Consolidated Financial Statements

Mary's Center for Maternal and Child Care, Inc.

MC2 Community Development Corporation

For the Year Ended December 31, 2022

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mary's Center for Maternal and Child Care, Inc.
MC2 Community Development Corporation
Washington, D.C.

Qualified Opinion

We have audited the accompanying consolidated financial statements of Mary's Center for Maternal and Child Care, Inc. and MC2 Community Development Corporation (the Organizations), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of December 31, 2022, and the consolidated change in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

Because of the inadequacy of accounting records, we were unable to obtain sufficient appropriate audit evidence supporting the Organizations' balances of grants receivables and refundable advances in the amounts of $18,687,689 and $16,386,493, respectively, at December 31, 2022 as reported in the accompanying Statement of Financial Position.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organizations 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 qualified 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.

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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 the Organizations' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the Organizations' 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 the Organizations' 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 Consolidating Schedule of Financial Position on pages 26 - 27, Consolidating Schedule of Activities on page 28 and Consolidating Schedule of Change in Net Assets on page 29 are presented for purposes of additional analysis and is 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, on our consideration of the Organizations' 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 the Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

Gelman Rosenberg & Freedman

November 7, 2023

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 3,714,329
Investments	6,800,947
Accounts receivable, net of allowance for doubtful accounts	3,774,643
Grants receivable, net of allowance for doubtful accounts	18,687,689
Pledges receivable	36,723
Inventory	987,146
Prepaid expenses	276,484
Total current assets	34,277,961
FIXED ASSETS	
Land	7,994,634
Buildings and leasehold improvements	28,041,684
Equipment	4,244,980
Furniture	1,245,683
Computer equipment	477,102
Vehicles	639,777
	42,643,860
Less: Accumulated depreciation and amortization	(14,215,968)
Net fixed assets	28,427,892
OTHER ASSETS	
Security deposits	27,618
Pledges receivable, net of current portion and discount	69,691
Right-of-use asset, net of amortization	5,629,363
Total other assets	5,726,672
TOTAL ASSETS	**$ 68,432,525**

See accompanying notes to consolidated financial statements.

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued liabilities	$ 6,122,380
EIDL loan	3,662
Notes payable	6,808,581
Contract payable	75,000
Refundable advances	16,386,493
Operating lease liability	183,281
Total current liabilities	29,579,397
LONG-TERM LIABILITIES	
EIDL loan, net of current portion	144,567
Notes payable, net of current portion and deferred financing costs	1,716,603
Contract payable, net of current portion	275,000
Tenant security deposits	566,879
Operating lease liability, net of current portion	8,272,477
Total long-term liabilities	10,975,526
Total liabilities	40,554,923
NET ASSETS	
Without donor restrictions:	
Undesignated	22,302,040
Board designated	85,000
Total without donor restrictions	22,387,040
With donor restrictions	5,490,562
Total net assets	27,877,602
TOTAL LIABILITIES AND NET ASSETS	**$ 68,432,525**

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Patient services	$ 41,919,231	$ -	$ 41,919,231
Federal grants	16,943,559	-	16,943,559
Non-Federal grants	13,241,349	1,937,153	15,178,502
Leased employee revenue	8,727,310	-	8,727,310
Pharmacy revenue, net of cost of goods sold	1,818,812	-	1,818,812
Contributions and foundation grants	1,642,015	120,117	1,762,132
Lease income	316,561	-	316,561
Other income	52,780	-	52,780
Investment loss, net	(283,111)	(81,910)	(365,021)
Net assets released from donor restrictions	2,127,206	(2,127,206)	-
Total revenue and support	86,505,712	(151,846)	86,353,866
EXPENSES			
Program Services:			
Patient Services	34,878,344	-	34,878,344
Medical Services	9,127,903	-	9,127,903
Social and Educational Services	16,841,414	-	16,841,414
Pharmacy	1,137,440	-	1,137,440
Total program services	61,985,101	-	61,985,101
Supporting Services:			
Leased Employees	8,554,636	-	8,554,636
Fundraising	833,481	-	833,481
General and Administrative	21,784,316	-	21,784,316
Total supporting services	31,172,433	-	31,172,433
Total expenses	93,157,534	-	93,157,534
Change in net assets	(6,651,822)	(151,846)	(6,803,668)
Net assets at beginning of year	29,038,862	5,642,408	34,681,270
NET ASSETS AT END OF YEAR	**$ 22,387,040**	**$ 5,490,562**	**$ 27,877,602**

See accompanying notes to consolidated financial statements.

