

THE CATOCTIN FOUNDATION, INC.
DBA:
LOUDOUN FREE CLINIC

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

THE CATOCTIN FOUNDATION, INC.
DBA:
LOUDOUN FREE CLINIC

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

4443 Brookfield Corporate Drive, Suite 110
Chantilly, VA 20151

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Catoctin Foundation, Inc.
DBA: Loudoun Free Clinic

We have audited the accompanying financial statements of The Catoctin Foundation, Inc., DBA: Loudoun Free Clinic (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 The Catoctin Foundation, Inc., DBA: Loudoun Free Clinic as of June 30, 2025, and the changes in its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Catoctin Foundation, Inc., DBA: Loudoun Free Clinic 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 these 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 aggregate, that raise substantial doubt about The Catoctin Foundation, Inc., DBA: Loudoun Free Clinic's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

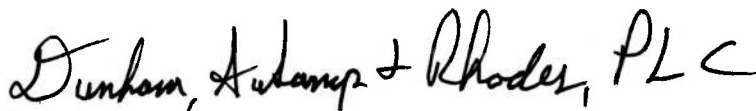
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 of the effectiveness of The Catoctin Foundation, Inc., DBA: Loudoun Free Clinic's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Catoctin Foundation, Inc., DBA: Loudoun Free Clinic's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance, 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.



Certified Public Accountants
Chantilly, Virginia

December 3, 2025

THE CATOCTIN FOUNDATION, INC.

DBA:

LOUDOUN FREE CLINIC

STATEMENT OF FINANCIAL POSITION

June 30, 2025

ASSETS

Current Assets

Cash and cash equivalents	\$ 517,880
Investments	419,747
Contracts and grants receivable	95,998
Accrued interest income	9,729
Prepaid expenses	9,104
Total Current Assets	<u>1,052,458</u>

Property and Equipment

Office and medical equipment	192,571
Leasehold improvements	341,517
Less: Accumulated depreciation and amortization	<u>(280,042)</u>
Total Property and Equipment	<u>254,046</u>

Other Assets

Right of use asset	<u>661</u>
Total Other Assets	<u>661</u>

Total Assets	<u><u>\$ 1,307,165</u></u>
--------------	----------------------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 16,805
Accrued payroll liability	21,379
Accrued leave	32,622
Revenue deferral	3,268
Lease liability, current portion	<u>719</u>
Total Current Liabilities	<u>74,793</u>

Net Assets

Without donor restrictions	1,191,386
With donor restrictions	<u>40,986</u>
Total Net Assets	<u>1,232,372</u>

Total Liabilities and Net Assets	<u><u>\$ 1,307,165</u></u>
----------------------------------	----------------------------

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

THE CATOCTIN FOUNDATION, INC.

DBA:

LOUDOUN FREE CLINIC

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributed goods and services	\$ 2,331,110	\$ -	\$ 2,331,110
Grants and contributions	555,444	71,600	627,044
Contracts	448,078	-	448,078
Interest income	36,297	-	36,297
Gala event, net of expenses of \$37,247	33,596	-	33,596
Loss on disposal of equipment	(45)	-	(45)
Net assets released from restriction:			
Satisfaction of grant restriction	61,681	(61,681)	-
	<u>3,466,161</u>	<u>9,919</u>	<u>3,476,080</u>
Total Revenues and Support			
Expenses			
Program services	2,994,744	-	2,994,744
Management and general	283,371	-	283,371
Fundraising	114,540	-	114,540
	<u>3,392,655</u>	<u>-</u>	<u>3,392,655</u>
Total Expenses			
Change in Net Assets	73,506	9,919	83,425
Net Assets at Beginning of Year	<u>1,117,880</u>	<u>31,067</u>	<u>1,148,947</u>
Net Assets at End of Year	<u>\$ 1,191,386</u>	<u>\$ 40,986</u>	<u>\$ 1,232,372</u>

THE CATOCTIN FOUNDATION, INC.

