HIS BRANCHES, INC.

FINANCIAL STATEMENTS

June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
His Branches, Inc.
Rochester, New York

Opinion

We have audited the accompanying financial statements of His Branches, Inc. (a New York State nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of His Branches, Inc. as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of His Branches, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of His Branches, Inc.'s internal control. Accordingly, no such opinion is expressed.

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

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

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

Report on Summarized Comparative Information

We have previously audited His Branches, Inc.'s financial statements for the year ended June 30, 2022, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2022. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Heveron & Company

Heveron & Company
Certified Public Accountants

Rochester, New York
December 21, 2023

HIS BRANCHES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

ASSETS

	2023	2022
Current Assets		
Cash and Cash Equivalents	$ 73,831	$ 311,709
Patient Revenue Receivable, Net of Allowance of $76,158 and $135,230 at June 30, 2023 and 2022, respectively	101,851	49,974
Grants Receivable	268,439	102,115
Pledge Receivable - Current Portion	46,403	-
Inventory	19,881	22,239
Prepaid Expenses	5,849	5,180
Total Current Assets	516,254	491,217
Property and Equipment		
Land	21,636	21,636
Furniture and Equipment	164,305	164,305
Medical Equipment	47,833	47,833
Building and Improvements	510,786	510,786
	744,560	744,560
Less: Accumulated Depreciation	(502,921)	(475,328)
Net Property and Equipment	241,639	269,232
Other Assets		
Intangible Asset	65,000	-
Pledge Receivable - Long Term Portion	92,807	-
Total Other Assets	157,807	-
TOTAL ASSETS	$ 915,700	$ 760,449

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities		
Accounts Payable	$ 37,868	$ 44,510
Accrued Expenses	109,534	54,384
Line of Credit	100,000	100,000
Note Payable to Provider	32,261	38,261
Loan Payable - Current Portion	11,670	11,236
Mortgage Payable - Current Portion	8,815	8,305
Total Current Liabilities	300,148	256,696
Long-Term Liabilities		
Loan Payable	21,155	32,839
Mortgage Payable	202,893	211,473
Less: Mortgage Acquisition Costs	(9,174)	(10,895)
Net Mortgage Payable	214,874	233,417
Total Long-Term Liabilities	214,874	233,417
Total Liabilities	515,022	490,113
Net Assets		
Without Donor Restrictions:		
Undesignated	261,468	270,336
With Donor Restrictions:		
Time Restrictions	139,210	-
Total Net Assets	400,678	270,336
TOTAL LIABILITIES AND NET ASSETS	$ 915,700	$ 760,449

See Accompanying Notes to Financial Statements.

HIS BRANCHES, INC.
STATEMENT OF ACTIVITIES
For The Years Ended June 30, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Totals 2023	Totals 2022
Support and Revenue				
Program Fees	$1,347,276	$ -	$1,347,276	$1,173,473
Less: Provision for Bad Debts	-	-	-	(31,533)
Grants	772,792	-	772,792	1,082,379
Medical Incentive Revenue	226,030	-	226,030	182,074
In-Kind Contributions	25,083	139,210	164,293	22,745
Contributions	35,316	-	35,316	26,653
Other Income	976	-	976	5,984
Total Support and Revenue	2,407,473	139,210	2,546,683	2,461,775
Expenses				
Program	2,071,748	-	2,071,748	1,707,949
Management and General	336,525	-	336,525	362,705
Fundraising Expenses	8,068	-	8,068	4,894
Total Expenses	2,416,341	-	2,416,341	2,075,548
Change in Net Assets	(8,868)	139,210	130,342	386,227
Net Assets/(Deficit) - Beginning of Year	270,336	-	270,336	(115,891)
Net Assets/(Deficit) - End of Year	$ 261,468	$ 139,210	$ 400,678	$ 270,336

See Accompanying Notes to Financial Statements.

HIS BRANCHES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2023
(With Comparative Totals For The Year Ended June 30, 2022)

