

**MISSION OF MERCY, INC. AND
SUPPORTING ORGANIZATION**

**YEARS ENDED
JUNE 30, 2025 AND 2024**



Brown Plus
ACCOUNTANTS + ADVISORS

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

YEARS ENDED JUNE 30, 2025 AND 2024

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Independent Auditor's Report

Board of Directors
Mission of Mercy, Inc. and Supporting Organization
Corpus Christi, Texas

Opinion

We have audited the consolidated financial statements of Mission of Mercy, Inc. (a nonprofit organization) and Supporting Organization, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mission of Mercy, Inc. and Supporting Organization as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Mission of Mercy, Inc. and Supporting 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 Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Mission of Mercy, Inc. and Supporting 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mission of Mercy, Inc. and Supporting 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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidated schedule of functional expenses by region and consolidating schedules of financial position and activities (collectively, the "supplementary information") are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Brown Plus

Frederick, Maryland
January 30, 2026

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS		
	2025	2024
Current assets:		
Cash and cash equivalents	\$ 1,334,236	\$ 1,346,354
Beneficial interest in assets with Arizona Community Foundation	28,585	26,626
Unconditional promises to give (less allowance for uncollectible promises of \$488 and \$1,144, respectively)	252,214	194,463
Employee retention credit receivable	-	73,703
Use of donated facilities	275,240	286,566
Inventory	<u>420,733</u>	<u>1,094,943</u>
Total current assets	<u>2,311,008</u>	<u>3,022,655</u>
Property and equipment:		
Dental equipment	165,695	175,058
Medical equipment	361,163	362,575
Office equipment	147,269	153,061
Vehicles	<u>977,673</u>	<u>1,149,215</u>
	1,651,800	1,839,909
Less accumulated depreciation	<u>1,217,666</u>	<u>1,213,789</u>
Total property and equipment	<u>434,134</u>	<u>626,120</u>
Other assets:		
Cash and cash equivalents restricted for acquisition of property and equipment	102,500	106,000
Security deposits	125,369	123,869
Beneficial interest in endowments	629,224	309,943
Operating lease right-of-use asset, net of accumulated amortization	47,386	136,666
Unconditional promises to give (less allowance for uncollectible promises of \$1,558 and \$2,115, respectively)	86,333	109,325
Use of donated facilities (net of unamortized discount of \$181,662 and \$230,416, respectively)	<u>1,859,470</u>	<u>2,134,710</u>
Total other assets	<u>2,850,282</u>	<u>2,920,513</u>
Total assets	<u>\$ 5,595,424</u>	<u>\$ 6,569,288</u>

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

LIABILITIES AND NET ASSETS

	2025	2024
Current liabilities:		
Accounts payable	\$ 41,924	\$ 33,611
Accrued:		
Payroll taxes	9,085	17,189
Salaries	18,250	160,397
Operating lease obligations	48,446	90,338
Finance lease obligations	21,104	20,264
Total current liabilities	138,809	321,799
Long-term liabilities:		
Operating lease obligations	2,495	50,774
Finance lease obligations	66,685	87,789
Total long-term liabilities	69,180	138,563
Total liabilities	207,989	460,362
Net assets:		
Without donor restrictions:		
Undesignated	1,101,282	1,906,742
Board designated	784,509	763,962
Total without donor restrictions	1,885,791	2,670,704
With donor restrictions	3,501,644	3,438,222
Total net assets	5,387,435	6,108,926
Total liabilities and net assets	\$ 5,595,424	\$ 6,569,288

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF ACTIVITIES ***YEARS ENDED JUNE 30, 2025 AND 2024***

	<i>2025</i>			<i>2024</i>		
	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>
Support, revenue and gains:						
Support:						
Contributions	\$ 2,711,836	\$ 785,733	\$ 3,497,569	\$ 2,325,625	\$ 429,331	\$ 2,754,956
Gifts in-kind:						
Drugs and supplies	3,908,081	-	3,908,081	6,354,430	-	6,354,430
Facilities, short term	111,970	-	111,970	147,786	-	147,786
Lab and x-ray services	2,978,037	-	2,978,037	2,309,006	-	2,309,006
Services	1,093,016	-	1,093,016	1,041,630	-	1,041,630
Total support	<u>10,802,940</u>	<u>785,733</u>	<u>11,588,673</u>	<u>12,178,477</u>	<u>429,331</u>	<u>12,607,808</u>
Revenue:						
Special events	223,067	-	223,067	246,699	-	246,699
Miscellaneous revenues	760	-	760	900	-	900
Gain on lease termination	-	-	-	774	-	774
Interest income	43,821	8,294	52,115	51,271	-	51,271
Total revenue	<u>267,648</u>	<u>8,294</u>	<u>275,942</u>	<u>299,644</u>	<u>-</u>	<u>299,644</u>
Gains:						
Investment gain, net	1,671	33,994	35,665	-	33,704	33,704
Gain on disposal of assets	15,898	-	15,898	-	-	-
Total gains	<u>17,569</u>	<u>33,994</u>	<u>51,563</u>	<u>-</u>	<u>33,704</u>	<u>33,704</u>
Restrictions satisfied by payments and expiration of time	<u>478,033</u>	<u>(478,033)</u>	<u>-</u>	<u>1,022,063</u>	<u>(1,022,063)</u>	<u>-</u>
Total support, revenue and gains	<u>11,566,190</u>	<u>349,988</u>	<u>11,916,178</u>	<u>13,500,184</u>	<u>(559,028)</u>	<u>12,941,156</u>

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MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED) **YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses and losses:						
Expenses:						
Program services	\$ 10,937,615	\$ -	\$ 10,937,615	\$ 12,073,474	\$ -	\$ 12,073,474
Management and general	487,859	-	487,859	544,951	-	544,951
Fundraising	833,455	-	833,455	864,377	-	864,377
Special events	92,174	-	92,174	99,233	-	99,233
Total expenses	12,351,103	-	12,351,103	13,582,035	-	13,582,035
Losses:						
Investment loss, net	-	-	-	5,400	-	5,400
Loss on disposal of assets	-	-	-	4,186	-	4,186
Total losses	-	-	-	9,586	-	9,586
Total expenses and losses	12,351,103	-	12,351,103	13,591,621	-	13,591,621
Change in net assets before donated long-term lease	(784,913)	349,988	(434,925)	(91,437)	(559,028)	(650,465)

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MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED) YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Donated long-term lease	\$ 48,754	\$ -	\$ 48,754	\$ 55,901	\$ -	\$ 55,901
Lease restrictions satisfied by expiration of time	286,566	(286,566)	-	279,419	(279,419)	-
Long-term donated facilities expense	(335,320)	-	(335,320)	(335,320)	-	(335,320)
Total changes in net assets from donated long-term lease	-	(286,566)	(286,566)	-	(279,419)	(279,419)
Change in net assets	(784,913)	63,422	(721,491)	(91,437)	(838,447)	(929,884)
Net assets:						
Beginning of year	2,670,704	3,438,222	6,108,926	2,762,141	4,276,669	7,038,810
End of year	\$ 1,885,791	\$ 3,501,644	\$ 5,387,435	\$ 2,670,704	\$ 3,438,222	\$ 6,108,926