DBA:

LOUDOUN FREE CLINIC

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total
Medical services	\$ 2,036,816	\$ -	\$ -	\$ -	\$ 2,036,816
Salaries and benefits	606,558	170,033	76,006	246,039	852,597
Rent	229,667	18,694	18,693	37,387	267,054
Consultants	19,245	25,928	8,510	34,438	53,683
Depreciation and amortization	26,992	13,904	-	13,904	40,896
VAFC management fee	-	19,997	-	19,997	19,997
Equipment	14,871	-	-	-	14,871
Development expense	3,831	2,554	6,384	8,938	12,769
Books and subscriptions	10,588	-	-	-	10,588
Board of directors	-	10,396	-	10,396	10,396
Insurance	10,069	-	-	-	10,069
Pharmaceutical expense	7,489	-	-	-	7,489
Accounting	-	7,475	-	7,475	7,475
Recruiting	7,203	-	-	-	7,203
Medical /Clinical Expenses	6,404	-	-	-	6,404
Outreach	5,858	-	-	-	5,858
Miscellaneous	-	5,183	-	5,183	5,183
Fundraising	-	-	4,902	4,902	4,902
Office supplies and equipment	2,967	989	-	989	3,956
Payroll processing	-	3,418	-	3,418	3,418
Travel and meetings	-	2,101	-	2,101	2,101
Translation	1,815	-	-	-	1,815
Volunteer	-	1,643	-	1,643	1,643
Printing	1,453	-	-	-	1,453
Taxes and licenses	1,385	-	-	-	1,385
Membership	1,020	-	-	-	1,020
Business expenses	-	741	-	741	741
Postage	265	265	-	265	530
Staff development	248	50	45	95	343
Total Expenses	<u>\$ 2,994,744</u>	<u>\$ 283,371</u>	<u>\$ 114,540</u>	<u>\$ 397,911</u>	<u>\$ 3,392,655</u>

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

THE CATOCTIN FOUNDATION, INC.

DBA:

LOUDOUN FREE CLINIC

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2025

Cash Flows from Operating Activities	
Change in net assets	\$ 83,425
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	40,896
Loss on disposal of equipment	45
Changes in operating assets and liabilities:	
Increase in contributions receivable	(12,859)
Increase in accrued interest income	(9,729)
Decrease in prepaid expenses	11,308
Decrease in right of use assets	2,644
Decrease in accounts payable	(1,757)
Increase in accrued payroll liability	7,929
Increase in accrued leave	2,156
Decrease in revenue deferral	(4,982)
Decrease in lease liability	(2,849)
	<hr/>
Net cash provided by operating activities	116,227
	<hr/>
Cash Flows from Investing Activities	
Purchase of equipment	(6,561)
Purchases of investments	(419,747)
	<hr/>
Net cash used in investing activities	(426,308)
	<hr/>
Change in cash and cash equivalents	(310,081)
	<hr/>
Cash and cash equivalents, beginning of year	827,961
	<hr/>
Cash and cash equivalents, end of year	\$ 517,880
	<hr/> <hr/>

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

THE CATOCTIN FOUNDATION, INC.
DBA:
LOUDOUN FREE CLINIC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Significant Accounting Policies

The Catoctin Foundation, Inc., DBA: Loudoun Free Clinic (Clinic) was incorporated under the laws of the Commonwealth of Virginia on May 5, 1998. The Clinic operates to provide healthcare services to the uninsured and low income residents of Loudoun County. The Clinic's primary sources of funds are from contributions from the local hospital, state and local governments, foundations, corporations and individuals.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

- a) **Basis of Accounting** – The Clinic prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.
- b) **Basis of Presentation** – The Clinic is required to report information regarding its financial position and activities according to two classes of net assets as follows:
 - **Without Donor Restrictions** – represents resources which have met applicable award restrictions and/or resources generated by sources other than from the award.
 - **With Donor Restrictions** – represents resources recognized as restricted support until such a time when all associated restrictions have been met or contains a stipulation that permanently restricted the use of such funds but allows earnings from the funds to be used in a certain manner prescribed by the donor. As of June 30, 2025, the Clinic had \$40,986 in net assets with donor restrictions.
- c) **Revenue and Support Recognition** – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Clinic reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are to be reclassified to net assets without donor restrictions and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.
- d) **Cash and Cash Equivalents** – The Clinic considers substantially all highly liquid investments purchased with a maturity of three months or less and certificates of deposit to be cash equivalents.

