

VENICE FAMILY CLINIC

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

VENICE FAMILY CLINIC

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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VENICE FAMILY CLINIC

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Venice Family Clinic

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Venice Family Clinic and affiliate (collectively the Clinic), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Clinic as of June 30, 2019, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Clinic's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 8, 2018. In our opinion, the summarized comparative consolidated information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

To the Board of Directors
Venice Family Clinic

Other Matters - Supplementary Schedules

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and activities, consolidated Schedule of Expenditures of Federal and Nonfederal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The child development program supplementary information is presented for purposes of additional analysis in conformity with the *CDE Audit Guide* issued by the California Department of Education and is not a required part of the basic 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 supplementary schedules are 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 December 14, 2019 on our consideration of the Clinic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Clinic's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

December 14, 2019
Los Angeles, California

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2019

With Summarized Totals at June 30, 2018

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 10,618,030	\$ 8,672,704
Short-Term Investments	7,235,625	6,807,724
Net Patient Services Accounts Receivable	3,547,212	4,372,326
Government Grants	1,279,419	1,235,676
Grants and Contributions Receivable - Short-Term (Net)	1,480,042	2,567,591
Other Receivables	200,714	175,202
Pharmaceutical Inventories	286,904	257,473
Prepaid Expenses and Other Assets	228,841	197,374
TOTAL CURRENT ASSETS	24,876,787	24,286,070
OTHER ASSETS:		
Long-Term Investments (Endowments)	5,918,387	6,134,964
Net Patient Services Accounts Receivable - Long-Term	494,662	339,509
Grants and Contributions Receivable - Long-Term (Net)	2,078,138	1,847,608
Beneficial Interest in Charitable Remainder Trusts	151,354	185,318
Property and Equipment (Net)	7,654,921	8,057,856
TOTAL OTHER ASSETS	16,297,462	16,565,255
TOTAL ASSETS	\$ 41,174,249	\$ 40,851,325
LIABILITIES AND NET ASSETS		
CURRENT LIABILITY:		
Accounts Payable and Accrued Expenses	\$ 921,000	\$ 1,101,514
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without Donor Restrictions	27,591,014	26,288,121
With Donor Restrictions	12,662,235	13,461,690
TOTAL NET ASSETS	40,253,249	39,749,811
TOTAL LIABILITIES AND NET ASSETS	\$ 41,174,249	\$ 40,851,325

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

With Summarized Totals for the Year Ended June 30, 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE:				
OPERATING REVENUE AND SUPPORT:				
Net Patient Service Revenues	\$ 31,521,106	\$ -	\$ 31,521,106	\$ 30,426,379
Government Support	10,551,222	-	10,551,222	10,160,949
Private and Community Support	1,686,018	3,846,299	5,532,317	5,371,219
Special Events (Net of Direct Donor Benefit of \$758,140)	1,892,140	-	1,892,140	1,772,695
TOTAL OPERATING REVENUE AND SUPPORT	45,650,486	3,846,299	49,496,785	47,731,242
OTHER REVENUE:				
Investment Return (Net)	170,211	180,189	350,400	633,113
Loss on Disposal of Property and Equipment	-	-	-	(94,705)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	(33,964)	(33,964)	(43,657)
Net Assets Released from Restrictions	4,748,509	(4,748,509)	-	-
TOTAL OTHER REVENUE	4,918,720	(4,602,284)	316,436	494,751
TOTAL REVENUE	50,569,206	(755,985)	49,813,221	48,225,993
EXPENSES:				
Program Services:				
Health Care	32,819,063	-	32,819,063	28,953,057
Children First Program	3,071,416	-	3,071,416	2,924,738
Education and Outreach	1,994,851	-	1,994,851	1,804,228
Common Ground	3,221,923	-	3,221,923	3,369,697
TOTAL PROGRAM SERVICES	41,107,253	-	41,107,253	37,051,720
Supporting Services:				
Management and General	5,882,639	-	5,882,639	5,064,833
Fundraising	2,294,720	-	2,294,720	2,126,121
TOTAL SUPPORTING SERVICES	8,177,359	-	8,177,359	7,190,954
TOTAL EXPENSES	49,284,612	-	49,284,612	44,242,674
IN-KIND CONTRIBUTIONS:				
Revenue	5,096,648	33,465	5,130,113	4,938,123
Net Assets Released from Restrictions	58,636	(58,636)	-	-
TOTAL IN-KIND CONTRIBUTIONS	5,155,284	(25,171)	5,130,113	4,938,123
EXPENSES (IN-KIND):				
Program Services:				
In-Kind Laboratory and X-Ray Services	2,846,116	-	2,846,116	2,558,967
Physician and Other Clinical Volunteers	1,685,190	-	1,685,190	1,736,887
Children First Program Volunteer	23,532	-	23,532	33,444
In-Kind Pharmaceutical and Laboratory Supplies	58,636	-	58,636	180,244
Other In-Kind Supplies and Services	211,334	-	211,334	208,728
In-Kind Insurance	330,476	-	330,476	278,233
TOTAL EXPENSES (IN-KIND)	5,155,284	-	5,155,284	4,996,503
NET IN-KIND CONTRIBUTIONS	-	(25,171)	(25,171)	(58,380)
Surplus (Deficit) Before Net Assets Released for Capital Expenditure	1,284,594	(781,156)	503,438	3,924,939
Net Assets Released for Capital Expenditure	18,299	(18,299)	-	-
CHANGE IN NET ASSETS	1,302,893	(799,455)	503,438	3,924,939
Net Assets - Beginning of Year	26,288,121	13,461,690	39,749,811	35,824,872
NET ASSETS - END OF YEAR	\$ 27,591,014	\$ 12,662,235	\$ 40,253,249	\$ 39,749,811