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2025 AND 2024

	2025						2024					
	Program services			Supporting services			Program services			Supporting services		
	Health Services Program	Community Connections Program	Total program	Management and general	Fundraising	Total functional expenses	Health Services Program	Community Connections Program	Total program	Management and general	Fundraising	Total functional expenses
In-kind expenses:												
Donated:												
Drugs and supplies	\$ 4,579,289	\$ -	\$ 4,579,289	\$ -	\$ 1,458	\$ -	\$ 4,579,289	\$ 6,238,768	\$ -	\$ 6,238,768	\$ -	\$ 6,238,768
Facilities	108,903	329	109,132	1,380	-	111,970	122,197	25,125	-	464	147,786	
Lab and x-ray services	2,975,037	-	2,978,037	-	-	2,978,037	2,309,006	-	-	-	2,309,006	
Services	1,085,793	595	1,086,388	4,135	2,493	1,093,016	1,036,743	567	2,510	2,377	1,041,630	
Total in-kind expenses	8,751,922	924	8,752,846	5,593	3,873	8,762,312	9,706,036	678	9,706,714	27,635	2,841	9,737,190
Salaries	1,042,447	35,914	1,078,361	244,451	386,713	1,709,525	1,156,492	29,295	1,185,787	235,793	423,288	1,844,868
Consultants	77,284	-	77,284	-	15,595	92,879	41,865	10,500	52,365	5,445	-	57,810
Employee benefits	156,558	2,091	158,749	40,051	51,034	249,834	169,020	1,888	170,908	39,736	48,568	259,212
Payroll taxes	86,906	2,770	83,676	19,499	30,331	133,506	90,360	2,282	92,642	18,955	33,262	144,859
Depreciation	175,955	32	179,987	9,656	5,409	195,052	170,840	32	170,872	9,656	5,409	185,937
Donor development	-	-	-	-	-	-	-	-	-	-	-	31,182
Insurance	127,366	1,050	128,416	16,239	9,835	154,490	137,074	346	137,420	13,206	6,312	156,938
Interest	1,710	182	1,892	1,504	1,385	4,781	1,016	34	1,050	846	762	2,658
Medications and medical supplies	95,891	-	99,891	-	-	99,891	98,825	-	98,825	-	-	98,825
Occupancy	120,184	5,984	126,178	52,583	39,008	217,789	117,244	6,216	123,460	54,912	39,220	217,592
Office expenses	76,794	3,985	80,789	50,698	28,769	160,256	102,174	5,807	107,981	66,606	44,689	219,276
Postage and printing	6,513	348	6,861	3,870	57,501	68,232	3,558	63	3,621	9,564	63,756	76,941
Professional fees	76,464	6,922	83,386	33,724	155,925	273,035	94,422	5,205	99,627	41,165	153,139	293,931
Public health awareness campaign	16,488	-	16,488	-	-	16,488	11,413	-	11,413	-	-	11,413
Repairs and maintenance	35,278	360	35,628	1,151	4,717	41,496	64,963	361	65,324	6,502	2,955	74,781
Travel and entertainment	11,028	1,207	12,235	8,489	12,952	33,676	9,274	619	9,893	12,329	8,219	30,441
Miscellaneous	1,428	13,520	14,948	351	1,467	16,766	15,654	19,918	35,572	2,601	775	38,948
Total	\$ 10,862,316	\$ 75,299	\$ 10,937,615	\$ 487,859	\$ 833,455	\$ 12,258,929	\$ 11,990,230	\$ 83,244	\$ 12,073,474	\$ 544,951	\$ 864,377	\$ 13,482,802

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Inflows:		
Receipts from:		
Contributions	\$ 3,534,013	\$ 2,720,060
Special events	223,067	246,699
Miscellaneous receipts	760	900
Interest income received	<u>43,256</u>	<u>43,729</u>
	<u>3,801,096</u>	<u>3,011,388</u>
Outflows:		
Payments to:		
Employees	1,851,672	1,832,677
Suppliers	1,584,854	1,681,375
Payments for:		
Special events	92,174	99,233
Interest	<u>4,781</u>	<u>2,658</u>
	<u>3,533,481</u>	<u>3,615,943</u>
Net cash provided by (used in) operating activities	<u>267,615</u>	<u>(604,555)</u>
Cash flows from investing activities:		
Inflows, proceeds from sale of assets	<u>17,000</u>	-
Outflows:		
Purchase of property and equipment	1,286	277,015
Acquisition of beneficial interest in community foundations	<u>275,000</u>	-
	<u>276,286</u>	<u>277,015</u>
Net cash used in investing activities	<u>(259,286)</u>	<u>(277,015)</u>
Cash flows from financing activities:		
Inflows, donor-restricted contributions for property and equipment	2,500	206,000
Outflows, payment of finance lease	<u>24,947</u>	<u>12,600</u>
Net cash provided by (used in) financing activities	<u>(22,447)</u>	<u>193,400</u>
Net decrease in cash, cash equivalents and restricted cash	<u>(14,118)</u>	<u>(688,170)</u>
Cash, cash equivalents and restricted cash:		
Beginning of year	<u>1,576,223</u>	<u>2,264,393</u>
End of year	<u>\$ 1,562,105</u>	<u>\$ 1,576,223</u>

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of cash, cash equivalents and restricted cash to the statement of financial position:		
Current assets, cash and cash equivalents		
	\$ 1,334,236	\$ 1,346,354
Other assets:		
Cash and cash equivalents restricted for acquisition of property and equipment	102,500	106,000
Security deposits	<u>125,369</u>	<u>123,869</u>
Cash, cash equivalents and restricted cash	<u>\$ 1,562,105</u>	<u>\$ 1,576,223</u>

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

1. Summary of accounting policies:

Principles of consolidation:

The consolidated financial statements of Mission of Mercy, Inc. (the Organization) include the activities of Mission of Mercy, Inc. and its Supporting Organization, the Mission of Mercy Arizona Health Partnership Fund (the Fund). All intra-entity transactions have been eliminated in consolidation.

Nature of activities:

The Organization is a nonprofit organization which seeks to restore dignity, "healing through love" by providing free healthcare. The primary service program is the provision of basic health services at no charge via mobile healthcare units and an office in Texas with a team of licensed healthcare workers. The Organization currently operates clinic sites located in Arizona, Maryland, Pennsylvania and Texas. The Organization relies entirely on public and private donations, as well as significant donated services and materials to operate.

The Organization also operates a community connections program in Maryland, Pennsylvania and Arizona that works to connect needy individuals with additional resources from other partner organizations. The community connections program promotes general health literacy and provides education in disease management and prevention. The community connections program also helps pre-qualify individuals for other public health assistance programs.

The Fund operates exclusively for the benefit of its parent organization, Mission of Mercy, Inc. Contributions to the Fund qualify for the *Credit for Contributions to Qualifying Charitable Organizations* for Arizona personal income tax purposes.

Basis of accounting:

The consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Cash and cash equivalents:

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents, including cash equivalents held by community foundations and a security deposit held in a maintenance reserve account by the landlord of the Texas lease (see Note 10).

Beneficial interest in assets held by community foundations:

The Organization recognizes beneficial interests in investment and endowment funds held by community foundations as assets in the consolidated statements of financial position. These interests represent the Organization's right to receive the income or a portion of the underlying assets of the investment or endowment fund, as specified by the terms of the arrangement. Beneficial interests are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of activities. Fair value is determined based on the net asset value reported by the community foundations as of the reporting date.

Contributions to beneficial interest are recognized as revenue when the Organization is notified of the gift and the transfer is complete. The classification of net assets associated with these interests is based on the existence or absence of donor-imposed restrictions. Income, gains, and losses on the beneficial interests are reported in the appropriate net asset class based on donor stipulations.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

1. Summary of accounting policies (continued):

Unconditional promises to give:

Contributions are recognized at their fair value when the donor makes a promise to give to the Organization that is, in substance, unconditional. Gains and losses from changes in fair value are included in the contributions line of the consolidated statements of activities. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows, as management believes that this is the most accurate method of reporting the receivables and related revenues.

Inventory:

Inventory of medications is maintained by the Organization and is stated at cost, using the first-in, first-out method for purchased inventories. Donated inventories are stated at wholesale or discount supplier prices.

