,646	$ 24,614,332	$ 1,407,539	$ 845,890	$ 26,867,761

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

CHURCH HEALTH CENTER OF MEMPHIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025

	Program Services							
	Integrated Health		Outreach					
	Clinic	Health Advisory Team	Community Services Programs	Spiritual Care	Total Program Services	Fundraising	General and Administrative	Totals
Salaries	$ 10,431,744	$ 469,535	$ 1,431,424	$ 270,470	$ 12,603,173	$ 804,315	$ 402,270	$ 13,809,758
Contributed services	495,755	51,012	88,170	7,383	642,320	44,100	21,142	707,562
Payroll taxes	746,634	33,271	102,115	17,988	900,008	57,708	27,625	985,341
Employee benefits	1,422,322	93,371	179,278	37,436	1,732,407	114,801	48,610	1,895,818
Insurance	52,720	2,349	9,189	1,342	65,600	3,786	11,982	81,368
Staff development and recruitment	106,751	3,043	44,733	6,457	160,984	5,278	6,974	173,236
Licenses and dues	48,646	679	11,295	429	61,049	2,609	2,648	66,306
Supplies	1,171,415	1,941	198,441	1,954	1,373,751	3,934	8,198	1,385,883
Printing and publications	23,889	10,305	25,664	442	60,300	15,480	2,085	77,865
Postage	17,313	9,748	2,428	423	29,912	12,812	3,777	46,501
Publicity and promotions	66,916	4,822	102,445	2,319	176,502	4,550	14,399	195,451
Lease expense	1,478,059	64,090	210,726	36,623	1,789,498	103,440	42,463	1,935,401
Utilities	1,646	73	12,176	42	13,937	118	375	14,430
Telephone	34,791	2,644	12,968	1,214	51,617	2,551	6,552	60,720
Repairs and maintenance	1,044,736	14,213	76,651	7,852	1,143,452	70,655	70,101	1,284,208
Conferences and travel	48,116	317	21,252	3,092	72,777	2,336	1,621	76,734
Professional services	937,992	16,026	342,593	9,282	1,305,893	25,837	81,763	1,413,493
Special events	8,916	123	404	70	9,513	66,805	629	76,947
Bad debt expense	140,732	5,381	4,500	--	150,613	--	--	150,613
Other	51,858	2,738	19,680	1,279	75,555	3,606	19,292	98,453
Total Before Depreciation and Amortization	18,330,951	785,681	2,896,132	406,097	22,418,861	1,344,721	772,506	24,536,088
Depreciation and amortization	1,499,815	54,793	188,767	30,270	1,773,645	87,398	31,369	1,892,412
Total Functional Expenses	$ 19,830,766	$ 840,474	$ 3,084,899	$ 436,367	$ 24,192,506	$ 1,432,119	$ 803,875	$ 26,428,500

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

CHURCH HEALTH CENTER OF MEMPHIS, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2026 and 2025

	2026	2025
Cash Flows From Operating Activities		
Increase in net assets	$ 4,174,692	$ 7,010,484
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,876,603	1,805,956
Noncash operating lease expense	1,606,159	2,114,511
Amortization of finance lease right-of-use assets	82,951	86,456
Net realized and unrealized investment gain	(3,734,909)	(2,574,334)
Reinvested interest and dividends	(1,160,171)	(417,313)
Contributions restricted for long-term purposes (financing activities)	(1,656,500)	(1,689,500)
Bad debt expense	120,642	150,614
Gain on disposal of property and equipment	--	(434)
Changes in assets and liabilities:		
Accounts and other receivables	(532,440)	(155,006)
Contributions receivable	1,349,826	(3,163,705)
Grants receivable	359,453	32,290
Prepaid expenses	2,464	3,216
Accounts payable	(44,982)	(70,557)
Accrued expense and other liabilities	168,317	(116,313)
Operating lease liabilities, net	(2,002,069)	(2,510,771)
Net Cash Provided by Operating Activities	610,036	505,594
Cash Flows From Investing Activities		
Purchases of investments	(6,505,134)	(18,727,086)
Purchases of property and equipment	(237,218)	(948,824)
Proceeds from sale of investments	6,203,740	17,885,555
Proceeds from sale of property and equipment	--	500
Net Cash Used in Investing Activities	$ (538,612)	$ (1,789,855)

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

CHURCH HEALTH CENTER OF MEMPHIS, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended June 30, 2026 and 2025

