Parker
Family Health Center

FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

PARKER FAMILY HEALTH CENTER, INC.

CONTENTS

CURCHIN

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Parker Family Health Center, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Parker Family Health Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 financial statements present fairly, in all material respects, the financial position of Parker Family Health Center, Inc. as of December 31, 2022 and 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Parker Family Health Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Parker Family Health Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing*

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 Parker Family Health Center, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Parker Family Health Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2023, on our consideration of Parker Family Health Center, Inc.'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 our 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 Parker Family Health Center, Inc.'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 Parker Family Health Center, Inc.'s internal control over financial reporting and compliance.

The Curchin Group

THE CURCHIN GROUP, LLC

Red Bank, New Jersey
August 7, 2023, except for our report on the supplementary information for which the date is September 19, 2023

PARKER FAMILY HEALTH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2022			2021		
	Operating Fund	Endowment Fund	Total All Funds	Operating Fund	Endowment Fund	Total All Funds
ASSETS						
Cash and cash equivalents	$ 2,139,963	$ 106,484	$ 2,246,447	$ 1,242,526	$ 22,806	$ 1,265,332
Investments	597,018	1,257,295	1,854,313	527,250	1,016,648	1,543,898
Grants receivable	121,249	-	121,249	141,197	-	141,197
Contributions receivable	600,000	-	600,000	10,651	-	10,651
Prepaid expenses	9,827	-	9,827	8,254	-	8,254
Operating lease right of use asset	14,105	-	14,105	-	-	-
Property and equipment, net of accumulated depreciation	711,518	-	711,518	638,742	-	638,742
	$ 4,193,680	$ 1,363,779	$ 5,557,459	$ 2,568,620	$ 1,039,454	$ 3,608,074
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Paycheck Protection Program loan	$ -	$ -	$ -	$ 133,700	$ -	$ 133,700
Accounts payable and accrued expenses	43,831	-	43,831	51,175	-	51,175
Accrued salaries	32,510	-	32,510	37,026	-	37,026
Operating lease liability	14,105	-	14,105	-	-	-
Deferred revenue	346,481	-	346,481	-	-	-
	436,927	-	436,927	221,901	-	221,901
NET ASSETS:						
Without donor restrictions	2,581,505	1,363,779	3,945,284	2,323,719	1,039,454	3,363,173
With donor restrictions	1,175,248	-	1,175,248	23,000	-	23,000
	3,756,753	1,363,779	5,120,532	2,346,719	1,039,454	3,386,173
	$ 4,193,680	$ 1,363,779	$ 5,557,459	$ 2,568,620	$ 1,039,454	$ 3,608,074

See accompanying notes to financial statements.

PARKER FAMILY HEALTH CENTER, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31,

	2022			2021		
	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions
REVENUES AND OTHER SUPPORT:						
Contributions - Operating Fund	$ 1,091,633	$ 963,763	$ 127,870	$ 1,002,565	$ 910,565	$ 92,000
Contributions - Endowment Fund	2,000	2,000	-	-	-	-
Contributions - Capital Campaign	1,619,543	471,391	1,148,152	412,289	412,289	-
Contributed services	316,291	316,291	-	267,500	267,500	-
Special events	98,035	98,035	-	129,892	129,892	-
Monmouth County Grants	34,878	-	34,878	104,319	-	104,319
Monmouth County Grants - Capital Campaign	25,223	-	25,223	-	-	-
New Jersey Department of Health Grants	253,188	-	253,188	23,510	-	23,510
Gain on extinguishment of debt	133,700	133,700	-	128,600	128,600	-
Investment return	(157,209)	(157,209)	-	194,045	194,045	-
	3,417,282	1,827,971	1,589,311	2,262,720	2,042,891	219,829
Net assets released from restrictions due to satisfaction of requirements	-	437,063	(437,063)	-	201,829	(201,829)
	3,417,282	2,265,034	1,152,248	2,262,720	2,244,720	18,000
EXPENSES:						
Program services	1,353,146	1,353,146	-	1,203,767	1,203,767	-
Management and support services	281,761	281,761	-	169,690	169,690	-
Fundraising	48,016	48,016	-	58,163	58,163	-
	1,682,923	1,682,923	-	1,431,620	1,431,620	-
CHANGE IN NET ASSETS	1,734,359	582,111	1,152,248	831,100	813,100	18,000
NET ASSETS, BEGINNING OF YEAR	3,386,173	3,363,173	23,000	2,555,073	2,550,073	5,000
NET ASSETS, END OF YEAR	$ 5,120,532	$ 3,945,284	$ 1,175,248	$ 3,386,173	$ 3,363,173	$ 23,000

See accompanying notes to financial statements.