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022									
	Program Services					Supporting Services				
	Patient Services	Medical Services	Social and Educational Services	Pharmacy	Total Program Services	Leased Employees	Fundraising	General and Administrative	Total Supporting Services	Total Expenses
Salaries and personnel related expenses	$23,024,957	$ 7,489,249	$ 14,802,255	$ -	$45,316,461	$ 8,551,969	$ 633,544	$ 11,169,246	$ 20,354,759	$ 65,671,220
Medical and dental supplies/donated vaccines	6,694,225	837,543	42,024	4,833,298	12,407,090	-	-	-	-	12,407,090
Consultants and outside services	2,711,039	454,795	694,152	988,272	4,848,258	-	46,347	4,205,045	4,251,392	9,099,650
Office expenses	582,565	107,194	810,234	62,453	1,562,446	2,667	37,955	846,251	886,873	2,449,319
Occupancy costs	32,221	145	1,461	-	33,827	-	-	2,397,825	2,397,825	2,431,652
Software maintenance and licensing	1,219,564	41,759	147,400	-	1,408,723	-	44,451	668,905	713,356	2,122,079
Depreciation and amortization	590	100	-	19,186	19,876	-	-	1,139,796	1,139,796	1,159,672
Equipment and maintenance	329,375	115,589	14,231	17,809	477,004	-	670	666,115	666,785	1,143,789
Miscellaneous	229,853	71,417	257,233	26,464	584,967	-	68,403	315,624	384,027	968,994
Insurance and registration	1,774	187	230	23,176	25,367	-	41	309,818	309,859	335,226
Meetings and travel	52,181	9,925	72,194	65	134,365	-	2,070	60,804	62,874	197,239
Interest expense	-	-	-	-	-	-	-	4,887	4,887	4,887
Bad debt and cancellation of award	-	-	-	15	15	-	-	-	-	15
Subtotal	34,878,344	9,127,903	16,841,414	5,970,738	66,818,399	8,554,636	833,481	21,784,316	31,172,433	97,990,832
Less: Costs of goods sold included with revenues in the consolidated statement of activities	-	-	-	(4,833,298)	(4,833,298)	-	-	-	-	(4,833,298)
TOTAL EXPENSES REPORTED IN THE CONSOLIDATED STATEMENT OF ACTIVITIES	**$34,878,344**	**$ 9,127,903**	**$ 16,841,414**	**$ 1,137,440**	**$61,985,101**	**$ 8,554,636**	**$ 833,481**	**$ 21,784,316**	**$ 31,172,433**	**$ 93,157,534**

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (6,803,668)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	1,096,814
Amortization of deferred financing costs	62,858
Unrealized loss on investments	443,582
Realized loss on investments	46,413
Amortization of right-of-use asset	174,055
Contributions invested in perpetuity	(10,000)
Change in allowance for bad debt of accounts receivable	(1,139)
Change in discount on long-term pledges receivable	(2,596)
Receipt of contributed securities	(37,781)
Proceeds from the sale of contributed securities	37,062
Decrease (increase) in:	
Accounts receivable	3,274,955
Grants receivable	(14,247,410)
Pledges receivable	18,831
Inventory	(57,200)
Prepaid expenses	(42,613)
(Decrease) increase in:	
Accounts payable and accrued liabilities	(858,813)
Contract payable	(75,000)
Refundable advances	15,325,532
Operating lease liability	(171,487)
Net cash used by operating activities	(1,827,605)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(439,669)
Net purchases of investments	(960,044)
Net cash used by investing activities	(1,399,713)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net payments from lines of credit	(85,000)
Payments on notes payable	(448,204)
Contributions invested in perpetuity	10,000
Payments on EIDL loan	(1,771)
Net cash used by financing activities	(524,975)

See accompanying notes to consolidated financial statements.