Property and equipment:

The Organization capitalizes all property and equipment purchases over \$1,000. Property and equipment is depreciated using the straight-line method over the estimated useful life of each asset, typically five to seven years.

Donations of property and equipment are recorded as revenue (support) at their estimated fair value at the date of donation. Such donations are reported as without donor restrictions revenue (support) unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as revenue (support) with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Leases:

The Organization combines and accounts for lease and nonlease components as a single lease component for leases of real estate and equipment. The discount rates related to the Organization's lease liabilities are generally based on a risk-free rate, as the discount rates implicit in the Organization's leases and the Organization's incremental borrowing rate cannot be readily determined. The Organization has elected the short-term lease exception to not recognize leases with a lease term of 12 months or less on the statement of financial position.

Net assets:

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

1. Summary of accounting policies (continued):

Net assets:

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Resources may also be received with donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction, nor by the passage of time.

Contributions:

Support and revenue are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Revenues are recorded as services are provided.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increase the applicable net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions. Long-term donated facilities leases are recorded as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions over the term of the lease. If the Organization receives donated stock, it is liquidated at the first opportunity.

All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

Similarly, all income, gains and losses from investments of restricted contributions are recognized as unrestricted unless specified as restricted by the donor.

Management has determined the Organization's contributions are considered nonexchange transactions and, therefore, are recognized when a promise to give becomes unconditional.

Special events:

The Organization hosts several fundraising events throughout the year. Revenue generated from these events consist of exchange and nonexchange transactions. Exchange transactions generally consist of tickets and registrations for fundraising events and are recognized as revenue the date the event takes place. Nonexchange transactions typically consist of sponsorships and donations received and are recognized when the Organization's right to the funds is unconditional.

Donated drugs and supplies:

The Organization values donated medications, medical supplies and other supplies at wholesale or discount supplier prices.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

1. Summary of accounting policies (continued):

Donated facilities:

The Organization uses property leased at below market value or free of charge to provide its services. Management estimates the fair market value of these donated facilities using rates published by real estate brokers in each applicable region and the square footage donated. Donated leases for more than one year are recorded as restricted contributions at their fair value at the start date of the lease and are reported as increases in net assets with donor restrictions. These restrictions expire based on the terms of the lease agreements, and the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated lab and x-ray services:

The consolidated financial statements include donations of laboratory services and x-rays provided by hospitals and laboratories. The services are valued by the Organization at each specific service providers' current rates.

Donated services:

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Donated services are valued based on salary surveys performed by independent entities in each of the three regions the Organization operates and the volunteer hours. The Organization also recognizes donated services from accountants and attorneys and values these services using the specific charitable write-downs from professional services invoices. Volunteers also provided administrative and fundraising services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria was not met.

Functional expenses:

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification of expenses by function.

Expenses are charged to program services, management and general and fundraising on the basis of actual invoices received. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Certain administrative personnel expenses such as salaries, professional fees and travel and entertainment are allocated to each functional expense category based upon the responsibilities of the administrative personnel. Rent and utilities are allocated to each functional expense category based upon the use of the space during the applicable year which factors in the responsibilities of the personnel utilizing the space.

Tax-exempt status:

Mission of Mercy, Inc. and Mission of Mercy Arizona Health Partnership Fund are incorporated under the laws of the State of Arizona as nonprofit organizations. Mission of Mercy, Inc. and Mission of Mercy Arizona Health Partnership Fund have elected under provisions of Internal Revenue Code (IRC) Section 501(c)(3) and state income tax statutes to be excluded from taxes on exempt function income. Therefore, no provision is made for taxes on income.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

1. Summary of accounting policies (continued):

Tax-exempt status:

Mission of Mercy Arizona Health Partnership Fund is a Type I supporting organization under IRC Section 509(a)(3). Mission of Mercy Arizona Health Partnership Fund is operated, supervised and controlled by Mission of Mercy, Inc.

Estimates:

Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

2. Cash, cash equivalents and investments:

The Organization maintains its cash deposits in several financial institutions. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2025, the uninsured cash deposits were \$377,115, representing the maximum loss risk.

Cash equivalents and investments with community foundations totaling \$729,361 are not covered by deposit insurance.

3. Financial assets and liquidity resources:

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, within one year of June 30:

	<u>2025</u>	<u>2024</u>
Financial assets due within one year:		
Cash and cash equivalents	\$ 1,334,236	\$ 1,346,354
Beneficial interest in assets with Arizona Community Foundation	28,585	26,626
Unconditional promises to give, current portion	252,214	194,463
Employee retention credit receivable	-	73,703
Financial assets due within one year, as of June 30	<u>1,615,035</u>	<u>1,641,146</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions,		
restricted by donor with time or purpose restrictions	288,663	218,790
Board designations, program development funds	<u>784,509</u>	<u>763,962</u>
	<u><u>\$ 541,863</u></u>	<u><u>\$ 658,394</u></u>

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

3. Financial assets and liquidity resources (continued):

The Organization receives significant contributions restricted by donors. They consider contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for expenditures. Most of the Organization's unconditional promises to give are donor-restricted due to the timing of receipt but are otherwise unrestricted. As these promises are received during the year ended June 30, 2026, they are available for general expenditure. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$500,000 (all of which was available as of June 30, 2025), which it could draw upon. Additionally, the board has designated funds they could reclassify, if desired.

4. Endowment funds:

The Organization's Board of Directors oversee endowment funds with the Catholic Community Foundation (the CCF) and the Coastal Bend Community Foundation (the CBCF). The original contribution was \$5,000 to the CCF. During the year ended June 30, 2022, the Organization transferred \$225,000 of their own funds and the CCF donated \$56,250 to the endowment. The purpose of this fund is to provide operational support to the Organization, specifically for the Arizona region. During the year ended June 30, 2025, the Organization transferred a donation totaling \$250,000 and the CBCF donated \$25,000 to the endowment, which must be maintained in perpetuity. The purpose of this fund is to provide operational support to the Organization, specifically for the Texas region.

The State of Arizona enacted the Management of Charitable Funds Act (MCFA) effective September 25, 2008, the provisions of which apply to the endowment funds existing on or established after that date. In review of the classifications and presentation of funds restricted in perpetuity, the Organization has determined that no reclassification of funds is necessary to meet the definition of endowment funds under the MCFA.

The State of Texas adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA) under Chapter 163 of the Texas Property Code, which provides the standards for management, investment and expenditure of institutional funds and defines "endowment fund" as an institutional fund or part thereof that, under the terms of a gift instrument, is not wholly expendable by the institution on a current basis. In review of the classifications and presentation of funds restricted in perpetuity, the Organization has determined that no reclassification of funds is necessary to meet the definition of endowment funds under Texas Property Code Chapter 163.

Interpretation of relevant law:

The Board of Directors of the Organization has interpreted the MCFA and UPMIFA 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 classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

4. Endowment funds (continued):

All funds classified as net assets with donor restrictions remain in that classification until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of ordinary business care and prudence prescribed by the MCFA and UPMIFA. In accordance with the MCFA and UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic climate, including the possible effects of inflation and deflation, (4) the expected total return from income and the appreciation of investments and (5) other resources of the Organization.

Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MCFA or UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations occurring during the investment periods.

Return objectives, risk parameters, strategies for achieving objectives and spending policy:

The Organization has adopted investment and spending policies for endowment assets that attempt to maximize return with reasonable and prudent levels of risk, while seeking to maintain the purchasing power of the current assets and any future contributions. The objective is to support operations while still having the potential to achieve a competitive rate of return on the endowment funds. To satisfy its long-term objective, the Organization targets a diversified asset allocation. The Organization's endowment funds are held by the CCF and CBCF. The investment strategy for all of the Organization's investments is under the oversight of the Finance and Investment committee of the CCF and CBCF.