PARKER FAMILY HEALTH CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31,

	2022				2021			
	Total	Program Services	Management and Support Services	Fundraising	Total	Program Services	Management and Support Services	Fundraising
Salaries	$ 792,814	$ 745,245	$ 47,569	$ -	$ 697,753	$ 655,888	$ 41,865	$ -
Payroll taxes/fringe benefits	134,189	126,138	8,051	-	109,670	103,090	6,580	-
Professional fees	378,350	316,291	62,059	-	355,212	267,500	87,712	-
Bad debt expense	100,000	-	100,000	-	-	-	-	-
Office expenses	55,476	40,525	10,132	4,819	55,217	36,189	9,048	9,980
Capital campaign expenses	41,143	-	41,143	-	13,000	-	13,000	-
Fundraising expenses	40,826	-	-	40,826	47,154	-	-	47,154
Facilities	40,769	40,769	-	-	53,480	53,480	-	-
Depreciation expense	33,055	29,750	3,305	-	33,158	29,842	3,316	-
Insurance	28,266	22,613	5,653	-	27,688	22,150	5,538	-
Medical supplies	22,898	22,898	-	-	20,277	20,277	-	-
Marketing expense	5,240	3,014	-	2,226	7,172	6,143	-	1,029
Prescription expenses	3,528	3,528	-	-	7,523	7,523	-	-
Miscellaneous expenses	2,266	-	2,266	-	-	-	-	-
Copier lease	2,177	1,742	435	-	2,106	1,685	421	-
Meals	1,293	-	1,148	145	2,210	-	2,210	-
Program expenses	633	633	-	-	-	-	-	-
	$ 1,682,923	$ 1,353,146	$ 281,761	$ 48,016	$ 1,431,620	$ 1,203,767	$ 169,690	$ 58,163
	100%	80%	17%	3%	100%	84%	12%	4%

See accompanying notes to financial statements.

PARKER FAMILY HEALTH CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,734,359	$ 831,100
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Bad debt expense	100,000	-
Depreciation expense	33,055	33,158
Donations of marketable securities received	(588,208)	(407,289)
Gain on extinguishment of debt	(133,700)	(128,600)
Realized gain on investments	(44,267)	(12,492)
Unrealized (gain) loss on investments	231,656	(162,771)
Changes in operating assets and liabilities:		
Grants receivable	(80,052)	(129,442)
Contributions receivable	(589,349)	(2,495)
Prepaid expenses	(1,573)	(3,760)
Accounts payable and accrued expenses	(7,344)	15,755
Accrued salaries	(4,516)	13,681
Deferred revenue	346,481	-
Net cash flows from operating activities	996,542	46,845
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(732,281)	(137,192)
Proceeds on sale of investments	822,685	532,514
Purchases of property and equipment	(105,831)	(59,453)
Net cash flows from investing activities	(15,427)	335,869
CASH FLOWS FROM FINANCING ACTIVITIES -		
Proceeds from Paycheck Protection Program loan	-	133,700
NET CHANGE IN CASH AND CASH EQUIVALENTS	981,115	516,414
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,265,332	748,918
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,246,447	$ 1,265,332

See accompanying notes to financial statements.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization - Parker Family Health Center, Inc. (the "Organization") is a nonprofit organization located in Red Bank, New Jersey. The Organization's primary purpose is to provide healthcare services to people without health insurance or the ability to pay for medical care.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> ***Net Assets Without Donor Restrictions*** - Net assets that are not subject to donor-imposed stipulations.
>
> The Board of Trustees has designated, from net assets without donor restrictions, net assets for the Capital Campaign ("Board designated net assets").
>
> ***Net Assets With Donor Restrictions*** - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions stipulate that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenues and Other Support - Contributions, including grants, are recorded as support without donor restrictions, or support with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of donated marketable securities are recorded at their fair market value on the date of donation in the period received.