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

With Summarized Totals for the Year Ended June 30, 2018

	2019									
	Health Care	Children First Program	Education and Outreach	Common Ground	Total Program	Management and General	Fundraising	Total Supporting Services	Total	2018 Total
Salaries	\$ 18,322,711	\$ 1,536,437	\$ 1,210,790	\$ 733,735	\$ 21,803,673	\$ 2,834,653	\$ 1,314,049	\$ 4,148,702	\$ 25,952,375	\$ 23,665,436
Employee Benefits	7,803,476	709,182	551,066	339,231	9,402,955	922,531	512,300	1,434,831	10,837,786	10,160,145
TOTAL PERSONNEL COSTS	26,126,187	2,245,619	1,761,856	1,072,966	31,206,628	3,757,184	1,826,349	5,583,533	36,790,161	33,825,581
Building - Maintenance	383,875	38,352	25,419	23,514	471,160	48,546	11,166	59,712	530,872	431,305
Building - Other	348,097	35,800	23,408	42,067	449,372	46,597	7,339	53,936	503,308	366,095
Building - Rent	416,258	66,727	-	-	482,985	190,890	-	190,890	673,875	570,720
Child Care	-	131,395	30	-	131,425	-	-	-	131,425	171,484
Equipment	130,036	9,884	-	10,439	150,359	107,661	15,212	122,873	273,232	216,418
Insurance	274,840	29,468	14,705	14,408	333,421	56,436	38,145	94,581	428,002	372,376
Interest	-	-	-	-	-	8,254	-	8,254	8,254	6,569
Laboratory and X-Ray Services	30,586	-	-	13,641	44,227	-	-	-	44,227	16,496
Licenses, Fees and Dues	172,385	6,191	1,590	1,059	181,225	399,955	110,480	510,435	691,660	592,579
Medical Supplies and Medical Waste Removal	422,184	-	150	19,114	441,448	2,553	-	2,553	444,001	507,251
Miscellaneous	17,876	3,993	12,087	10,521	44,477	100,403	16,362	116,765	161,242	91,153
Office Supplies	55,579	15,649	7,579	8,832	87,639	78,557	5,919	84,476	172,115	292,305
Participant Supplies/Activities/Incentives	156,548	42,280	34,613	37,138	270,579	30	-	30	270,609	188,192
Pharmaceutical and Pharmacy Supplies	1,866,669	-	430	1,851,262	3,718,361	-	-	-	3,718,361	3,341,041
Postage, Printing and Subscriptions	19,552	22,382	4,936	387	47,257	7,952	32,101	40,053	87,310	84,185
Professional and Contractual Fees	551,991	138,634	16,749	27,360	734,734	703,786	81,615	785,401	1,520,135	1,202,410
Repairs and Maintenance	41,736	64,454	726	66	106,982	28,183	-	28,183	135,165	51,523
Technology Expenses	757,830	54,630	20,768	22,990	856,218	152,683	104,854	257,537	1,113,755	520,976
Telephone	300,003	30,512	14,200	3,640	348,355	40,862	4,454	45,316	393,671	247,275
Transportation of Patients/Clients	28,382	1,803	-	8,107	38,292	-	-	-	38,292	31,937
Travel, Training and Workshops	86,476	77,808	26,954	22,460	213,698	62,795	4,082	66,877	280,575	260,082
TOTAL BEFORE DEPRECIATION AND AMORTIZATION	32,187,090	3,015,581	1,966,200	3,189,971	40,358,842	5,793,327	2,258,078	8,051,405	48,410,247	43,387,953
Depreciation and Amortization	631,973	55,835	28,651	31,952	748,411	89,312	36,642	125,954	874,365	854,721
TOTAL FUNCTIONAL EXPENSES, EXCLUDING IN-KIND	32,819,063	3,071,416	1,994,851	3,221,923	41,107,253	5,882,639	2,294,720	8,177,359	49,284,612	44,242,674
In-Kind Expenses	4,920,418	234,866	-	-	5,155,284	-	-	-	5,155,284	4,996,503
TOTAL FUNCTIONAL EXPENSES	<u>\$ 37,739,481</u>	<u>\$ 3,306,282</u>	<u>\$ 1,994,851</u>	<u>\$ 3,221,923</u>	<u>\$ 46,262,537</u>	<u>\$ 5,882,639</u>	<u>\$ 2,294,720</u>	<u>\$ 8,177,359</u>	<u>\$ 54,439,896</u>	<u>\$ 49,239,177</u>
	69%	6%	4%	6%	85%	11%	4%	15%	100%	