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Net decrease in cash and cash equivalents	$ (3,752,293)
Cash and cash equivalents at beginning of year	7,466,622
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 3,714,329**
SUPPLEMENTAL INFORMATION:	
Interest Paid	**$ 342,305**
Right-of-Use Asset	**$ 5,803,418**
Operating Lease Liability for Right-of-Use Asset	**$ 8,627,245**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

Mary's Center for Maternal and Child Care, Inc. (the Center) was incorporated in October 1988 in the District of Columbia. The primary purpose of the Center is to provide low-cost, high quality maternity and child care for low income immigrant families of the Washington, D.C. area. The Center is supported principally through Government grants and patient revenue.

MC2 Community Development Corporation (MC2) was incorporated on August 19, 2010 in the District of Columbia. The primary purpose of MC2 is to support the Center's charitable purpose and to act as a special purpose real estate subsidiary of the Center. MC2’s mission is to acquire, own, develop, redevelop, improve and finance the interests in real estate that are or will be used by the Center in its charitable and educational activities within the meaning of Section 501(c)(3) of the Internal Revenue Code.

Capital Clinical Integrated Network (CCIN) was incorporated on November 27, 2012 in the District of Columbia within the meaning of Section 501(c)(3) of the Internal Revenue Services. CCIN was organized to facilitate the creation of an innovative patient care model that improves health care delivery and patient health outcomes. CCIN has received its 501(c)(3) status from the IRS, and there were no financial transactions.

Principles of consolidation -

The accounts of the Organizations have been consolidated pursuant to the criterion established by FASB ASC 958-810, *Not-for-Profit Entities Consolidation*. Under FASB ASC 958-810, consolidation is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. The consolidated financial statements reflect the activity of Mary's Center for Maternal and Child Care, Inc. and MC2 Community Development Corporation because Mary's Center for Maternal and Child Care, Inc. is the sole member of MC2 Community Development Corporation. All significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as net assets without donor restrictions. Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions. There is a fund established by the governing Board, which was $85,000 as of December 31, 2022, that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncements adopted -

During 2022, the Organizations adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements. The Organizations applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 12 for further details.

During 2022, the Organizations adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

Cash and cash equivalents -

The Organizations consider all cash and other highly liquid investments with initial maturities of three months or less to be cash and cash equivalents excluding money market funds held by investment managers in the amount of $2,804,435 at December 31, 2022. At times during the year, the Organizations maintain cash balances in interest bearing accounts at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, and realized and unrealized gains and losses are included in investment loss, net of investment expenses provided by external investment advisors in the Consolidated Statement of Activities and Change in Net Assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Receivables -

Accounts receivable are amounts due from clients and third-party payers and approximate fair value. Management has established an allowance for doubtful accounts in connection with these receivables based on historical analysis and aging of the receivable balance. Accounts are written off after they are deemed to be uncollectable. The allowance was $1,264,321 as of December 31, 2022.

Grants receivable are amounts due from Federal agencies, the District of Columbia, the State of Maryland and private foundations and are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer or donor. The allowance was $346,143 as of December 31, 2022.

Pledges receivable represent unconditional promises to give by donors. Current pledges receivable are expected to be collected during the next fiscal year and are recorded at their net realizable value. Long-term pledges receivable expected to be collected subsequent to fiscal year 2023 have been discounted at a rate of 3.25% and are reflected in the consolidated financial statements at their net present value. At December 31, 2022, pledges receivable due in less than one year were in the amount of $36,723 and pledges receivable within two to five years were in the amount of $79,038, net of their discount of $9,347 as of December 31, 2022.

Fixed assets -

Furniture and equipment are stated at cost and are being depreciated and amortized on the straight-line basis over their estimated useful lives, generally between three and five years. The building and land are stated at cost and the building and improvements are being depreciated over 40 years. Furniture, equipment and improvements with a useful life of more than one year, and costing $5,000 or more, are capitalized. Leasehold improvements are amortized over the remaining life of the lease. Repairs and maintenance are recorded to expenses. Depreciation and amortization expense for the year ended December 31, 2022 was $1,096,814.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced to its current fair value by a charge to depreciation expense. There were no impairments for the year ended December 31, 2022.