	Program	Management and General	Fundraising	Totals 2023	Totals 2022
Salaries	$ 1,306,533	$ 193,969	$ 4,659	$ 1,505,161	$ 1,222,161
Employee Benefits	199,227	29,577	710	229,514	150,546
Payroll Taxes	101,215	15,026	361	116,602	101,079
Total Personnel Expenses	1,606,975	238,572	5,730	1,851,277	1,473,786
Medical Supplies	163,595	-	-	163,595	180,612
Medical Software	73,083	-	-	73,083	41,896
Professional Services	13,000	56,317	-	69,317	108,090
Office Expense	62,756	3,303	-	66,059	88,412
Occupancy	43,750	7,122	-	50,872	48,231
Insurance	31,578	1,662	-	33,240	32,579
Depreciation	26,212	1,380	-	27,592	26,086
Other Expenses	19,060	-	2,338	21,398	14,550
Advertising	15,428	-	-	15,428	12,446
Interest Expense	-	14,825	-	14,825	15,318
Bank and Credit Fees	-	12,291	-	12,291	14,374
Travel, Meetings, and Training	9,476	1,053	-	10,529	16,549
Community Outreach	6,835	-	-	6,835	2,619
Bad Debt	-	-	-	-	31,533
Total Expenses	2,071,748	336,525	8,068	2,416,341	2,107,081
Less Expenses Included with Support and Revenue on the Statement of Activities	-	-	-	-	(31,533)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 2,071,748	$ 336,525	$ 8,068	$ 2,416,341	$ 2,075,548

See Accompanying Notes to Financial Statements.

HIS BRANCHES, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flow From Operating Activities		
Change in Net Assets	$ 130,342	$ 386,227
Noncash Expenses, Revenues, Losses and Gains:		
Depreciation	27,592	26,086
Loan Acquisition Interest Expense	1,720	667
Bad Debt Expense	-	31,533
Interest Accrued on Note Payable	-	750
Donated Equipment	(139,210)	-
Decrease/(Increase) In:		
Patient Revenue and Grants Receivable	(218,201)	(167,180)
Prepaid Expenses	(666)	4,763
Inventory	2,358	(3,449)
Increase/(Decrease) In:		
Accounts Payable	(6,642)	(47,896)
Accrued Expenses	55,150	6,846
Refundable Advance	-	(270,885)
Net Cash Flow Provided/(Used) By Operating Activities	(147,557)	(32,538)
Cash Flow From Investing Activities		
Purchase of Property and Equipment	-	(3,030)
Purchase of Intangible Asset	(65,000)	-
Net Cash Flow Provided/(Used) By Investing Activities	(65,000)	(3,030)
Cash Flow From Financing Activities		
Payments on Note Payable	(6,000)	(6,000)
Payments on Mortgage Payable	(8,071)	(7,596)
Payments on Loan Payable	(11,250)	(10,988)
Net Cash Flow Provided/(Used) By Financing Activities	(25,321)	(24,584)
Net Increase/(Decrease) in Cash and Cash Equivalents	(237,878)	(60,152)
Cash and Cash Equivalents - Beginning of Year	311,709	371,861
Cash and Cash Equivalents - End of Year	$ 73,831	$ 311,709

HIS BRANCHES, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2023 and 2022
(Continued)

	2023	2022
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During The Year For:		
Interest	$ 13,105	$ 14,651

See Accompanying Notes to Financial Statements.

HIS BRANCHES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

His Branches, Inc. (the Organization) is a community health center, working since 1978 to improve the health of our patients and its community. The Organization's approach to care is centered on the whole person and is embodied in the Organization's mission: to collaborate with others in bringing hope, healing, and restoration to show God's love for the world. The Organization has been designated as a New York State Article 28 Diagnostic & Treatment Center since 2011, has held a Certificate of Recognition as a Patient-Centered Medical Home since 2012, and received its designation as a Federally Qualified Community Health Center Look-Alike in 2018. The Organization focuses its services in two areas: Medical Care and Community Development.

Medical Care - His Branches is a primary care medical facility that is uniquely neighborhood-centric, with two practice locations in the 19th Ward and Beechwood neighborhoods of Rochester, NY. In addition to primary care our services include: women's and prenatal care, integrated behavioral health care, on-site laboratory, telehealth and case management. In our 2022/2023 fiscal year we served a panel of 3,485 patients, of all ages, through 7,743 patient encounters. In identifying needs and creating strategies and solutions that provide care for the whole person, we address all aspects of well-being: body, mind, and spirit. We specialize in meeting complex needs and removing barriers to good health, with specific training and care provided for the ethnically and economically underserved of Rochester. We offer group learning and wellness initiatives on a number of topics including: grief and trauma management, chronic conditions, and nutrition in order to facilitate the connection to much needed social support services.

Community Development - Within the neighborhoods we serve, we work with our neighbors to create safe places for developing safe neighborhoods. We do this by coordinating events such as: an annual neighborhood summer block party, a bike clinic, a neighborhood garden, and activities with the neighborhood library and schools. Additionally, we invest and participate in programs that create safety, goodwill, stronger relationships, and lifestyle habits that ultimately lead to length and quality of life such as the Complete Streets Makeover, the Westside Farmers Market, English as a Secondary Language classes, and other outreach events. We partner with other community-based organizations throughout the year to create special festive events like hosting or serving Thanksgiving and Christmas dinners, as well as life skills classes to better ensure economic equity and stability.