Contributed Services - The value of contributed services meeting the requirements for recognition has been recorded in the financial statements (see Note 14). Additionally, a number of nurses providing non-specialized services have donated a significant number of hours to the Organization. Although these services do not meet the criteria for recognition under generally accepted accounting principles, they are integral to the Organization's mission.

Impairment Losses - The Organization had no impairment losses on grants receivable for the years ended December 31, 2022 and 2021.

Cash and Cash Equivalents - The Organization considers money market funds and investments with maturities of three months or less, when purchased, to be cash equivalents.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments - The Community Foundation of New Jersey investment, which is included in the Operating Fund, is carried at fair market value as determined by the Community Foundation of New Jersey. Investments in brokerage accounts, which are included in the Operating and Endowment Funds, include marketable equity securities with readily determinable fair values and debt securities, which are reported at fair value in the statements of financial position. Realized and unrealized gains and losses and investment income are reflected in investment return in the statements of activities.

Property and Equipment - Property and equipment are stated at cost less accumulated depreciation. Routine repairs and maintenance are expensed in the period incurred. The Organization's policy is to capitalize additions and betterments of $2,500 or more with a useful life greater than one year. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	10 - 40 years
Furniture and fixtures	5 years
Equipment	5 years

Leasing Activity - The Organization enters into lease agreements, as lessee, to obtain the right to use assets for its business operations. The Organization evaluates contracts at inception to determine if an arrangement is or contains a lease. Lease liabilities and right of use (ROU) assets are recognized when the Organization enters into operating or financing leases and represent the Organization's obligations and right to use the asset, as lessee, over the period of the leases and may be re-measured for certain modifications, resolution of certain contingencies involving variable consideration, or the exercise of options (renewal, extension, or termination) under the lease.

Operating lease liabilities include fixed and in-substance fixed payments for the contractual duration of the lease, adjusted for renewals or terminations which were considered probable of exercise when measured. These lease payments are discounted using a rate determined when the lease is recognized. As the Organization typically does not know the discount rate implicit in the lease, we estimate a discount rate using the Organization's incremental borrowing rate, that we believe approximates a collateralized borrowing rate for the estimated duration of the lease. The discount rate is updated when remeasurement events occur. The related operating lease ROU assets may differ from the operating lease liabilities due to initial direct costs, deferred or prepaid lease payments and lease incentives.

The Organization's operating leases are included in operating lease right of use asset and operating lease liability on the Statements of Financial Position. The amortization of the operating lease ROU asset and the accretion of the operating lease liability are reported together as fixed lease expense and are included in copier lease expense on the Statements of Functional Expenses. The fixed lease expense is recognized on a straight-line basis over the lives of the leases.

We have elected to exclude leases with original terms of less than one year from the operating lease ROU assets and operating lease liabilities. The related short-term lease expense, if applicable, is included in copier lease expense on the Statements of Functional Expenses.

The Organization currently has no finance leases.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Impairment of Long-Lived Assets - The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended December 31, 2022 and 2021.

Income Taxes - The Organization is a nonprofit organization that is exempt from income taxes under 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Parker Family Health Center, Inc. follows the accounting guidance for uncertain income tax positions, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. The Organization recognizes the tax benefits from uncertain tax positions only if it is more likely than not that a tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Management has determined that there are no unrecognized tax benefits that will significantly increase or decrease over the next twelve months, nor has the Organization incurred any interest or penalties related to income tax expense during the years ended December 31, 2022 and 2021.