Income taxes -

The Organizations are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. MC2 is organized as a supporting organization to the Center. The Organizations are subject to unrelated business income tax on rental income on tenant leases with debt-financed property. Neither organization is a private foundation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Uncertain tax positions -

For the year ended December 31, 2022, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Inventory -

Inventory consists of donated vaccines and is measured at the lower of cost and net realizable value using the first-in, first-out method under FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

Deferred financing costs -

In accordance with the FASB ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, the Organizations present deferred financing costs in the consolidated financial statement as a direct deduction from the related debt liability.

Revenue and support -

Patience service, pharmacy revenue and leased employee revenue are classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers*. The Organizations have elected to opt out of all (or certain) disclosures not required for nonpublic entities. Funding received in advance of satisfying performance obligations is recorded as deferred revenue.

Patient service revenue is recorded the month in which the performance obligations are satisfied. The transaction price is determined based on historical experience and current market conditions. The Organizations provide care to clients meeting certain criteria under their charity care policy without charge or at amounts less than their established rates. Such payments are identified based on financial information obtained from the client and subsequent analysis. Since the Organizations do not pursue collection of amounts determined to qualify as charity care, they are not reported as a component of revenue or accounts receivable. The Organizations maintain records to identify and monitor the level of charity care they provide. For the year ended December 31, 2022, care provided under the charity care policy, valued on a sliding fee basis, totaled $6,037,922.

Pharmacy revenue represents the sales of prescriptions and other medical supplies. The transaction price is determined based on the sales price. Revenue is recognized when the performance obligation has been satisfied, which is at the time of sale.

Leased employee revenue consists of services provided under a contractual agreement (see Note 15). The Organizations provide assistance with managing the human resources and personnel related administrative functions for another organization. Revenue is recognized monthly under the invoicing terms of the agreement.

The Organizations receive contributions, including unconditional promises to give, from many sources as well as grants from the U.S. Government, organizations and other entities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue and support (continued) -

Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organizations perform an analysis of the individual contribution or grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.*

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Contributions or grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional.

The Organizations recognize revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions, grants or contracts treated as conditional contributions, the Organizations had approximately $10,260,000 in unrecognized conditional awards as of December 31, 2022.

In-kind contributions, such as donated vaccines, supplies and clothes, are included in the Consolidated Statement of Activities and Changes in Net Assets within Federal grants and Contributions and foundation grants as in-kind contributions at their estimated fair market value as of the date of donation on the basis of contract values provided by the donor. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organizations.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organizations are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort or other reasonable basis.

Risks and uncertainties -

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

Fair value measurement -

The Organizations adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organizations account for a significant portion of their financial instruments at fair value or consider fair value in their measurement.

New accounting pronouncement (not yet adopted) -

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for Organizations for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organizations plan to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on their accompanying consolidated financial statements.

2. INVESTMENTS

At December 31, 2022, the Organizations had investments, at fair value, as follows:

Money Market Funds	$ 2,804,435
Mutual Funds	1,497,113
Common Stocks	2,499,399
TOTAL INVESTMENTS	**$ 6,800,947**

2. INVESTMENTS (Continued)

For the year ended December 31, 2022, investment loss, net included the following:

Interest and dividends	$ 140,891
Unrealized loss on investments	(443,582)
Realized loss on investments	(46,413)
Management fees	(15,917)
TOTAL INVESTMENT LOSS, NET	**$ (365,021)**

3. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organizations have categorized their financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organizations have the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2022.

- *Money Market Funds* - Valued at the daily closing price as reported by the fund. The money market funds are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). This fund is required to publish its daily net asset value to transact at that price. The money market fund is deemed to be actively traded.

- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organizations are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organizations are deemed to be actively traded.

- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.

3. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Asset Class - Investments:				
Money Market Funds	$ 2,804,435	$ -	$ -	$ 2,804,435
Mutual Funds	1,497,113	-	-	1,497,113
Common Stocks	2,499,399	-	-	2,499,399
TOTAL INVESTMENTS	**$ 6,800,947**	**$ -**	**$ -**	**$ 6,800,947**

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

4. LINE OF CREDIT

The Organizations have a line of credit in the amount of $3,000,000 and bears interest at 8.18% expiring on December 31, 2023. There was no outstanding balance on this line of credit as of December 31, 2022. Additionally, the line of credit agreement contains various covenants, which require the Organizations to maintain certain financial ratios and submit various financial reports subsequent to their fiscal year-end. The covenant for the submission of financial reports was extended by the bank for the year ended December 31, 2022.