CCF and CBCF have the right to accept subsequent contributions to the funds from the Organization and other individuals, corporations, associations, trusts, partnerships and other entities. Should the Organization cease to exist, the funds shall be added to CCF's and CBCF's general fund to be used in the best interest of the foundations, or their successor. Composition of and changes in endowment donor restricted net assets were as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Beneficial interest in endowments, beginning of year	\$ 309,943	\$ 276,239
Contributions	275,000	-
Investment income (net), interest income, gains (losses) and fees	44,281	33,704
Beneficial interest in endowments, end of year	<u>\$ 629,224</u>	<u>\$ 309,943</u>

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

5. Unconditional promises to give:

The Organization uses a fundraising model that has resulted in receiving unconditional promises to give over time to benefit the Organization. As of June 30, 2025, collections were expected pertaining to multi-year commitments as follows:

Less than one year	\$ 252,702
One to five years	74,617
Thereafter	<u>30,000</u>
	357,319
Less:	
Discounts to net present value (see Note 11)	16,726
Allowance for uncollectible promises receivable (see Note 11)	<u>2,046</u>
	<u>\$ 338,547</u>

Net unconditional promises to give by region were as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Arizona	\$ 84,096	\$ 137,340
Maryland/Pennsylvania	181,478	76,119
Texas	<u>72,973</u>	<u>90,329</u>
	<u>\$ 338,547</u>	<u>\$ 303,788</u>

6. Inventory:

Inventory consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Purchased drugs and other medical supplies	\$ 3,684	\$ 6,686
Donated drugs and other medical supplies (see Note 10)	<u>417,049</u>	<u>1,088,257</u>
	<u>\$ 420,733</u>	<u>\$ 1,094,943</u>

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

7. Line of credit:

The Organization has a revolving line of credit with a financial institution for \$500,000. The line of credit is secured by all business assets. The Organization had \$500,000 in available funds as of June 30, 2025. As of June 30, 2025, interest of 7.5% is due and payable monthly; the rate charged is equal to *The Wall Street Journal* prime rate. The revolving line of credit is due on demand.

The line of credit is subject to a financial covenant. Management is not aware of any violations of the covenant.

8. Net assets:

The board has designated net assets without donor restrictions as program development funds in order to have cash readily available to facilitate growth opportunities as they arise. The program development funds as of June 30, 2025 and 2024 were \$784,509 and \$763,962, respectively.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

8. Net assets (continued):

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
Purpose restricted:		
Arizona:		
Dental education	\$ -	\$ 2,000
Diabetes management program	- -	133,107
Medical clinics	37,500	-
Purchase of new mobile van and east valley expansion in Arizona	100,000	100,000
Target blood pressure project	- -	5,375
Vaccines	5,360	23,078
Women, children and senior care	84,288	-
Maryland/Pennsylvania:		
Medical Clinics	133,000	-
Medications	903	1,096
Staff and volunteer appreciation	- -	800
Texas:		
Dental clinics	- -	12,500
Full-time nurse	- -	60,000
Equipment	2,500	6,000
Building repairs and maintenance	15,112	-
Vision clinic equipment	8,000	-
Medical clinics	- -	45,760
Time restricted:		
Arizona:		
Unconditional promises to give	50,856	52,413
Mission of Mercy Arizona Health Partnership Fund, pledges	33,239	84,927
Endowment (see Note 4)	343,111	309,943
Maryland/Pennsylvania:		
Medical clinics	7,500	7,500
Unconditional promises to give	6,478	76,118
Use of donated facility (see Note 10)	17,467	51,315
Texas:		
Medical clinics	5,000	6,000
Unconditional promises to give	72,974	90,329
Endowment (see Note 4)	286,113	-
Use of donated facility (see Note 10)	2,117,243	2,369,961
Time and purpose restricted,		
Maryland/Pennsylvania, medical clinics	<u>175,000</u>	-
	<u><u>\$ 3,501,644</u></u>	<u><u>\$ 3,438,222</u></u>

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

9. Leases:

The Organization leases office and storage space in Frederick, Maryland; Fairfield, Pennsylvania and Phoenix, Arizona. The Organization also utilizes office space in Corpus Christi, Texas, with a donated lease, and the Organization's lease in Frederick, Maryland, is below market rates (see Note 10). Office rent expense, presented in occupancy expense, totaled \$107,348 and \$94,000 for the years ended June 30, 2025 and 2024, respectively. These leases expire between October 2025 and August 2026. Future monthly lease payments range between \$1,100 and \$4,171.

The Organization also leases a number of copiers on a master lease that expires June 2029. Future monthly lease payments are \$2,017. For the years ended June 30, 2025 and 2024, depreciation of the copiers totaled \$19,987 and \$18,509, respectively, and interest on the finance lease liability was \$3,940 and \$2,174, respectively.

The Organization's leases do not contain any material residual value guarantees or material restrictive covenants. The Organization recognizes lease expense on its operating leases on a straight-line basis over the term of the leases, taking into account escalations in rent payments over the term of the leases. The primary assumption used to determine the discount rate was the applicable federal rate at the later of implementation of ASC 842 or when the lease agreement was signed.

The following table shows right-of-use assets and lease liabilities and the associated financial statement line items as of June 30:

Lease-related assets and liabilities right-of-use assets	Financial statement line items	2025	2024
Operating leases:	Other assets, operating lease right-of-use asset, net of accumulated amortization	\$ 47,386	\$ 136,666
Finance leases:	Office equipment, net of accumulated depreciation	79,949	99,937
Operating lease obligations	Current liabilities, operating lease obligations	48,446	90,338
	Long-term liabilities, operating lease obligations	2,495	50,774
Finance lease obligations	Current liabilities, finance lease obligations	21,104	20,264
	Long-term liabilities, finance lease obligations	66,685	87,789

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

9. Leases (continued):

A summary of total future minimum lease payments by fiscal year is as follows:

	<u>Operating leases</u>	<u>Finance leases</u>	<u>Total</u>
2026	\$ 49,115	\$ 24,204	\$ 73,319
2027	2,500	24,204	26,704
2028	-	24,204	24,204
2028	-	22,187	22,187
 Total future undiscounted lease payments	 51,615	 94,799	 146,414
Less imputed interest	674	7,010	7,684
 Present value of net undiscounted lease payments	 50,941	 87,789	 138,730
Less current portion	48,446	21,104	69,550
 Long-term portion of leases	 \$ 2,495	 \$ 66,685	 \$ 69,180
 Weighted-Average Lease Term	 0.66 years	 3.94 years	
Weighted-Average Discount Rate	4.45%	4.07%	

10. Donated facilities, services and drugs and supplies:

The consolidated financial statements include donations of laboratory services and x-rays provided to patients by hospitals and laboratories in the amount of \$2,978,037 and \$2,309,006 for the years ended June 30, 2025 and 2024, respectively. The donated laboratory and x-ray services are recorded as revenue (support) and expense in the consolidated financial statements.

A large number of volunteers donate significant amounts of their time to the Organization's activities that relate to the Organization's mission. For the years ended June 30, 2025 and 2024, the value of contributed medical services provided by healthcare professionals has been recorded in the consolidated financial statements as donated services revenue (support) and expense of \$1,083,016 and \$1,033,530, respectively. The services recognized in the consolidated financial statements represent 17,380 and 16,002 hours of time contributed for the years ended June 30, 2025 and 2024, respectively. In addition, for the years ended June 30, 2025 and 2024, accountants, attorneys and other professionals donated services valued at \$10,000 and \$8,100, respectively, to the Organization.