THE CATOCTIN FOUNDATION, INC.
DBA:
LOUDOUN FREE CLINIC

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 1 – Organization and Significant Accounting Policies (Continued)

- e) Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- f) Contracts and Grants Receivable – The Clinic contracts with state and local governments, and solicits pledges and grants from individuals, corporations, foundations, local businesses and state governmental entities. Given the nature of the underlying funding documents, the Clinic's current contracts and grants are accounted for as conditional promises-to-give where by revenue is recognized as the contract or grant conditions are met and/or as allowable costs are incurred. Depending upon the funding status as of the end of the reporting period, the clinic may reflect a contract or grant receivable or deferred revenue based upon an analysis of cost incurred to draws received and the continued availability of the funding.

Due to the nature of the contracts and grants, and given the amount that is expected to be collected by the Clinic, as of June 30, 2025, contracts and grants receivable are reported net of a reserve for credit losses of \$-0-.

- g) Property and Equipment – Office furniture and equipment and leasehold improvements are recorded at cost for purchased items with an initial cost exceeding \$1,000 and market value at the date of gift for donated items. Expenditures for maintenance and repairs are charged against income as incurred; betterments, which increase the value or materially extend the life of the related assets, are capitalized.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. Depreciation and amortization expense for the year ended June 30, 2025 was \$40,896. The estimated useful life of property and equipment and leasehold improvements ranges from 3 to 10 years.

- h) Donated Goods – Donated materials, equipment and other assets are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of the gift.
- i) Income Tax – The Clinic has been granted tax exempt status under the Internal Revenue Code Section 501(c)(3) on all income other than unrelated business income. Accordingly, no provision for income tax has been provided in the accompanying financial statements. The Clinic has been classified as an organization that is not a private foundation.
- j) Concentration of Credit and Market Risk – The Clinic occasionally maintains deposits in excess of federally insured limits. These items are identified as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. The Clinic has not experienced any losses in such accounts. The Clinic's investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is made up of U.S. Treasury Bills.

THE CATOCTIN FOUNDATION, INC.
DBA:
LOUDOUN FREE CLINIC

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 1 – Organization and Significant Accounting Policies (Continued)

- k) Uncertain Tax Positions – As of June 30, 2025, the Clinic has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended June 30, 2022 through 2024.
- l) Advertising Costs – Advertising costs are expensed when incurred.

NOTE 2 – Investments and Fair Value Measurements

Net investment income consists of the following for the year ended June 30, 2025:

Interest income	<u>\$36,297</u>
-----------------	-----------------

The Clinic applies Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Clinic believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended June 30, 2025.

The underlying investments in treasury bills are exposed to various risks, such as interest rate and credit risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and the statement of activities.

THE CATOCTIN FOUNDATION, INC.
DBA:
LOUDOUN FREE CLINIC

NOTES TO FINANCIAL STATEMENTS
(Continued)

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Clinic's financial statements at fair value as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Bills	<u>\$419,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$419,747</u>

NOTE 3 – SIMPLE IRA Retirement Plan

The Clinic sponsors a SIMPLE IRA retirement plan in accordance with section 408(p) of the Internal Revenue Code. The Clinic may make elective matching contributions of up to 3% of compensation for the calendar year to the SIMPLE IRA. For the fiscal year ending June 30, 2025, the Clinic made contributions totaling \$18,243.

NOTE 4 – Contributed Goods and Services

Contributed services are reported in the financial statements for voluntary donations of services when those services: (1) Create or enhance non-financial assets; or (2) Require specialized skills provided by individuals possessing those skills and are services that would be typically purchased if not provided by donation. For the year ended June 30, 2025, \$59,739 of contributed services was recorded, which represents 512 hours contributed by licensed doctors and healthcare professionals.

For the year ended June 30, 2025, the Clinic was able to obtain free radiology and lab services from various professional organizations in the amount of \$1,977,077.

For the year ended June 30, 2025, the Clinic received \$2,107 in fundraising supplies, office supplies, and prescriptions from donors.

For the Clinic's annual GALA event for the year ended June 30, 2025, the Clinic received \$25,133 in services and items that were auctioned off.