5. EIDL LOAN

On June 16, 2020, the Organizations received an Economic Injury Disaster Loan (EIDL) from the Small Business Administration totaling $150,000. The loan bears interest at 2.75% and is due over thirty years in monthly installments of $641 beginning twelve months from the date of the note. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal.

The balance of principal and interest will be payable thirty years from the date of the promissory note. The loan is collateralized by all tangible and intangible personal property of the Organizations.

Principal payments as stated in the promissory note are due as follows:

Year Ending December 31,	
2023	$ 3,662
2024	3,764
2025	3,868
2026	3,976
2027	4,087
2028 and Thereafter	128,872
	$ 148,229

6. NOTES PAYABLE

On September 2, 2021, the Center refinanced a note in the amount of $1,954,580. The interest rate on the loan is 3% and matures August 29, 2026. The loan assumes an amortization schedule of 5 years, with monthly installments of principal and interest of approximately $14,000. The loan is collateralized by the land and building.	$ 1,825,376
On April 25, 2017, the Center entered into a loan with PNC Bank in the amount of $3,176,729, bearing interest at 3.56%. The loan was set to expire on April 25, 2023. During 2023, the Center refinanced the remaining balance of the note in the amount of $2,760,537. The interest rate on the loan is 7.3% and matures May 25, 2028. The loan is collateralized by the land and building.	2,783,341
On November 14, 2017, the Center entered into a loan with City First Bank of D.C., National Association in the amount of $2,520,000, bearing interest at 3.55%. The loan was set to expire on October 14, 2023; however, subsequent to year-end, the expiration date was extended to May 14, 2024. The loan is collateralized by the deed of trust, the assignment of leases and rents on 2341 Ontario Rd., NW, D.C., and UCC financing statement.	2,172,999
On November 14, 2017, the Center entered into a promissory note with City First Bank of D.C., N.A. in the amount of $980,000, bearing interest at 3.55%. The loan was set to expire on October 14, 2023; however, subsequent to year-end, the expiration date was extended to May 14, 2024. The loan is collateralized by the deed of trust, the assignment of leases and rents on 2341 Ontario Rd., NW, D.C., and UCC financing statement.	845,055
On November 14, 2017, the Center entered into a promissory note with City First Bank of D.C., N.A. in the amount of $1,000,000, bearing interest at 6%. The loan is set to expire on October 14, 2023. The loan is collateralized by the deed of trust, the assignment of leases and rents on 2341 Ontario Rd., NW, D.C., and UCC financing statement.	898,413
	8,525,184
Less: Current portion	(6,808,581)
LONG-TERM PORTION	**$ 1,716,603**

On all of the above notes, the Center is held to various covenants, which require the maintenance of certain financial ratios and submission of various financial reports subsequent to its fiscal year-end; the covenant for submission of financial reports was extended by the banks for the year ended December 31, 2022.

Aggregate annual principal payments are as follows at December 31, 2022:

Year Ending December 31,	
2023	$ 6,808,581
2024	111,983
2025	115,582
2026	1,489,038
	$ 8,525,184

6. NOTES PAYABLE (Continued)

Interest expense on these debt instruments for the year ended December 31, 2022 totaled $350,365, which is included in the occupancy costs in the Consolidated Statement of Functional Expenses.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022:

Subject to expenditure for specified purpose:	
Medical Services	$ 473,874
Social and Educational Services	2,966,444
Maria Scholarship Fund	980,900
Accumulated Investment Earnings not yet Authorized for Spending	82,122
Total subject to expenditure for specified purpose	4,503,340
Subject to passage of time	630,864
Contributions to be invested in perpetuity	356,358
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 5,490,562**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Medical Services	$ 799,873
Social and Educational Services	1,198,337
Timing restrictions accomplished	128,996
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 2,127,206**

8. LIQUIDITY AND AVAILABILITY

Financial assets available for use within one year of the Consolidated Statement of Financial Position date comprise the following:

Cash and cash equivalents	$ 3,714,329
Investments	6,800,947
Accounts receivable, net	3,774,643
Grants receivable, net	18,687,689
Pledges receivable	36,723
Financial assets as of December 31, 2022	33,014,331
Less: Assets restricted by donors for specific purposes/in perpetuity	(4,929,388)
Less: Board designated net assets	(85,000)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 27,999,943**

8. LIQUIDITY AND AVAILABILITY (Continued)

The Organizations obtain support by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organizations must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of the Organizations’ liquidity management, they have a policy to structure financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organizations invest cash in excess of daily requirements in short-term investments.