Additional services for administrative, fundraising and other purposes were not recorded in the consolidated financial statements because they did not meet the criteria for recognition under accounting rules. These services represent an estimated 10,033 and 11,262 hours for the years ended June 30, 2025 and 2024, respectively.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

10. Donated facilities, services and drugs and supplies (continued):

For the years ended June 30, 2025 and 2024, the Organization recognized revenue (support) from donated drugs and supplies, used by patients in the normal course of operations, valued at \$3,908,081 and \$6,354,430, respectively. The donated drugs and supplies amount was also recognized as an expense, except for the change in the donated drugs and supplies inventory at year end for the years ended June 30, 2025 and 2024, respectively. Donated drugs and supplies inventory as of June 30, 2025 and 2024 was valued at \$417,049 and \$1,088,257, respectively (see Notes 6 and 11).

During the years ended June 30, 2025 and 2024, the Organization used short-term donated facilities valued at \$111,970 and \$147,786, respectively, for storage of mobile healthcare units and pharmacy items, clinic space and office space. The donated facilities are recorded as revenue (support) and expense in the consolidated financial statements.

The Organization entered into a 15-year lease beginning February 2018 for medical clinics and office space in Corpus Christi, Texas. The lease expires in February 2033 with one 15-year option to renew. The lease requires the Organization to pay for all utility services over the term of the lease and all costs for insurance on the building after the first three years of the lease. Additionally, the Organization must maintain a maintenance reserve account of \$120,000 to be used for repair, maintenance and replacement costs of the building and other improvements over \$5,000, subject to approval by the landlord. Should the value of the account fall to less than \$50,000, the Organization must make monthly deposits into the account until the balance reaches \$50,000. Upon the termination of the lease for any reason, all remaining funds in the maintenance reserve account will be paid to the landlord at end of lease unless the landlord decides to release it to the Organization. The \$120,000 is presented on the consolidated statements of net position in security deposits. In connection with this lease agreement, the Organization discounted the value of the 15-year initial term of the lease and recorded a restricted contribution for the year ended June 30, 2018 of \$4,500,000. For the years ended June 30, 2025 and 2024, long-term donated facilities expense and net assets released from restrictions related to this lease totaled \$300,000.

The Organization also entered into a three-year lease beginning January 2023 for office space in Frederick, Maryland, for approximately half of the fair market rental rate. Lease payments ranging from \$2,849 to \$3,022 per month have been included in the operating lease right of use asset and liability described in Note 9. The fair value of the in-kind contribution of \$95,312 has been included in use of donated facilities and restricted contribution revenue for the year ended June 30, 2023. For the years ended June 30, 2025 and 2024, long-term donated facilities expense and net assets released from restrictions related to this lease totaled \$35,320.

Use of donated facility will be received as follows as of June 30, 2025:

Less than one year	\$ 317,467
One to five years	1,500,000
Thereafter	<u>498,905</u>
	2,316,372
Less, unamortized discount to net present value	<u>181,662</u>
Net use of donated facility	<u><u>\$ 2,134,710</u></u>

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

11. Fair value measurements:

The Organization uses a framework for measuring fair value that prioritizes the inputs to valuation techniques used to measure fair value using a fair value hierarchy. The following are the major categories of assets measured at fair value on a recurring basis during the years ended June 30, 2025 and 2024: those using quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2) and significant unobservable inputs (Level 3).

The asset or liability's fair value measurement level within the fair value hierarchy is based on 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.

The following is a description of the valuation methodologies used for assets measured at fair value:

Donated drug inventories (see Notes 6 and 10) - Valued at current unadjusted quoted wholesale or discount supplier prices (a Level 2 measurement).

Use of donated facilities (see Note 10) - The income approach utilizes valuation techniques (the present value method, a Level 2 measurement) to convert future amounts to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. The Organization discounted the value of the 15-year Texas lease and recorded a restricted contribution for the year ended June 30, 2018 of \$4,500,000. The Organization discounted the value of the lease by the discount interest rate for the United States on February 27, 2018, the start date of the lease, which was 2.00%. The Organization discounted the value of the three-year Maryland lease and recorded a restricted contribution for the year ended June 30, 2023 of \$95,312. The Organization discounted the value of the lease by the discount interest rate for the United States on January 1, 2023, the start date of the lease, which was 4.50%.

Beneficial interests and savings with community foundations (see Note 4) – Valued by the foundations holding the assets based on the values of the underlying assets in the foundations' investment pools (a level 3 measurement). The Organization believes this method appropriately values the beneficial interests and savings held with the foundations.

Unconditional promises to give (see Note 5) - The income approach utilizes valuation techniques (the present value method, a Level 3 measurement) to convert future amounts to a single present amount (discounted). The significant unobservable inputs used in the fair value measurement include the estimated timing and amount of future cash flows, the creditworthiness of donors, historical collection experience and a risk-adjusted discount rate. The Organization discounts future cash flows by the risk-free interest rate of 4.24% and 4.36% as of June 30, 2025 and 2024, respectively, to determine the net present value of the promises to give. The carrying amount of these unconditional promises to give is reduced by an additional valuation allowance that reflects the Organization's best estimate of collectability, determined principally on the basis of historical experience while also recognizing the good faith and reliability of its donors. As of June 30, 2025 and 2024, unconditional promises to give to the Organization were discounted by an additional 1.49% and 1.58%, respectively.

During the years ended June 30, 2025 and 2024, the Organization received \$0 and \$37,947, respectively, of new unconditional promises to give, received \$54,139 and \$36,464, respectively, from existing unconditional promises to give and had no write-offs or transfers related to these promises.

The Organization received \$275,000 and \$0 during the years ended June 30, 2025 and 2024, respectively, of new beneficial interests and savings with community foundations and had no write-offs or transfers related to these beneficial interests and savings.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **YEARS ENDED JUNE 30, 2025 AND 2024**

11. Fair value measurements (continued):

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 the Organization 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 at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30:

	2025		
	Level 2	Level 3	Total
Donated drug inventory	\$ 417,049	\$ -	\$ 417,049
Beneficial interest in endowment with Catholic Community Foundation	-	343,111	343,111
Beneficial interest in assets with Arizona Community Foundation	-	28,585	28,585
Beneficial interest in assets with Coastal Bend Community Foundation	-	286,113	286,113
Savings with Catholic Community Foundation	-	71,552	71,552
Use of donated facility	-	2,134,710	2,134,710
Unconditional promises to give	-	338,547	338,547
 Total assets at fair value	<u>\$ 417,049</u>	<u>\$ 3,202,618</u>	<u>\$ 3,619,667</u>
2024			
	Level 2	Level 3	Total
Donated drug inventory	\$ 1,088,257	\$ -	\$ 1,088,257
Beneficial interest in endowment with Catholic Community Foundation	-	309,943	309,943
Beneficial interest in assets with Arizona Community Foundation	-	26,626	26,626
Savings with Catholic Community Foundation	-	417,275	417,275
Use of donated facility	-	2,421,276	2,421,276
Unconditional promises to give	-	303,788	303,788
 Total assets at fair value	<u>\$ 1,088,257</u>	<u>\$ 3,478,908</u>	<u>\$ 4,567,165</u>

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

12. Concentration of contributions:

The Organization relies entirely on public and private donations as well as significant donated services and materials to operate. Approximately 32% and 49% for the years ended June 30, 2025 and 2024, respectively, of the Organization's support was in the form of donated prescription medications and medical supplies, substantially all of which come from three donors.

13. Retirement plan:

The Organization operates a 401(k) plan that is funded by participant salary reductions and, if approved by the Board of Directors, discretionary contributions by the employer. The plan covers substantially all employees, although eligibility criteria are maintained. The Organization did not make any contributions for the years ended June 30, 2025 and 2024. This plan is tax exempt and has been approved by the Internal Revenue Service.