	2026	2025
Cash Flows From Financing Activities		
Proceeds from contributions restricted for:		
Investment in endowment	$ 6,000	$ 14,000
Term of performance	1,650,500	1,675,500
Principal payments on lines of credit	--	(257,321)
Principal payments on finance lease liabilities	(94,500)	(78,266)
Net Cash Provided by Financing Activities	1,562,000	1,353,913
Net Increase in Cash	1,633,424	69,652
Cash - Beginning of Year	10,044,139	9,974,487
Cash - End of Year	$ 11,677,563	$ 10,044,139

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND ACTIVITIES

The Church Health Center of Memphis, Inc. (the "Organization") was incorporated on October 15, 1986. The Organization, 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 Organization staff, the Organization provides on-site, affordable healthcare for the working uninsured and their families. The Organization 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 Organization is governed by a Board of Trustees (the "Board"), which includes a broad range of representatives from the Memphis community.

BASIS OF ACCOUNTING

The 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 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. Those under $5,000 are recognized upon receipt of the donation.

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 statements of financial position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUPPORT AND REVENUES (CONTINUED)

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, 2026 or June 30, 2025.

MEMPHIS Plan (Health Advisory Team) 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 statements of activities consists of contributed services of $856,220 and $707,562 for the years ended June 30, 2026 and 2025, respectively. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Organization 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 Organization. A core staff is maintained to provide services, coordinate the network, and manage the Organization.

Contributed services are valued and are reported at their estimated fair value in the financial statements. The Organization 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 financial statements include medical and non-medical services that were provided on-site.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

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 Organization, 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 contributions revenue.

The Organization reports accounts and other receivables at their estimated net realizable value. An allowance for credit losses is provided based upon management's estimate of uncollectible accounts, determined by the analysis of specific balances, assessment of historical collection activity, the nature of the receivables, and current and forecasted financial conditions of its debtors. Past due balances and delinquent receivables are charged against the allowance when they are determined to be uncollectible by management.

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 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

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 $1,876,603 and $1,805,956 in 2026 and 2025, 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, 2026 and 2025.

LEASES

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 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, 2026 or 2025.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ENDOWMENT FUNDS (CONTINUED)

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 14 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.

INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is 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 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 2023.

EVENTS OCCURRING AFTER THE REPORTING DATE

Management has evaluated events and transactions that have occurred between June 30, 2026 and November 4, 2026, 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 credit losses and uncollectible contributions receivable. Accordingly, actual results could differ from those estimates.

NOTE 2 – ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables consist of the following as of June 30, 2026 and 2025:

	2026	2025
Accounts receivable - patients	$ 361,493	$ 267,824
Note receivable	418,425	187,740
MEMPHIS Plan	181,993	94,718
Accounts receivable - insurers	131,596	166,379
Other receivables	7,035	16,033
	1,100,542	732,694
Less: allowance for credit loss	70,000	113,950
Accounts and Other Receivables, Net	$ 1,030,542	$ 618,744

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows as of June 30, 2026 and 2025:

	2026	2025
Within one year	$ 1,650,500	$ 1,675,500
One to five years	1,410,500	2,860,500
Total Contributions Receivable	3,061,000	4,536,000
Less present value component	220,328	345,502
Contributions Receivable, Net	$ 2,840,672	$ 4,190,498

Contributions receivable have been discounted to their net present value using an annual rate of 4.19% in 2026 and 3.79% in 2025.

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, 2026 or 2025.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2026 and 2025, the following represents the Organization's financial assets which are available to meet expenditures over the next twelve (12) months:

	2026	2025
Cash	$ 11,677,563	$ 10,044,139
Accounts and other receivables, net	1,030,542	618,744
Contributions receivable, net	1,650,500	1,675,500
Grants receivable	425,690	785,143
Net assets restricted to Crosstown	148,272	51,342
Endowment earnings	--	1,269,339
Total Financial Assets Available to Meet Expenditures Over the Next Twelve Months	$ 14,932,567	$ 14,444,207

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 revolving 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, 2026 and 2025, is summarized as follows:

	2026	2025
Mutual funds	$ 242,820	$ 1,294,104
Mutual funds - restricted	8,603,610	12,836,157
Alternative investments	12,079,589	10,599,736
Exchange-traded funds	15,960,326	5,391,900
Money market funds	7,505,869	9,073,843
Total	$ 44,392,214	$ 39,195,740

NOTE 5 – INVESTMENTS (CONTINUED)

Investments as of June 30, 2026 and 2025 include restricted endowment funds of $19,534,807 and $19,528,807, respectively. As of June 30, 2026 and 2025, mutual and money market funds totaling $8,603,610 and $12,836,157, respectively, had been restricted by the donor as to the type of investment (see Note 7).