There is a fund established by the governing Board, which was $85,000 as of December 31, 2022, that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

As more fully described in Note 4, the Organizations have committed a line of credit with an additional $3,000,000 which could be drawn upon in the event of an unanticipated liquidity need as of December 31, 2022.

9. ENDOWMENTS

The Organizations' endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organizations consider a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organizations have interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, the Organizations consider the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organizations and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the Organizations.

9. ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	$ -	$ 356,358	$ 356,358
Accumulated investment earnings	-	82,122	82,122
TOTAL ENDOWMENT FUNDS	**$ -**	**$ 438,480**	**$ 438,480**

Changes in endowment net assets for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 510,390	$ 510,390
Investment loss, net	-	(81,910)	(81,910)
Contributions	-	10,000	10,000
ENDOWMENT NET ASSETS, END OF YEAR	**$ -**	**$ 438,480**	**$ 438,480**

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 UPMIFA requires the Organizations to retain as fund of perpetual duration. There were no such deficiencies of this nature reported in net assets with donor restrictions as of December 31, 2022.

Return Objectives and Risk Parameters -

The Organizations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with the investment policies and procedures of the Organizations.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Organizations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organizations target a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

9. ENDOWMENTS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Organizations have a spending policy which considers the long-term expected return on their endowment. The Organizations elected not to authorize spending on their endowments during the year ended December 31, 2022.

10. TENANT LEASES

The Organizations sublease a portion of their office space under various leases expiring throughout 2041, including several that are year-to-year renewals and are therefore not included in the future minimum payments table. Future minimum lease income payments to be received are:

Year Ending December 31,	
2023	$ 332,668
2024	334,186
2025	335,722
2026	134,035
2027	135,375
Thereafter	2,059,463
	$ 3,331,449

Lease income recognized during the year totaled $316,561.

11. IN-KIND CONTRIBUTIONS

There were no donor-imposed restrictions associated with in-kind contributions during the year ended December 31, 2022. The Organizations received in-kind contributions as follows:

Donated vaccines	$ 4,179,390
Other supplies and clothes	147,464
TOTAL IN-KIND CONTRIBUTIONS	**$ 4,326,854**

The following programs have benefited from these in-kind contributions:

Patient Services	$ 4,179,390
Social and Educational Services	147,464
TOTAL PROGRAMS BENEFITED	**$ 4,326,854**

12. LEASE COMMITMENT

On March 22, 2016, the Center entered into a 30-year agreement to lease 12,000 square feet of space at 100 Gallatin Street in Washington, D.C. The agreement began on June 1, 2016 and is set to expire on May 31, 2046. The base use fee is $25 per square foot, with the first six months free, and the subsequent six months at a 2.5% discounted rate (approximately $24,300 per month). The base use fee then increases 2.5%, annually.

12. LEASE COMMITMENT (Continued)

Additionally, the Organizations received an allowance up to $3,762,956 for various leasehold improvements, furniture and equipment.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements. The Organizations elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes.

The Organizations adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, the Organizations recorded a right-of-use asset in the amount of $5,803,418. The Organizations recorded an operating lease liability in the amount of $8,627,245 by calculating the present value using the discount rate of 1.92%.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,	
2023	$ 343,662
2024	352,254
2025	361,062
2026	370,092
2027	379,344
Thereafter	8,904,003
	10,710,417
Less: Discount to present value	(2,254,659)
	8,455,758
Less: Current portion	(183,281)
LONG-TERM PORTION	**$ 8,272,477**

Lease expense, including operating costs, for the year ended December 31, 2022 totaled $496,789 and is included in the Consolidated Statement of Functional Expenses in occupancy costs.