NOTE 5 – Donated Supplies

The pharmaceutical suppliers for the Clinic donated pharmaceuticals to be used in the Prescription Assistance Program in the approximate amount of \$1,819,156. This value was determined by estimating what the cost to the Clinic would have been if it had purchased the inventory. Since the Clinic merely acts as an agent for the pharmaceutical companies by passing the medication through to its intended beneficiaries, the donation, distribution and resulting inventories of the pharmaceuticals are not reflected in these financial statements.

NOTE 6 – Functional Allocation of Expenses

The Clinic's operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenditures that require allocation are allocated on either a personnel-cost or square-footage basis, whichever is more reasonable for the expenditure.

THE CATOCTIN FOUNDATION, INC.
DBA:
LOUDOUN FREE CLINIC

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 7 – Right-of-Use Asset

Right-of-use asset activity for the year ended June 30, 2025, was as follows:

	Balance @ July 1, 2024	Increases	Decreases	Balance @ June 30, 2025
Right-of-use asset being amortized				
Leased Equipment	\$8,586	\$ -	\$ -	\$8,586
Less Accumulated Amortization for:				
Leased Equipment	5,281	2,644	-	7,925
Right-of-Use Asset, Net	<u>\$3,305</u>	<u>\$(2,644)</u>	<u>\$ -</u>	<u>\$ 661</u>

NOTE 8 – Lease Commitments

The Clinic leases clinic and office space from Inova Health Care Services at no cost through a five year operating lease which expires in December 2025. \$267,054 has been recognized as an in-kind contribution and rent expense for the estimated fair market value of the leased space for the year ended June 30, 2025.

The Clinic has an operating lease for the clinic's copier that expires in September 2025. The lease requires a monthly payment of \$249. Copier lease expense for the year ended June 30, 2025 was \$2,861.

Future minimum lease payments for the Clinic's lease are due as follows:

Fiscal year ending June 30,	
2026	\$748
Total undiscounted cash flows	748
Less: Present value discount	(29)
Total lease liabilities	<u>\$719</u>

The components of lease expense were as follows for the year ended June 30, 2025:

Operating lease expense	<u>\$2,861</u>
-------------------------	----------------

The lease term and discount rate used as of June 30, 2025, were as follows:

Remaining lease term in years	0.25
Discount rate	4.0%

NOTE 9 – Economic Dependency

The Clinic receives support from Inova Loudoun Hospital, both financially and through an in-kind lease of the Clinic's operating and office space. Total support for the fiscal year ended June 30, 2025, was \$522,054. Any interruption in this level of support would have an effect on the Clinic's programs and activities.

THE CATOCTIN FOUNDATION, INC.
DBA:
LOUDOUN FREE CLINIC

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions include donor restricted funds which are available for various purposes. As of June 30, 2025, net assets with donor restrictions are available for the following activities:

Northern Virginia Health Foundation	\$25,217
100 Women Strong	<u>15,769</u>
Total Net Assets with Donor Restrictions	<u>\$40,986</u>

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

100 Women Strong	\$25,029
Northern Virginia Health Foundation	21,383
Claude Moore Foundation	9,000
Kaiser	<u>6,269</u>
Total Net Assets with Donor Restrictions	<u>\$61,681</u>

NOTE 11 – Liquidity and Availability of Financial Assets

The Clinic has \$1,002,368 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year. The Clinic monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Clinic has a goal to maintain financial assets on hand to meet 180 days of normal operating expenses, not including contributed medical services and rent. On average, 180 days of normal operating expenses are approximately \$524,000. The Clinic has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

Cash and cash equivalents	\$ 517,880
Investments	419,747
Contracts and grants receivable	95,998
Accrued interest income	9,729
Less: net assets with donor restriction	<u>(40,986)</u>
Net assets available within one year	<u>\$1,002,368</u>

NOTE 12 – Evaluation of Subsequent Events

In August 2025, the Clinic signed a five-year operating lease agreement for a new copier. The lease requires monthly payments of \$336 and expires in August 2030.

The Clinic's management has evaluated subsequent events through December 3, 2025, the date which the financial statements were available to be issued.