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.

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2026 and 2025.

MUTUAL FUNDS

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.

EXCHANGE TRADED FUNDS

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

Money market funds valued at cost, which approximates fair value.

ALTERNATIVE INVESTMENTS

Alternative investments include investments in various Cayman Islands multi-strategy funds and domestic funds that invest in other investment entities and individual domestic and foreign debt and equity securities.

The Organization's alternative investments 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.

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2026 and 2025.

	Investments at Fair Value as of June 30, 2026			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Bonds	$ 242,820	$ --	$ --	$ 242,820
Mutual funds - restricted				
International	2,911,215	--	--	2,911,215
Small Cap	2,901,740	--	--	2,901,740
Large Cap	2,790,655	--	--	2,790,655
Other	--	--	--	--
Total Mutual Funds - Restricted	8,603,610	--	--	8,603,610
Exchange-traded funds	15,960,326	--	--	15,960,326
Money market funds	7,505,869	--	--	7,505,869
Total	$ 32,312,625	$ --	$ --	32,312,625
Alternative investments measured at net asset value*				12,079,589
				$ 44,392,214

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

	Investments at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Bonds	$ 1,294,104	$ --	$ --	$ 1,294,104
Mutual funds - restricted				
International	6,259,485	--	--	6,259,485
Small Cap	2,998,465	--	--	2,998,465
Large Cap	3,078,207	--	--	3,078,207
Other	500,000	--	--	500,000
Total Mutual Funds - Restricted	12,836,157	--	--	12,836,157
Exchange-traded funds	5,391,900	--	--	5,391,900
Money market funds	9,073,843	--	--	9,073,843
Total	$ 28,596,004	$ --	$ --	28,596,004
Alternative investments measured at net asset value*				10,599,736
				$ 39,195,740

* 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 statements of financial position.

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

	Fair Value June 30, 2026	Fair Value June 30, 2025	Unfunded Commitments as of June 30, 2026	Redemption Frequency	Redemption Notice Period
Alternative investments:					
Cayman Islands	$ 10,555,878	$ 9,188,882	$ --	Annually	90 Days
Domestic	1,523,711	1,410,854	--	None	N/A

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

a. Alternative investments - 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. Alternative investments - 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 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, 2026 and 2025, the prefunded mutual funds plus the earnings thereon totaling $8,603,610 and $12,836,157, respectively, are included in restricted investments in the accompanying statements of financial position.

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2026 and 2025, consists of the following:

	2026	2025
Buildings and leasehold improvements	$ 23,029,108	$ 22,637,297
Furniture and equipment	5,888,060	6,558,673
Construction in progress	13,238	391,993
	28,930,406	29,587,963
Less: accumulated depreciation and amortization	17,114,340	16,132,513
Property and Equipment, Net	$ 11,816,066	$ 13,455,450

NOTE 9 – LINE OF CREDIT

In March 2018, the Organization entered into a $3,000,000 revolving credit agreement with a financial institution. In April 2026, the terms of the agreement were modified to extend the maturity date of the line to March 2027. Interest is payable at the Wall Street Journal Prime Rate less 0.3% (6.45% as of June 30, 2026). The principal balance plus all accrued interest is due March 2027. There were no borrowings outstanding under the line of credit as of June 30, 2026 and 2025. The line of credit is unsecured.

NOTE 10 – 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 1.4 to 5.8 years as of June 30, 2026. The Organization also leases certain equipment under a finance lease agreement which expires in November 2026 with remaining lease term of 0.4 years as of June 30, 2026.

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 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.