14. Employee Retention Credit:

The Employee Retention Credit is a refundable tax credit against certain employment taxes. During fiscal year 2023, the Organization reviewed various regulations and legislative changes related to the program and determined the Organization qualified for \$73,703 of assistance, which related to wages paid from the period of March through May 2020. In February 2023, the Organization filed an amended payroll tax return to claim these credits. The amended return remains open to examination for up to five years after it was filed, which is February 2028.

15. Subsequent events:

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 30, 2026, the date the consolidated financial statements were available to be issued.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES BY REGION YEARS ENDED JUNE 30, 2025 AND 2024 (See independent auditor's report)

	MARYLAND/PENNSYLVANIA										2024		
	Program services			Supporting services			Program services			Supporting services			
	Health Services Program	Community Connections Program	Total program	Management and general	Fundraising	Total functional expenses	Health Services Program	Community Connections Program	Total program	Management and general	Fundraising	Total functional expenses	
In-kind expenses:													
Donated:													
Drugs and supplies	\$ 1,596,650	\$ -	\$ 1,596,650	\$ 19,614	\$ 19,947	\$ -	\$ 1,596,650	\$ 52,041	\$ 43,122	\$ -	\$ 950,237	\$ 24,796	\$ -
Facilities	31,595	-	31,595	405,101	-	-	405,101	405,101	171,160	-	171,160	-	162
Lab and x-ray services	405,101	-	405,101	453,437	867	867	455,171	428,530	32	428,562	826	826	171,160
Services	453,403	34	453,437										430,214
Total in-kind expenses	2,486,749	53	2,486,802	20,814	1,347	2,508,963	1,593,049	38	1,593,087	25,622	988	1,619,697	
Salaries	453,537	8,650	462,187	84,717	124,709	671,613	574,707	7,653	582,360	87,341	180,005	849,706	
Consultants	540	-	540	53,736	-	15,595	16,135	-	-	5,445	-	5,445	
Employee benefits	53,607	129	53,736	15,780	15,540	85,056	57,272	259	57,531	18,049	12,494	12,494	
Payroll taxes	34,251	655	34,906	6,479	9,485	50,870	43,841	582	44,423	6,692	13,703	13,703	64,818
Depreciation	116,618	2	116,620	4,003	1,620	122,243	103,264	2	103,266	4,003	1,620	1,620	108,889
Donor development	-	-	-	-	-	-	-	-	-	-	-	-	1,418
Insurance	40,125	43	40,168	3,163	1,690	45,021	40,016	20	40,036	2,022	504	504	42,562
Interest	746	10	756	636	451	1,843	466	2	468	419	234	234	1,121
Medications and medical supplies	21,595	-	21,595	-	-	21,595	30,708	-	30,708	-	-	-	30,708
Occupancy	54,385	2,586	56,971	23,503	19,225	98,699	55,184	2,431	57,615	22,741	18,578	18,578	98,934
Office expenses	25,989	1,085	27,074	13,921	9,003	49,998	52,499	725	53,224	23,292	12,917	12,917	89,403
Postage and printing	1,430	3	1,433	1,335	33,945	36,713	1,483	4	1,487	3,916	44,723	44,723	50,126
Professional fees	10,901	310	11,211	8,014	28,812	48,037	13,690	336	14,026	15,827	23,165	23,165	53,018
Repairs and maintenance	18,964	6	18,670	-	3,462	22,132	26,982	6	26,988	1,363	-	-	28,351
Travel and entertainment	6,404	68	6,472	2,991	8,104	17,567	7,195	35	7,230	3,644	4,751	4,751	15,625
Miscellaneous	-	110	110	85	94	289	10,754	5	10,759	1,172	498	498	12,429
	\$ 3,325,541	\$ 13,710	\$ 3,339,251	\$ 185,441	\$ 273,082	\$ 3,797,774	\$ 2,611,110	\$ 12,098	\$ 2,623,208	\$ 221,518	\$ 315,598	\$ 3,160,324	
Grand total for all regions	\$ 10,862,316	\$ 75,299	\$ 10,929,615	\$ 487,859	\$ 833,455	\$ 12,258,929	\$ 11,990,230	\$ 83,244	\$ 12,073,474	\$ 544,951	\$ 864,377	\$ 13,482,802	

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MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES BY REGION (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

(See independent auditor's report)

	ARIZONA											
	2025					2024						
	Program services		Supporting services			Program services		Supporting services				
Health Services Program	Community Program	Management and general	Fundraising	Total functional expenses	Health Services Program	Community Program	Total program	Management and general	Fundraising	Total functional expenses		
In-kind expenses:												
Donated:												
Drugs and supplies	\$ 2,689,017	\$ 76,680	\$ 310	\$ 2,699,017	\$ 76,990	466	\$ 388	\$ 2,699,017	\$ 5,165,951	\$ 5,165,951		
Facilities	193,492	-	193,492	193,492	193,492	-	77,844	78,786	105	78,891		
Lab and x-ray services	429,910	561	430,471	2,342	2,342	-	193,492	229,726	-	229,726		
Services							433,514	446,331	535	446,886		
Total in-kind expenses:	3,399,099	871	3,399,970	2,808	1,089	3,403,867	5,920,794	640	5,921,434	959	799	5,923,192
Salaries	374,400	27,264	401,664	68,973	152,679	623,316	364,371	21,642	386,013	68,963	147,496	602,472
Consultants	35,859	-	35,859	-	-	35,859	36,170	10,500	46,670	-	-	46,670
Employee benefits	80,223	1,962	82,185	4,554	11,511	98,250	77,633	1,629	79,262	3,908	14,437	97,607
Payroll taxes	28,041	2,115	30,156	5,269	11,495	46,920	27,358	1,700	29,058	5,280	11,135	45,473
Depreciation	33,008	30	33,038	1,752	38	34,828	31,676	30	31,706	1,752	38	33,496
Donor development	-	-	-	-	-	28,941	28,941	-	-	-	-	29,764
Insurance	36,294	1,007	37,301	3,978	1,478	42,757	45,137	326	45,463	2,509	407	48,379
Interest	215	172	387	258	215	860	40	32	72	48	40	160
Medications and medical supplies	51,876	-	51,876	-	-	51,876	58,123	-	58,123	-	-	58,123
Occupancy	33,220	3,408	36,628	20,716	15,436	72,780	31,801	3,785	35,586	23,544	-	47,739
Office expenses	15,989	2,910	18,889	17,818	10,990	47,707	14,801	5,082	19,883	21,459	20,892	62,234
Postage and printing	4,140	345	4,485	1,219	3,081	8,785	1,447	59	1,506	913	7,492	9,911
Professional fees	55,961	6,612	62,573	17,109	69,985	149,647	61,370	4,939	66,239	17,206	71,077	154,522
Public health awareness campaign	16,488	-	16,488	-	-	16,488	11,413	-	11,413	-	-	11,413
Repairs and maintenance	10,227	344	10,571	1,151	1,128	12,850	14,453	355	14,808	1,195	1,172	17,175
Travel and entertainment	2,539	1,139	3,678	2,535	2,953	9,186	730	584	1,314	1,788	2,148	5,250
Miscellaneous	501	13,410	13,911	161	1,242	15,314	963	19,913	20,876	184	118	21,178
Grand total for all regions	\$ 4,178,080	\$ 61,389	\$ 4,239,669	\$ 148,301	\$ 312,241	\$ 4,700,211	\$ 6,698,280	\$ 71,146	\$ 6,769,426	\$ 149,708	\$ 322,624	\$ 7,241,758
Grand total for all regions	\$ 10,882,316	\$ 75,299	\$ 10,937,615	\$ 487,859	\$ 833,455	\$ 12,258,929	\$ 11,990,230	\$ 83,244	\$ 12,073,474	\$ 544,951	\$ 864,377	\$ 13,482,802