Functional Allocation of Expenses - The costs of providing the Organization's programs and supporting services have been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Those expenses include salaries, related payroll taxes and fringe benefits, office expenses, insurance, and depreciation. Salaries, related payroll taxes and fringe benefits are allocated on a time and cost estimate of where efforts are made. Office expenses and insurance are allocated on an estimate of where costs are benefited. Depreciation is allocated based on an estimate of usage of property and equipment. Such methodologies are deemed by management to be reasonable and appropriate and reflective of the functional purpose of each cost incurred for the respective reporting period.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

New Accounting Pronouncements Adopted in 2022 - In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which modifies the guidance used by lessors and lessees to account for leasing transactions. The ASU is effective for nonpublic business entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization adopted ASU 2016-02 using the optional transition method, which allows for the prospective application of the standard. In addition, the Organization elected practical expedients permitted under the transition guidance permitting the Organization to not reassess historical lease classification, prior conclusions relating to initial direct costs, and whether any expired or existing contracts contain leases. For lease arrangements with lease and non-lease components, the Organization elected the practical expedient to account for them as a single lease component. Upon adoption of ASU 2016-02 by the Organization on January 1, 2022, the Organization recognized an operating lease ROU asset of $15,040 and an operating lease liability of $15,040. Adoption did not have a material effect on the net income and had no effect on the cash flows. See Note 6 - Leasing Obligation.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncements Adopted in 2022 (Continued) - The Organization adopted the provisions of FASB Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958)*, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and make disclosures disaggregating the amount of contributed nonfinancial assets recognized by category depicting the type of contributed nonfinancial asset. In addition, additional disclosures of qualitative information relating to utilization or monetization of the contributed nonfinancial assets, descriptions of any donor-imposed restrictions associated with the contributed nonfinancial assets, and descriptions of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition and other related market information is required for each category of contributed nonfinancial assets recognized. Additional disclosures are also required for recognized contributed services. The Organization adopted this guidance as of January 1, 2022 with no significant impact on the financial statements, with the exception of increased disclosures.

Date of Management's Review - In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 7, 2023, the date the financial statements were available to be issued.

Reclassifications - Certain reclassifications were made to the December 31, 2021 financial statements to conform to those classifications used in the December 31, 2022 financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consisted of the following at December 31,:

	2022		
	Operating Fund	Endowment Fund	Total All Funds
Cash - checking	$ 770,593	$ -	$ 770,593
Certificates of deposit	75,000	-	75,000
Money market funds	1,294,370	106,484	1,400,854
	$ 2,139,963	$ 106,484	$ 2,246,447

	2021		
	Operating Fund	Endowment Fund	Total All Funds
Cash - checking	$ 262,052	$ -	$ 262,052
Certificates of deposit	75,000	-	75,000
Money market funds	905,474	22,806	928,280
	$ 1,242,526	$ 22,806	$ 1,265,332

NOTE 3 - INVESTMENTS:

Investments consisted of the following at December 31,:

	2022			
	Cost	Unrealized Gain	Unrealized (Loss)	Market Value
Operating Fund:				
Community Foundation of New Jersey	$ 43,542	$ 8,824	$ -	$ 52,366
Corporate bonds	172,832	45	(12,788)	160,089
Equity securities	312,635	85,620	(13,692)	384,563
	529,009	94,489	(26,480)	597,018
Endowment Fund:				
Corporate bonds	679,373	69	(42,779)	636,663
Equity securities	428,905	181,724	(4,826)	605,803
Municipal bonds	17,131	-	(2,302)	14,829
	1,125,409	181,793	(49,907)	1,257,295
	$1,654,418	$ 276,282	$ (76,387)	$1,854,313

	2021			
	Cost	Unrealized Gain	Unrealized (Loss)	Market Value
Operating Fund:				
Community Foundation of New Jersey	$ 42,587	$ 16,048	$ -	$ 58,635
Corporate bonds	115,348	1,515	(1,039)	115,824
Equity securities	215,977	137,402	(588)	352,791
	373,912	154,965	(1,627)	527,250
Endowment Fund:				
Corporate bonds	265,671	7,581	(2,612)	270,640
Equity securities	455,373	275,598	(3,636)	727,335
Municipal bonds	17,391	1,282	-	18,673
	738,435	284,461	(6,248)	1,016,648
	$1,112,347	$ 439,426	$ (7,875)	$1,543,898

The following schedule summarizes the investment return in the statements of activities for the years ended December 31,:

	2022	2021
Operating Fund:		
Interest and dividends	$ 13,828	$ 15,080
Realized gain on investments	24,638	9,634
Unrealized gain (loss) on investments	(85,329)	54,793
Fiduciary fees	(7,671)	(5,314)
	(54,534)	74,193
Endowment Fund:		
Interest and dividends	35,531	18,586
Realized gain on investments	19,629	2,858
Unrealized gain (loss) on investments	(146,327)	107,978
Fiduciary fees	(11,508)	(9,570)
	(102,675)	119,852
	$ (157,209)	$ 194,045

NOTE 4 - GRANTS RECEIVABLE:

Grants receivable consists of the following at December 31,:

	2022	2021
Monmouth County	$ 5,749	$ 41,197
New Jersey Department of Health	-	100,000
Private foundations	115,500	-
	$ 121,249	$ 141,197

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31,	
	2022	2021
Land	$ 100,500	$ 100,500
Building and improvements	873,437	863,018
Furniture, fixtures and equipment	202,740	202,740
Capital campaign assets	149,561	54,149
	1,326,238	1,220,407
Less: Accumulated depreciation	(614,720)	(581,665)
	$ 711,518	$ 638,742

NOTE 6 - LEASING OBLIGATION:

The Organization leases its office equipment under an operating lease that expires in August 2027. The monthly rent for the lease term is $270.

Regarding the operating lease for the office equipment, the Organization determined the operating lease ROU asset and operating lease liability based upon the terms of the lease agreement. The Organization is required to pay maintenance and other operating expenses associated with the lease. Those expenses are classified in expenses on the Statements of Activities but are not included in the operating lease cost below.

The following table provides information on the ROU asset, lease liability, weighted-average discount rates and lease terms at December 31, 2022:

ROU asset	$ 14,105
Lease liability	14,105
Weighted-average discount rate used to value future minimum lease payments	2.96%
Weighted-average lease term (in years)	4.67

Lease Cost and Supplemental Information	
Operating lease cost (1)	$ 1,080
ROU assets obtained in exchange for new operating lease liabilities (2)	$ 15,040
Operating cash flows from operating leases (3)	$ 1,080

(1) Amounts are recorded in expenses on the Statements of Activities.
(2) Represents non-cash activity and, accordingly, is not reflected in the Statement of Cash Flows.
(3) Represents cash paid for amounts included in the measurements of lease liabilities.

Net operating lease rental expense was $1,800 for the year ended December 31, 2021.

NOTE 6 - LEASING OBLIGATION: (Continued)

The maturities of operating lease arrangements outstanding at December 31, 2022, are presented in the table below on undiscounted cash flows:

Year Ending December 31,	
2023	$ 3,240
2024	3,240
2025	3,240
2026	3,240
2027	2,160
Total undiscounted cash flows	15,120
Less: imputed interest	(1,015)
Total operating lease liabilities	$ 14,105

NOTE 7 - PAYCHECK PROTECTION PROGRAM LOANS:

The Organization received loans in April 2020 and February 2021 from Newtek Small Business Finance, LLC in the amounts of $128,600 and $133,700, respectively, under the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The full PPP loans plus accrued interest, which were used for eligible expenditures such as payroll and other permitted expenses, were forgiven during 2021 and 2022 and are included in the statements of activities for the years ended December 31, 2022 and 2021 in gain on extinguishment of debt.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of:

	December 31,	
	2022	2021
Contributions restricted for:		
Capital campaign	$ 1,113,048	$ -
Community Foundation of New Jersey	5,000	5,000
Equipment	-	3,000
Eyeglasses	1,000	-
Mental health	55,200	-
Scribe services	1,000	-
Women's health	-	15,000
	$ 1,175,248	$ 23,000

Net assets with donor restrictions includes a $5,000 contribution from the Community Foundation of New Jersey. Income earned and other gains in excess of $5,000 are not restricted as to purpose. Losses on the investment are allocated between the Organization's funds and the Foundation's matching funds. However, any increase in the market value will only benefit the Community Foundation of New Jersey up to the initial contribution amount of $5,000.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by the donors are as follows:

	December 31,	
	2022	2021
Capital campaign	$ 60,328	$ -
Community development - salaries	28,877	104,319
Covid relief	253,188	12,500
Diabetes program	32,500	53,510
Equipment	6,120	-
Hypertension	-	30,000
Mental health	19,800	-
Pharmaceuticals	-	1,500
Summer Youth Employment Program - salaries	6,000	-
Supplies	250	-
Women's health	30,000	-
	$ 437,063	$ 201,829

NOTE 9 - BOARD DESIGNATED NET ASSETS:

Board designated net assets of $740,303 and $345,140 are restricted for the Capital Campaign as of December 31, 2022 and 2021, respectively.