13. CONTINGENCY

The Organizations receive grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2022. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

14. RETIREMENT PLAN

The Organizations maintain a 403(b) retirement plan for all eligible employees. The Organizations match contributions up to two percent of salaries of all eligible employees.

An employee becomes eligible after 90-days and is 100% vested after the second year of employment. The employer retirement expense for the year ended December 31, 2022 was $810,851 and is included in the Consolidated Statement of Functional Expenses in salaries and personnel related expenses.

15. CONTRACTUAL AGREEMENTS

The Organizations have entered into an agreement with the Briya Public Charter School (BPCS), a not-for-profit public charter school located in the District of Columbia. The Organizations provide assistance with managing the human resources and personnel related administrative functions for BPCS. For the year ended December 31, 2022, the Organizations received $8,727,310 for services provided, which is included as leased employee revenue in the Consolidated Statement of Activities and Change in Net Assets. The contract is renewed annually.

The Organizations entered into an agreement in September 2016 with Maxor National Pharmacy Services, LLC (Maxor). As part of the agreement, Maxor will provide all comprehensive professional and management services necessary to establish and operate retail/outpatient pharmacy at the pharmacy location servicing its patient population in a manner consistent with accepted medical, quality and utilization standards. Maxor will receive seven dollars per full prescription sold in the pharmacy location as its management fee for its services rendered under this agreement. For the year ended December 31, 2022, the Organizations paid Maxor $266,385 as management fee, which is included in the Consolidated Statement of Functional Expenses in consultants and outside services.

As part of the agreement, Maxor will pay or otherwise provide initial operating capital needed for start-up costs associated with the Pharmacy including construction, equipment, initial inventory, salary and operating expenses up to the amount of $750,000. In return for the Operational Support Services, the Organizations will pay Maxor a fee of $6,250 per month during the term of the agreement. As of December 31, 2022, the Organizations owed Maxor $350,000 which is included as contract payable in the accompanying Consolidated Statement of Financial Position.

Future minimum payments under the contract are as follows:

Year Ending December 31,	
2023	$ 75,000
2024	75,000
2025	75,000
2026	75,000
2027	50,000
	$ 350,000

16. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through November 7, 2023, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

ASSETS

	Mary's Center	MC2	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 3,630,886	$ 83,443	$ -	$ 3,714,329
Investments	6,800,947	-	-	6,800,947
Accounts receivable, net of allowance for doubtful accounts	3,774,644	6,725,900	(6,725,901)	3,774,643
Grants receivable, net of allowance for doubtful accounts	18,687,689	-	-	18,687,689
Pledges receivable	36,723	-	-	36,723
Inventory	987,146	-	-	987,146
Prepaid expenses	276,484	-	-	276,484
Total current assets	34,194,519	6,809,343	(6,725,901)	34,277,961
FIXED ASSETS				
Land	7,621,418	373,216	-	7,994,634
Buildings and leasehold improvements	12,335,222	15,706,462	-	28,041,684
Equipment	2,690,843	1,554,137	-	4,244,980
Furniture	543,518	702,165	-	1,245,683
Computer equipment	241,031	236,071	-	477,102
Vehicles	639,777	-	-	639,777
	24,071,809	18,572,051	-	42,643,860
Less: Accumulated depreciation and amortization	(7,090,753)	(7,125,215)	-	(14,215,968)
Net fixed assets	16,981,056	11,446,836	-	28,427,892
OTHER ASSETS				
Security deposits	27,618	-	-	27,618
Pledges receivable, net of current portion and discount	69,691	-	-	69,691
Right-of-use asset, net of amortization	5,629,363	-	-	5,629,363
Total other assets	5,726,672	-	-	5,726,672
TOTAL ASSETS	**$ 56,902,247**	**$ 18,256,179**	**$ (6,725,901)**	**$ 68,432,525**