NOTE 10 – LEASES (CONTINUED)

The components of lease expense recognized for the years ended June 30, 2026 and 2025, were as follows:

	2026	2025
Operating lease cost	$ 1,982,183	$ 1,935,401
Sublease income	$ (17,850)	$ (149,420)
Finance lease cost		
Amortization of right-of-use assets	$ 82,951	$ 86,456
Interest on lease liabilities	1,698	3,834
Total finance lease cost	$ 84,649	$ 90,290

Other information related to leases for the years ended June 30, 2026 and 2025, is as follows:

	2026	2025
Supplemental cash flows information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 2,162,872	$ 2,666,783
Operating cash flows from finance leases	1,698	3,834
Financing cash flows from operating leases	96,683	91,979
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	6,148	83,063
Weighted average remaining lease term:		
Operating leases	5.72 years	6.71 years
Finance leases	0.42 years	1.24 years
Weighted average discount rate:		
Operating leases	2.89 %	2.89 %
Finance leases	1.95%	2.22 %

NOTE 10 – LEASES (CONTINUED)

Future minimum lease payments due under non-cancelable lease agreements as of June 30, 2026 are as follows:

For the Years Ending December 31,	Operating Leases	Finance Leases
2027	$ 2,301,560	$ 26,072
2028	2,297,237	--
2029	2,274,285	--
2030	2,256,751	--
2031	2,256,751	--
Thereafter	1,316,439	--
	12,703,023	26,072
Less: Amounts representing interest	(2,222,833)	--
	$ 10,480,190	$ 26,072

NOTE 11 – 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.

NOTE 11 – NET ASSETS (CONTINUED)

The following table summarizes net assets as of June 30, 2026.

	Without Donor Restrictions	With Donor Restrictions	Totals
Operating funds			
Undesignated	$ 36,760,764	$ --	$ 36,760,764
Subject to expenditure for specified purpose			
Endowment fund earnings -			
Programs & Services	--	8,813,179	8,813,179
Crosstown project	--	148,271	148,271
Outreach	--	6,140	6,140
Integrated Health	--	1,097,835	1,097,835
Endowment funds	2,152,137	19,534,807	21,686,944
Total Net Assets	$ 38,912,901	$ 29,600,232	$ 68,513,133

The following table summarizes net assets as of June 30, 2025.

	Without Donor Restrictions	With Donor Restrictions	Totals
Operating funds			
Undesignated	$ 34,480,451	$ --	$ 34,480,451
Subject to expenditure for specified purpose			
Endowment fund earnings -			
Programs & Services	--	5,566,484	5,566,484
Crosstown project	--	51,342	51,342
Outreach	--	6,140	6,140
Integrated Health	--	2,553,080	2,553,080
Endowment funds	2,152,137	19,528,807	21,680,944
Total Net Assets	$ 36,632,588	$ 27,705,853	$ 64,338,441

NOTE 12 – 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, 2026 and 2025.

NOTE 12 – NET ASSETS RELEASED FROM RESTRICTIONS (CONTINUED)

	2026	2025
Integrated health	$ 1,582,295	$ 952,656
Endowment fund earnings - Programs and services	--	1,269,339
Crosstown project	1,925,070	2,866,921
Total	$ 3,507,365	$ 5,088,916

NOTE 13 – UNRESTRICTED NET ASSETS – BOARD DESIGNATED FOR ENDOWMENT

By resolution, the Board has designated certain amounts of the Organization'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 $2,152,137 as of June 30, 2026 and 2025.

NOTE 14 – ENDOWMENT FUNDS

The Organization'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 13). 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.

NOTE 14 – ENDOWMENT FUNDS (CONTINUED)

INTERPRETATION OF RELEVANT LAW (CONTINUED)

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

Endowment net asset composition by type of fund as of June 30, 2026:

	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted endowment funds	$ --	$ 28,347,986	$ 28,347,986
Board-designated endowment funds	2,152,137	--	2,152,137
Total Funds	$ 2,152,137	$ 28,347,986	$ 30,500,123

Changes in endowment net assets for the fiscal year ended June 30, 2026 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Totals
Beginning of year	$ 2,152,137	$ 25,095,291	$ 27,247,428
Investment gain	--	3,246,695	3,246,695
Contributions	--	6,000	6,000
End of Year	$ 2,152,137	$ 28,347,986	$ 30,500,123

NOTE 14 – ENDOWMENT FUNDS (CONTINUED)

INTERPRETATION OF RELEVANT LAW (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted endowment funds	$ --	$ 25,095,291	$ 25,095,291
Board-designated endowment funds	2,152,137	--	2,152,137
Total Funds	$ 2,152,137	$ 25,095,291	$ 27,247,428

Changes in endowment net assets for the fiscal year ended June 30, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Totals
Beginning of year	$ 2,033,763	$ 23,727,920	$ 25,761,683
Investment gain	--	2,622,710	2,622,710
Contributions	118,374	14,000	132,374
Appropriation of endowment assets for expenditure	--	(1,269,339)	(1,269,339)
End of Year	$ 2,152,137	$ 25,095,291	$ 27,247,428

The portion of the endowment funds subject to time and purpose restrictions was $8,813,179 and $5,566,484 as of June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, endowment funds totaling $2,544,487 and $2,952,033, 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, 2026 and 2025.