(continued)
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MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES BY REGION (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

(See independent auditor's report)

	TEXAS										2024				
	2025					2024					Program services		Supporting services		
	Program	Community Connections Program	Total program	Management and general	Fundraising	Total functional expenses	Health Services Program	Community Connections Program	Total program	Management and general	Fundraising	Total functional expenses			
In-kind expenses:															
Donated:															
Drugs and supplies	\$ 283,622	\$ 528	\$ -	\$ 283,622	\$ 528	\$ (18,955)	\$ 512	\$ 283,622	\$ 122,580	\$ -	\$ 122,580	\$ 178	\$ 172	\$ 171	
Facilities	2,379,444	-	2,379,444	-	202,480	926	-	2,379,444	1,908,120	-	1,908,120	-	-	122,580	
Lab and x-ray services	202,480	-	202,480	926	925	204,331	161,315	-	161,315	-	882	883	883	521	
Total in-kind expenses	2,866,074	-	2,866,074	(18,029)	1,437	2,849,482	2,192,193	-	2,192,193	1,054	1,054	2,194,301			
Salaries	214,510	-	214,510	90,761	109,325	414,596	217,414	-	217,414	5,695	79,489	95,787	95,787	392,690	
Consultants	40,885	-	40,885	-	-	40,885	5,695	-	-	34,115	17,779	-	-	5,695	
Employee benefits	22,828	-	22,828	19,717	23,983	66,528	34,115	-	-	19,161	6,983	21,637	21,637	73,531	
Payroll taxes	18,614	-	18,614	7,751	9,351	35,716	19,161	-	-	19,161	8,424	8,424	8,424	34,568	
Depreciation	30,329	-	30,329	3,901	3,751	37,981	35,900	-	-	35,900	3,901	3,751	3,751	43,552	
Insurance	50,947	-	50,947	9,098	6,667	65,712	51,921	-	-	51,921	8,675	5,401	5,401	65,997	
Interest	749	-	749	610	719	2,078	510	-	-	510	379	488	488	1,377	
Medications and medical supplies	26,420	-	26,420	-	-	26,420	9,994	-	-	9,994	-	-	-	9,994	
Occupancy	32,579	-	32,579	8,364	4,347	45,290	30,259	-	-	30,259	8,627	5,033	5,033	43,919	
Office expenses	34,816	-	34,816	18,959	8,776	62,551	34,874	-	-	34,874	21,885	10,880	10,880	67,639	
Postage and printing	943	-	943	1,316	20,475	22,734	628	-	-	628	4,735	11,541	11,541	16,904	
Professional fees	9,602	-	9,602	8,601	57,148	75,351	19,382	-	-	19,382	8,132	58,897	58,897	86,391	
Repairs and maintenance	6,387	-	6,387	-	127	6,514	23,528	-	-	23,528	3,944	1,783	1,783	29,255	
Travel and entertainment	2,085	-	2,085	2,963	1,895	6,943	1,349	-	-	1,349	6,887	1,320	1,320	9,566	
Miscellaneous	927	-	927	105	131	1,163	3,937	-	-	3,937	1,245	159	159	5,341	
\$ 3,358,695	\$ -	\$ 3,358,695	\$ 164,117	\$ 248,132	\$ 3,760,944	\$ 2,680,840	\$ -	\$ 2,680,840	\$ 173,725	\$ 226,155	\$ 3,080,720				
Grand total for all regions	\$ 10,852,316	\$ 75,259	\$ 10,937,615	\$ 487,859	\$ 833,455	\$ 12,258,929	\$ 11,990,220	\$ 83,244	\$ 12,073,474	\$ 544,951	\$ 864,377	\$ 13,482,802			

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2025
(See independent auditor's report)

ASSETS

	Mission of Mercy	Arizona Health	Partnership	Eliminations	Totals
	Mission of	Fund			
	Mercy, Inc.				
Current assets:					
Cash and cash equivalents	\$ 1,250,830	\$ 83,406	\$ -	\$ 1,334,236	
Beneficial interest in assets with Arizona Community Foundation	28,585	-	-	-	28,585
Unconditional promises to give (less allowance for uncollectible promises of \$275 and \$213, respectively)	238,162	14,052	-	-	252,214
Use of donated facilities	275,240	-	-	-	275,240
Inventory	420,733	-	-	-	420,733
Total current assets	2,213,550	97,458	-	-	2,311,008
Property and equipment:					
Dental equipment	165,695	-	-	-	165,695
Medical equipment	361,163	-	-	-	361,163
Office equipment	147,269	-	-	-	147,269
Vehicles	977,673	-	-	-	977,673
Less accumulated depreciation	1,651,800	-	-	-	1,651,800
	<u>1,217,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,217,666</u>
Total property and equipment	434,134	-	-	-	434,134
Other assets:					
Cash and cash equivalents restricted for acquisition of property and equipment	102,500	-	-	-	102,500
Security deposits	125,369	-	-	-	125,369
Beneficial interest in endowments	629,224	-	-	-	629,224
Operating lease right-of-use asset, net of accumulated amortization	47,386	-	-	-	47,386
Unconditional promises to give (less allowance for uncollectible promises of \$1,251 and \$307, respectively)	67,146	19,187	-	-	86,333
Use of donated facilities (net of unamortized discount of \$181,662)	<u>1,859,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,859,470</u>
Total other assets	2,831,095	19,187	-	-	2,850,282
Total assets	\$ 5,478,779	\$ 116,645	\$ -	\$ 5,595,424	

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2025
(See independent auditor's report)

LIABILITIES AND NET ASSETS

		Mission of Mercy, Inc.	Mission of Fund	Arizona Health Partnership Fund	Eliminations	Totals
Current liabilities:						
Accounts payable	\$ 41,924	\$ -	\$ -	\$ -	\$ -	\$ 41,924
Accrued:						
Payroll taxes	9,085		-	-	-	9,085
Salaries	17,732		518	-	-	18,250
Operating lease obligations	48,446		-	-	-	48,446
Finance lease obligations	21,104		-	-	-	21,104
Total current liabilities	138,291		518		-	138,809
Long-term liabilities:						
Operating lease obligations	2,495		-	-	-	2,495
Finance lease obligations	66,685		-	-	-	66,685
Total long-term liabilities	69,180		-		-	69,180
Total liabilities	207,471		518		-	207,989
Net assets:						
Without donor restrictions:						
Undesignated	1,018,394		82,888		-	1,101,282
Board designated	784,509		-		-	784,509
Total without donor restrictions	1,802,903		82,888		-	1,885,791
With donor restrictions	3,468,405		33,239		-	3,501,644
Total net assets	5,271,308		116,127		-	5,387,435
Total liabilities and net assets	\$ 5,478,779		\$ 116,645		\$ -	\$ 5,595,424

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION JUNE 30, 2024 (See independent auditor's report)