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

LIABILITIES AND NET ASSETS

	Mary's Center	MC2	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$ 12,848,281	$ -	$ (6,725,901)	$ 6,122,380
EIDL loan	3,662	-	-	3,662
Notes payable	6,808,581	-	-	6,808,581
Contract payable	75,000	-	-	75,000
Refundable advances	16,386,493	-	-	16,386,493
Operating lease liability	183,281	-	-	183,281
Total current liabilities	36,305,298	-	(6,725,901)	29,579,397
LONG-TERM LIABILITIES				
EIDL loan, net of current portion	144,567	-	-	144,567
Notes payable, net of current portion and deferred financing costs	1,716,603	-	-	1,716,603
Contract payable, net of current portion	275,000	-	-	275,000
Tenant security deposits	566,879	-	-	566,879
Operating lease liability, net of current portion	8,272,477	-	-	8,272,477
Total long-term liabilities	10,975,526	-	-	10,975,526
Total liabilities	47,280,824	-	(6,725,901)	40,554,923
NET ASSETS				
Without donor restrictions	4,130,861	18,256,179	-	22,387,040
With donor restrictions	5,490,562	-	-	5,490,562
Total net assets	9,621,423	18,256,179	-	27,877,602
TOTAL LIABILITIES AND NET ASSETS	**$ 56,902,247**	**$ 18,256,179**	**$ (6,725,901)**	**$ 68,432,525**

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Mary's Center	MC2	Eliminations	Total
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS				
Patient services	$ 41,919,231	$ -	$ -	$ 41,919,231
Federal grants	16,943,559	-	-	16,943,559
Non-Federal grants	13,241,349	-	-	13,241,349
Leased employee revenue	8,727,310	-	-	8,727,310
Pharmacy revenue, net of cost of goods sold	1,818,812	-	-	1,818,812
Contributions and foundation grants	1,642,015	-	-	1,642,015
Lease income	316,561	1,341,931	(1,341,931)	316,561
Other income	52,780	-	-	52,780
Investment loss, net	(283,111)	-	-	(283,111)
Net assets released from donor restrictions	2,127,206	-	-	2,127,206
Total revenue and support without donor restrictions	86,505,712	1,341,931	(1,341,931)	86,505,712
EXPENSES				
Program Services:				
Patient Services	34,878,344	-	-	34,878,344
Medical Services	9,127,903	-	-	9,127,903
Social and Educational Services	16,841,414	-	-	16,841,414
Pharmacy	1,137,440	-	-	1,137,440
Total program services	61,985,101	-	-	61,985,101
Supporting Services:				
Leased Employees	8,554,636	-	-	8,554,636
Fundraising	833,481	-	-	833,481
General and Administrative	22,713,410	412,837	(1,341,931)	21,784,316
Total supporting services	32,101,527	412,837	(1,341,931)	31,172,433
Total expenses	94,086,628	412,837	(1,341,931)	93,157,534
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	**$ (7,580,916)**	**$ 929,094**	**$ -**	**$ (6,651,822)**
REVENUE AND SUPPORT WITH DONOR RESTRICTIONS				
Non-Federal grants	$ 1,937,153	$ -	$ -	$ 1,937,153
Contributions and foundation grants	120,117	-	-	120,117
Investment loss, net	(81,910)	-	-	(81,910)
Net assets released from donor restrictions	(2,127,206)	-	-	(2,127,206)
CHANGE IN REVENUE AND SUPPORT WITH DONOR RESTRICTIONS	**$ (151,846)**	**$ -**	**$ -**	**$ (151,846)**

MARY'S CENTER FOR MATERNAL AND CHILD CARE, INC.
MC2 COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR DECEMBER 31, 2022

	Mary's Center	MC2	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net assets at beginning of year	$ 11,711,777	$ 17,327,085	$ -	$ 29,038,862
Change in net assets without donor restrictions	(7,580,916)	929,094	-	(6,651,822)
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	**$ 4,130,861**	**$ 18,256,179**	**$ -**	**$ 22,387,040**
NET ASSETS WITH DONOR RESTRICTIONS				
Net assets at beginning of year	$ 5,642,408	$ -	$ -	$ 5,642,408
Change in net assets with donor restrictions	(151,846)	-	-	(151,846)
NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	**$ 5,490,562**	**$ -**	**$ -**	**$ 5,490,562**
TOTAL NET ASSETS AT END OF YEAR	**$ 9,621,423**	**$ 18,256,179**	**$ -**	**$ 27,877,602**