NOTE 10 - ENDOWMENT FUND:

In 2016, the Organization received a contribution without donor restrictions of approximately $530,000. Through a resolution of the Board of Trustees, the Board established an endowment fund, named "The Dr. Eugene F. Cheslock Endowment Fund for the Parker Family Health Center, Inc." The endowment fund may include both donor-designated and board-designated endowment funds.

As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The purpose of the endowment fund is to honor the legacy of Dr. Eugene F. Cheslock, the founder of Parker Family Health Center, Inc., and to sustain the long-term capacity of the Organization to serve community health care needs by providing financial support for the Organization's operating or capital expenses.

The Board of Trustees may, at its discretion, reinvest all or any portion of the income received from the principal in the endowment fund, or use all or any portion of the income received from the principal in the endowment fund for any purpose consistent with the purpose of the endowment fund and the charitable purposes of Parker Family Health Center, Inc.

The Board of Trustees may not use the principal from any donor-designated endowment funds, except under certain circumstances. The Board of Trustees may use the principal from any board-designated endowment funds at any time by majority vote of the Board of Trustees.

The Organization's investment objective for the endowment fund is growth with income. Growth is expected to be derived from growth-oriented equity securities that appear to have the potential to experience appreciation in value. Income is expected to be derived from fixed income securities that are expected to pay dividends and/or interest.

NOTE 10 - ENDOWMENT FUND: (Continued)

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

	Board Designated	
	2022	2021
Endowment Fund Net Assets, beginning of year	$ 1,039,454	$ 919,602
Contributions	2,000	-
Investment return	(102,675)	119,852
Transfer from operating fund	425,000	-
Endowment Fund Net Assets, end of year	$ 1,363,779	$ 1,039,454

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Organization's working capital and cash flows have seasonal variations during the year attributable to the concentration of contributions received during the latter part of the year into the beginning of the following year.

The following reflects the Organization's financial assets, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions, at December 31, :

	2022	2021
Cash and cash equivalents	$ 2,246,447	$ 1,265,332
Investments	1,854,313	1,543,898
Grants receivable	121,249	141,197
Contributions receivable	600,000	10,651
Total financial assets	4,822,009	2,961,078
Less: amounts unavailable for general expenditure within one year:		
Endowment fund and accumulated fund activity subject to appropriations beyond one year	(1,363,779)	(1,039,454)
Board designated for Capital Campaign	(740,303)	(345,140)
Donor restricted	(1,175,248)	(23,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,542,679	$ 1,553,484

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To manage liquidity, the Organization invests cash in excess of daily requirements in money market funds, certificates of deposit, a community foundation, corporate bonds, and equity securities. Additionally, the Organization has an endowment fund. Although the Organization does not intend to spend from its endowment fund, amounts from this fund could be made available if necessary.

NOTE 12 - CONCENTRATIONS OF CREDIT RISK:

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist primarily of cash and cash equivalents, and investments.

The Organization maintains cash and cash equivalents, and investments with various financial institutions, which limits exposure to any one institution. Cash accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At times cash balances may exceed insured limits.

NOTE 13 - FAIR VALUE MEASUREMENT:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included in level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.)