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

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the Organization reports information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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, based 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 statements of activities as net assets released from restrictions.

There were no net assets with donor restrictions at June 30, 2022. There was $139,210 of net assets with donor restrictions for time at June 30, 2023.

Income Taxes

The Internal Revenue Service has determined that the Organization is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code, and has also determined that the Organization is publicly supported. As a result, no provision for federal or state income taxes has been made.

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

Property and Equipment

Property and equipment are stated at cost. The Organization capitalizes property and equipment with a cost of over $1,000 and an estimated life of five or more years. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, as follows.

	Years
Building and Improvements	7-39
Furniture and Equipment	5-7
Medical Equipment	7

Depreciation expense amounted to $27,592 and $26,086 for the years ended June 30, 2023 and 2022, respectively.

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2022 from which the summarized information was derived.

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

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, management and general, and fundraising categories.

Expenses are allocated among program and supporting services on the following basis:

(a) Management and general expenses are costs not directly related to the Organization's purpose and include those costs for oversight, management, general recordkeeping, budgeting, soliciting grants and payroll functions.

(b) Personnel expenses are allocated on the basis of direct salaries.

(c) Occupancy, depreciation, insurance, and other facility related costs are allocated based on the total direct costs of each of the programs, derived by analysis of those costs over four years.

Cash, Cash Equivalents, and Restricted Cash

For the purposes of the statements of cash flows, cash, cash equivalents and restricted cash include all cash on hand and in banks, which, at times, may exceed federally insured limits. The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash, cash equivalents and restricted cash. There is no restricted cash at June 30, 2023 and 2022.

Cash and cash equivalents consisted of the following at June 30:

	2023	2022
Checking	$ 62,467	$ 291,286
Savings	11,364	20,423
Total Cash and Cash Equivalents	$ 73,831	$ 311,709

Inventories

Inventories consist of vaccines and are recorded at cost.

Mortgage Acquisition Costs

Mortgage acquisition costs are reported on the statement of financial position as a direct reduction from the face amount of debt in accordance with accounting principles generally accepted in the United States of America. The Organization reflects amortization of mortgage acquisition costs as interest expense on the straight-line method over the term of the obligation.

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

Advertising
Advertising costs are expensed as incurred.

Revenue and Revenue Recognition
A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Organization recognizes revenue from service fees during the year in which the related services are provided to the patients, net of amounts to which it does not expect to be entitled. The Organization has agreements with other third-party payers that provide payments to the Organization based on pre-determined rates. All amounts received prior to the performance of services are deferred to the applicable period.

The Organization recognizes medical incentive payments as they are received. The payments are based upon the Organization meeting or exceeding thresholds determined by the funders.

Patient Revenue Receivable
Patient revenue receivable includes amounts due from third parties (insurance companies) as well as co-insurance and self-pay receivables. Receivables are reduced by an allowance for doubtful accounts. In evaluating the collectibility of patient receivables the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these sources in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Organization reduces the amounts billed to the contractually due amounts, and then further analyzes and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients (those without insurance and those with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable to pay the portion of their bill for which they are financially responsible. The difference between the standard or discounted billings and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. Management determined allowances of $76,158 and $135,230 were adequate at June 30, 2023 and 2022, respectively.

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

Pledges Receivable

The Organization records unconditional promises to give in the year the pledge is received. The pledge receivable is in-kind rent of medical and building equipment. The in-kind rent expense related to the pledge will be recognized over the three year period beginning in the year ending June 30, 2024. The total pledge receivable at June 30, 2023 was $139,210.

Grants Receivable

Grants receivable are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, management evaluates the need for and, if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determined that no allowances were necessary at year-end.

Recent Accounting Pronouncements

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The main difference between the guidance in ASU 2020-07 and previous GAAP is the disclosure of a disaggregation of the amount of contributed nonfinancial assets, qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the period, the Organization's policy about monetizing rather than utilizing the assets, a description of any donor-imposed restrictions associated with the assets, a description of the valuation techniques used, and the principal market used to arrive at a fair value measurement. During the year ended June 30, 2022 the Organization adopted ASU 2020-07 for its contributed nonfinancial assets. This adoption was applied on a retrospective basis.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and makes certain changes to the accounting for lease expenses. The main difference between the guidance in ASU 2016-02 and current GAAP is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. During the year ended June 30, 2023 the Organization adopted ASU 2016-02 for its leasing arrangements, along with the practical expedient, which allows modifications of contracts to be applied at the time of adoption. This required recognition had no current impact to the Organization's statements of financial position.