ASSETS

	Mission of Mercy	Arizona Health	Partnership	Eliminations	Totals
	Mission of Mercy, Inc.	Fund			
Current assets:					
Cash and cash equivalents	\$ 1,317,910	\$ 28,444	\$ -	\$ 1,346,354	
Beneficial interest in assets with Arizona Community Foundation	26,626	-	-	26,626	
Unconditional promises to give (less allowance for uncollectible promises of \$311 and \$833, respectively)	142,588	51,875	-	194,463	
Employee retention credit receivable	73,703	-	-	73,703	
Use of donated facility	286,566	-	-	286,566	
Inventory	1,094,943	-	-	1,094,943	
Total current assets	2,942,336	80,319	-	3,022,655	
Property and equipment:					
Dental equipment	175,058	-	-	175,058	
Medical equipment	362,575	-	-	362,575	
Office equipment	153,061	-	-	153,061	
Vehicles	1,149,215	-	-	1,149,215	
Less accumulated depreciation	1,839,909	-	-	1,839,909	
	1,213,789	-	-	1,213,789	
Total property and equipment	626,120	-	-	626,120	
Other assets:					
Cash and cash equivalents restricted for acquisition of property and equipment	106,000	-	-	106,000	
Security deposits	123,869	-	-	123,869	
Beneficial interest in endowment	309,943	-	-	309,943	
Operating lease right-of-use asset, net of accumulated amortization	136,666	-	-	136,666	
Unconditional promises to give (less allowance for uncollectible promises of \$1,541 and \$574, respectively)	76,273	33,052	-	109,325	
Use of donated facilities (net of unamortized discount of \$230,416)	2,134,710	-	-	2,134,710	
Total other assets	2,887,461	33,052	-	2,920,513	
Total assets	\$ 6,455,917	\$ 113,371	\$ -	\$ 6,569,288	

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2024
(See independent auditor's report)

LIABILITIES AND NET ASSETS

	<u>Mission of Mercy, Inc.</u>	<u>Mission of Mercy Arizona Health Partnership Fund</u>	<u>Eliminations</u>	<u>Totals</u>
Current liabilities:				
Accounts payable	\$ 33,611	\$ -	\$ -	\$ 33,611
Accrued:				
Payroll taxes	17,189	-	-	17,189
Salaries	157,365	3,032	-	160,397
Operating lease obligations	90,338	-	-	90,338
Finance lease obligations	20,264	-	-	20,264
Total current liabilities	318,767	3,032	-	321,799
Long-term liabilities:				
Operating lease obligations	50,774	-	-	50,774
Finance lease obligations	87,789	-	-	87,789
Total long-term liabilities	138,563	-	-	138,563
Total liabilities	457,330	3,032	-	460,362
Net assets:				
Without donor restrictions:				
Undesignated	1,881,330	25,412	-	1,906,742
Board designated	763,962	-	-	763,962
Total without donor restrictions	2,645,292	25,412	-	2,670,704
With donor restrictions	3,353,295	84,927	-	3,438,222
Total net assets	5,998,587	110,339	-	6,108,926
Total liabilities and net assets	\$ 6,455,917	\$ 113,371	\$ -	\$ 6,569,288

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(See independent auditor's report)

	Mission of Mercy, Inc.	Arizona Health Partnership Fund	Eliminations	Totals
Support, revenue and gains:				
Support:				
Contributions	\$ 3,397,309	\$ 267,904	\$ (167,644)	\$ 3,497,569
Gifts in-kind:				
Drugs and supplies	3,908,081	-	-	3,908,081
Facilities, short term	111,970	-	-	111,970
Lab and x-ray services	2,978,037	-	-	2,978,037
Services	1,091,516	1,500	-	1,093,016
Total support	<u>11,486,913</u>	<u>269,404</u>	<u>(167,644)</u>	<u>11,588,673</u>
Revenue:				
Special events	217,502	5,565	-	223,067
Miscellaneous revenues	760	-	-	760
Interest income	49,698	2,417	-	52,115
Total revenue	<u>267,960</u>	<u>7,982</u>	<u>-</u>	<u>275,942</u>
Gains:				
Investment gain, net	35,665	-	-	35,665
Gain on disposal of assets	15,898	-	-	15,898
Total gains	<u>51,563</u>	<u>-</u>	<u>-</u>	<u>51,563</u>
Total support, revenue and gains	<u>11,806,436</u>	<u>277,386</u>	<u>(167,644)</u>	<u>11,916,178</u>
Expenses:				
Program services	10,937,615	167,644	(167,644)	10,937,615
Management and general	450,745	37,114	-	487,859
Fundraising	768,968	64,487	-	833,455
Special events	89,821	2,353	-	92,174
Total expenses	<u>12,247,149</u>	<u>271,598</u>	<u>(167,644)</u>	<u>12,351,103</u>
Change in net assets before donated long-term lease	<u>(440,713)</u>	<u>5,788</u>	<u>-</u>	<u>(434,925)</u>
Donated long-term lease	48,754	-	-	48,754
Long-term donated facilities expense	(335,320)	-	-	(335,320)
Total change in net assets from donated long-term lease	<u>(286,566)</u>	<u>-</u>	<u>-</u>	<u>(286,566)</u>
Change in net assets	<u>(727,279)</u>	<u>5,788</u>	<u>-</u>	<u>(721,491)</u>
Net assets:				
Beginning of year	5,998,587	110,339	-	6,108,926
End of year	<u>\$ 5,271,308</u>	<u>\$ 116,127</u>	<u>\$ -</u>	<u>\$ 5,387,435</u>

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

	<u>Mission of Mercy, Inc.</u>	<u>Mission of Mercy Arizona Health Partnership Fund</u>	<u>Eliminations</u>	<u>Totals</u>
Support, revenue and gains:				
Support:				
Contributions	\$ 2,648,663	\$ 251,701	\$ (145,408)	\$ 2,754,956
Gifts in-kind:				
Drugs and supplies	6,354,430	-	-	6,354,430
Facilities, short term	147,786	-	-	147,786
Lab and x-ray services	2,309,006	-	-	2,309,006
Services	1,041,630	-	-	1,041,630
Total support	<u>12,501,515</u>	<u>251,701</u>	<u>(145,408)</u>	<u>12,607,808</u>
Revenue:				
Special events	241,196	5,503	-	246,699
Miscellaneous revenues	900	-	-	900
Gain on lease termination	774	-	-	774
Interest income	48,169	3,102	-	51,271
Total revenue	<u>291,039</u>	<u>8,605</u>	<u>-</u>	<u>299,644</u>
Investment gain, net	<u>33,704</u>	<u>-</u>	<u>-</u>	<u>33,704</u>
Total support and revenue	<u>12,826,258</u>	<u>260,306</u>	<u>(145,408)</u>	<u>12,941,156</u>
Expenses and losses:				
Expenses:				
Program services	12,073,474	145,408	(145,408)	12,073,474
Management and general	504,139	40,812	-	544,951
Fundraising	795,547	68,830	-	864,377
Special events	97,232	2,001	-	99,233
Total expenses	<u>13,470,392</u>	<u>257,051</u>	<u>(145,408)</u>	<u>13,582,035</u>
Losses:				
Investment loss, net	5,400	-	-	5,400
Loss of disposal of assets	4,186	-	-	4,186
Total losses	<u>9,586</u>	<u>-</u>	<u>-</u>	<u>9,586</u>
Total expenses and losses	<u>13,479,978</u>	<u>257,051</u>	<u>(145,408)</u>	<u>13,591,621</u>
Change in net assets before donated long-term lease	<u>(653,720)</u>	<u>3,255</u>	<u>-</u>	<u>(650,465)</u>
Donated long-term lease	55,901	-	-	55,901
Long-term donated facilities expense	(335,320)	-	-	(335,320)
Total change in net assets from donated long-term lease	<u>(279,419)</u>	<u>-</u>	<u>-</u>	<u>(279,419)</u>
Change in net assets	<u>(933,139)</u>	<u>3,255</u>	<u>-</u>	<u>(929,884)</u>
Net assets:				
Beginning of year	<u>6,931,726</u>	<u>107,084</u>	<u>-</u>	<u>7,038,810</u>
End of year	<u>\$ 5,998,587</u>	<u>\$ 110,339</u>	<u>\$ -</u>	<u>\$ 6,108,926</u>

See notes to consolidated financial statements.