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021:

	Fair Value Measurements on a Recurring Basis As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Cash and cash equivalents	$ -	$ 1,314	$ -	$ 1,314
Corporate bonds	-	796,752	-	796,752
Equity securities	1,016,696	-	6,666	1,023,362
Fixed income securities	4,058	13,176	-	17,234
Limited partnerships	-	-	822	822
Municipal bonds	-	14,829	-	14,829
	$ 1,020,754	$ 826,071	$ 7,488	$ 1,854,313

	Fair Value Measurements on a Recurring Basis As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Cash and cash equivalents	$ -	$ 1,396	$ -	$ 1,396
Corporate bonds	-	386,464	-	386,464
Equity securities	1,110,592	-	6,221	1,116,813
Fixed income securities	4,620	15,398	-	20,018
Limited partnerships	-	-	534	534
Municipal bonds	-	18,673	-	18,673
	$ 1,115,212	$ 421,931	$ 6,755	$ 1,543,898

NOTE 13 - FAIR VALUE MEASUREMENT: (Continued)

FASB accounting standards require that a reconciliation of fair value measurements using significant unobservable inputs (Level 3) be presented providing information regarding purchases, sales, issuances, and settlements. The following table reconciles the Organization's assets classified as Level 3 measurements for the years ended December 31,:

	2022	2021
Balance, beginning of year	$ 6,755	$ 5,000
Purchases, sales, issuances, settlements	1,767	1,179
Net realized and unrealized gain (loss) included in earnings	(1,034)	576
Balance, end of year	$ 7,488	$ 6,755

NOTE 14 - CONTRIBUTED NONFINANCIAL ASSETS:

The Organization records donated professional and medical diagnostic services that require specialized skills (that the Organization would need to purchase to effectively meet the needs of those receiving the healthcare services) as contributed nonfinancial assets in the statements of activities. Contributed nonfinancial assets for services provided from physicians and therapists amounted to $316,291 and $267,500 for the years ended December 31, 2022 and 2021, respectively.

The Organization recognized contributed nonfinancial assets in contributed services within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed services recognized are comprised of professional and medical diagnostic services from volunteers in carrying out the Organization's mission. The professional services recognized in the statements of activities consist of time donated by physicians and therapists in providing healthcare services to patients of the Organization. The contributed services are reported at their estimated fair value based on current rates for similar medical services. The Organization also received donated services from unpaid nurses who assisted in the Organization's program services. No amounts have been recognized in the statements of activities for these program services as the criteria for recognition has not been satisfied.

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INDEPENDENT AUDITOR'S 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
Parker Family Health Center, 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 Parker Family Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 August 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Parker Family Health Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing the 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 Parker Family Health Center, Inc.'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 entity'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 were not identified.

THE CURCHIN GROUP LLC
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Parker Family Health Center, Inc.'s financial statements are free of 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.

The Curchin Group

THE CURCHIN GROUP, LLC

Red Bank, New Jersey
August 7, 2023

SUPPLEMENTARY INFORMATION

PARKER FAMILY HEALTH CENTER, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2022

	Federal CFDA Number	Grant Number	Grant Award Period	Total Expenditures Year Ended December 31, 2022	Total Grant Expenditures Through December 31, 2022
Pass-Through Programs from: U.S. Department of the Treasury:					
COVID-19 Community Recovery Grant Program	21.019	n/a	3/29/2022 - 3/31/2023	$ 25,223	$ 25,223
Pass-Through Programs from: U.S. Department of Housing and Urban Development:					
Community Development Block Grant	14.218	G-14-56-892-210-390	8/26/2021 - 8/26/2022	23,129	63,122
Community Development Block Grant	14.218	G-14-56-892-220-279	11/28/2022 - 11/28/2023	5,749	5,749
Total U.S. Department of Housing and Urban Development				28,878	68,871
Pass-Through Programs from: U.S. Department of Labor:					
Summer Youth Employment Program	17.259	n/a	6/20/2022 - 8/12/2022	6,000	6,000
Total federal awards expended				60,101	100,094
Direct Programs: State of New Jersey Department of Health:					
Health Equity Response to COVID-19	n/a	OOPH22HEE002	8/1/2021 - 7/31/2022	197,126	197,126
Health Equity Response to COVID-19	n/a	OOPH22HEE002	8/1/2021 - 5/31/2023	56,062	56,062
Total State of New Jersey Department of Health				253,188	253,188
Total state awards expended				253,188	253,188
Total federal and state awards expended				$ 313,289	$ 353,282