NOTE 2 - LINE OF CREDIT

The Organization has a line of credit with a maximum authorization of $160,000. Advances against this line bear interest at a rate of prime plus 1.0%. The outstanding balance was $100,000 at June 30, 2023 and 2022.

NOTE 3 - NOTE PAYABLE TO PROVIDER/RELATED PARTY

In November 2006, a promissory note was issued to a formerly independent practitioner for his supplies and for the patient revenues receivable as of that date, less an allowance for the uncollectible portion. Under the terms of the note payable, 48 monthly payments of principal and interest were to have been paid, and interest of 8.25% per annum began to accrue on this obligation on January 1, 2007. During the year ended June 30, 2015, the interest rate was renegotiated to 2%, per annum and interest has been accrued at that rate. The note holder is the Organization's founder. The note is payable on demand. The note is subordinate to the line of credit. The balance due is $32,261 and $38,261 at June 30, 2023 and 2022, respectively.

NOTE 4 - PAYCHECK PROTECTION PROGRAM LOANS

The Organization was granted a $270,885 loan in March 2021 under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization had initially recorded the loan as a refundable advance and has recognized the forgiveness in accordance with guidance for conditional contributions. Grant income of $270,885 has been recorded for the year ended June 30, 2022.

NOTE 5 - AFFILIATIONS AND MEMBERSHIPS

The Organization is a member in good standing of the Evangelical Council for Financial Accountability, a voluntary national association of not-for-profit organizations which annually reviews the financial statements and provides accountability in fundraising methods and public disclosure issues. Membership requirements include adherence to a statement of faith, a code of ethics, organizational structure guidelines, and the engagement of an annual audit by a Certified Public Accountant.

NOTE 6 - MORTGAGE/LOAN PAYABLES

Mortgage and Loan Payables consists of the following at June 30:

	2023	2022
Note payable to ESL Federal Credit Union originally in the amount of $57,798. This note bears interest at a rate of 3.79%. Principal and interest are payable in monthly installments of $1,062 through April 2026.	$ 32,825	$ 44,075
Mortgage payable to a bank, originally in the amount of $195,000, refinanced during the year ended June 30, 2019 to the amount of $245,000, with interest of 5.98%, net of mortgage acquisition costs of $9,174 and $10,895 at June 30, 2023 and 2022, respectively. Principal and interest are payable in monthly installments of $1,765 through November 2028. Any unpaid principal and interest is due then. This loan is secured by real property.	202,534	208,883
Mortgage Acquisition Costs, Net	9,174	10,895
	244,533	263,853
Less: Current Portion	(20,485)	(19,541)
Long-Term Portion	$ 224,048	$ 244,312

Maturities of long-term debt for the years succeeding June 30, 2024 are as follows:

Year	Amount
2025	$ 21,477
2026	19,902
2027	14,279
2028	11,191
Thereafter	157,199
Total	$ 224,048

NOTE 7 - RETIREMENT PLAN

Eligible employees may elect to defer a portion of their compensation to a retirement plan established under Section 401(k) of the Internal Revenue Code. The Organization has elected to make no employer contributions to the plan during the years presented.

HIS BRANCHES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023
(Continued)

NOTE 8 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures.

At June 30, the following financial assets that have been earned, can be made available within one year of the statement of financial position date to meet general expenditures:

	2023	2022
Cash and Cash Equivalents	$ 73,831	$ 311,709
Grants Receivable	268,439	102,115
Patient Revenue Receivable, Net	101,851	49,974
	$ 444,121	$ 463,798

NOTE 9 - DONATED GOODS AND SERVICES

Contributed goods and services are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. Donated goods consists of vaccines and medical supplies. In-kind contributions amounted to $164,293 and $22,745 for the years ended June 30, 2023 and 2022, respectively.

The Organization received the following gifts-in-kind for the years ended June 30:

	2023	2022
Equipment	$ 139,210	$ -
Vaccines	24,123	19,249
Medical Supplies	960	3,496
	$ 164,293	$ 22,745

The Organization’s policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

NOTE 9 - DONATED GOODS AND SERVICES (Continued)

The Organization received various medical and IT equipment with an estimated fair market value of $139,810 for the year ended June 30, 2023.

Vaccines and medical supplies are valued at the current cost per unit using the vendor or CDC's website.

NOTE 10 - INTANGIBLE ASSET

During the year ended June 30, 2023, the Organization purchased the business operations of a retiring physician for $65,000. The related costs are capitalized on the statement of financial position as an intangible asset and will be amortized over 10 years.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 21, 2023, which is the date the statements were available for issuance.