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.

NOTE 14 – ENDOWMENT FUNDS (CONTINUED)

RETURN OBJECTIVES AND RISK PARAMETERS (CONTINUED)

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.

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 limiting a budgeted expenditure from endowment funds to no more than five percent (5%) of the average ending fair value of the endowment funds for the three calendar years preceding the fiscal year in which the expenditure is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment funds. There were no appropriations of endowment earnings in 2026. Appropriations of endowment earnings totaled $1,269,339 in 2025.

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 15 – RETIREMENT PLAN

The Organization sponsors a 401(k) defined contribution plan (the “plan”). Prior to October 1, 2025, all employees of the Organization were eligible to participate in salary deferrals upon hire. Employees became eligible for the Organization’s safe harbor contribution and discretionary matching contribution upon attaining 21 years of age, completing twelve months of service and 1,000 hours, and working at least 20 hours per week.

Effective October 1, 2025, the plan was amended to provide that employees are eligible to participate in salary deferrals after completing three months of service. Eligibility for the Organization’s discretionary matching contribution was amended to require employees to attain 21 years of age and complete three months of service.

NOTE 15 – RETIREMENT PLAN (CONTINUED)

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. The Organization contributes a safe harbor match equal to 3% of each employee's compensation to the plan and 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 $446,200 and $435,800 for the years ended June 30, 2026 and 2025, respectively.

NOTE 16 – 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.

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 statements of financial position.

NOTE 17 – SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest totaled $1,700 in 2026 and $17,800 in 2025.

SUPPLEMENTARY INFORMATION

CHURCH HEALTH CENTER OF MEMPHIS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2026

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	$ 40,566
Opioid State Targeted Response (STR) Community Response	93.788	CE147147	159,028
Opioid State Targeted Response (STR) Coalition	93.788	N/A	60,972
Subtotal Program 93.788	93.788		220,000
Tennessee Department of Health			
The National Cardiovascular Health Program	93.426	NU58DP007430	33,000
Tennessee Department of Health/ Centers for Disease Control and Prevention			
TN Breast and Cervical Screening Program Community Patient Navigators	93.898	34360-93724	52,450
Tennessee Department of Health/ State and Community Based Programs			
Shelby County Safe Syringe Program (SSP)	93.136	34360-00725	16,019
U.S. Department of Justice			
U.S. Bureau of Justice Assistance/ Tennessee Department of Mental Health and Substance Abuse Services			
Comprehensive Opioid, Stimulant, and Other Substance Use Programs	16.838	85255_2025-2026_101	28,473
Total Federal Awards			$ 390,508

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, 2026

Federal 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	34352-22026	$ 1,129,148
Safety Net Grant - Emergency Dental Services for Uninsured Adult Tennesseans (as amended)	N/A	34352-22026	806,219
Substance Abuse Prevention Coalitions	N/A	N/A	38,410
Tennessee Department of Mental Health and Substance Abuse Services			
Lifeline Peer Project	N/A	N/A	41,288
Total State Financial Assistance			$ 2,015,065

The accompanying notes are an integral part of this schedule.

CHURCH HEALTH CENTER OF MEMPHIS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2026

NOTE 1 – 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, 2026. The information in this Schedule is presented in accordance with the requirements of the *Audit Manual*, issued by the Tennessee Comptroller of the Treasury. 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 2 – GRANTS RECEIVABLE

Grants receivable totaling $425,690 and $785,143 as of June 30, 2026 and 2025, respectively, are included in the accompanying statements of financial position.

NOTE 3 – 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 Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or limited as to reimbursement.

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

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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*

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

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 financial statements of Church Health Center of Memphis, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2026 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 4, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 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. 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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 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.

CBIZ CPAs P.C.

Memphis, Tennessee
November 4, 2026

CHURCH HEALTH CENTER OF MEMPHIS, INC.

SCHEDULE OF FINDINGS

For the Year Ended June 30, 2026

There are no findings reported.

CHURCH HEALTH CENTER OF MEMPHIS, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2026

There were no prior year findings reported.