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

With Summarized Totals for the Year Ended June 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 503,438	\$ 3,924,939
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	874,365	854,721
Loss on Disposal of Property and Equipment	-	94,705
Realized and Unrealized Gains on Investments (Net)	(190,391)	(507,208)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	33,964	43,657
Contributions to Endowment Funds	(50,000)	(50,000)
Contributions for Long-Term Purposes	(7,000)	(10,000)
Changes in Operating Assets and Liabilities:		
Net Patient Service Accounts Receivable	669,961	4,731,792
Government Grants	(43,743)	(586,071)
Grants and Contributions Receivable	857,019	1,836,894
Other Receivables	(25,512)	96,393
Pharmaceutical Inventories	(29,431)	38,212
Prepaid Expenses and Other Assets	(31,467)	(63,498)
Accounts Payable and Accrued Expenses	(180,514)	(109,181)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,380,689	10,295,355
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(471,430)	(494,473)
Purchase of Investments	(451,698)	(3,479,318)
Net Proceeds from Sale of Investments	430,765	581,637
NET CASH USED IN INVESTING ACTIVITIES	(492,363)	(3,392,154)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on Line of Credit	-	(250,000)
Contributions to Endowment Funds	50,000	50,000
Contributions for Long-Term Purposes	7,000	10,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	57,000	(190,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,945,326	6,713,201
Cash and Cash Equivalents - Beginning of Year	8,672,704	1,959,503
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 10,618,030	\$ 8,672,704
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid during the Year for Interest	\$ 8,254	\$ 6,569
Cash Paid during the Year for Taxes	\$ 3,796	\$ -

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 1 - NATURE OF OPERATIONS

Venice Family Clinic (VFC) is a private, nonprofit, community-based clinic founded in 1970 to meet the health care needs of the low-income residents of Venice, California and the surrounding community. VFC's mission is to "provide quality primary health care to people in need."

The consolidated financial statements include the accounts of VFC and the Venice Family Clinic Foundation (the Foundation), collectively, the Clinic.

VFC serves as a medical home, providing coordinated and comprehensive primary care, specialty care, and enabling services for low-income, uninsured, and homeless families and individuals. It serves everyone from infants, children, and teens to adults and seniors. VFC offers a variety of services including: medical primary and specialty care, dental, integrative medicine, vision services, pharmacy, and behavioral health. VFC also provides treatment and counseling services to HIV patients through its Common Ground program. VFC provides health care on six days and four evenings per week. VFC's primary service area includes Venice, Santa Monica, Palms, Mar Vista, Inglewood, Culver City and West Los Angeles, all in Los Angeles County.

VFC trains medical residents from eleven residency programs. Approximately 1,898 people volunteered in fiscal year 2019 (unaudited), including approximately 406 physicians (unaudited). The Clinic estimates that it received 58,318 (unaudited) total volunteer hours, including 4,032 (unaudited) general and administrative volunteer hours; such general and administrative hours are not represented in the financial statements in accordance with accounting principles generally accepted in the United States of America.

VFC has an Early Head Start grant (The Children First Program). The Early Head Start grant is contingent upon the availability of federal funds and satisfactory performance under the terms and conditions of the Head Start grant in the current budget period. The goals of the program are to strengthen the development of the child and promote the social and economic self-sufficiency of the family.

The Foundation's specific purpose is to support the mission of the Clinic, to provide quality primary health care to people in need.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The consolidated financial statements are presented utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

All significant intercompany transactions between VFC and the Foundation have been eliminated in consolidation.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on 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-imposed (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 (Refer to Note 10).

(c) CASH AND CASH EQUIVALENTS

For consolidated financial statement purposes, the Clinic considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Highly liquid financial instruments held in the Regent's Short-Term Investment Pool (Regent's STIP) are excluded from cash and cash equivalents.

The carrying value of cash equivalents approximates its fair value at June 30, 2019.

(d) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at fair value, based on quoted market prices, in the statement of financial position. Investments in the Endowed Investment Pool (EIP) are valued based on an estimate using the net asset value per share of the investments. The current carrying value of investments in the Regent's STIP approximates fair value. Changes in unrealized gains and losses resulting from changes in fair value are reflected in the statement of activities. Investments received through gifts are recorded at estimated fair value at the date of donation.

Dividend and interest income are accrued when earned. Dividend and interest income earned from investments in all net asset classifications is allocated based on the individual investment asset as a percentage of total investment assets. Income from investments required to be held in perpetuity is recorded as with donor restrictions, except where the instructions of the donor specify otherwise.

Investments in the EIP comprise funds held for endowments and are classified as long-term investments. Other investments, exclusive of cash equivalents, represent highly liquid funds available to be used in current operations and are classified as short-term investments.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) NET PATIENT SERVICE ACCOUNTS RECEIVABLE, GOVERNMENT GRANTS AND OTHER RECEIVABLES

Receivables are recorded when billed or accrued and represent claims against third-parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2019, the Clinic has established an allowance for uncollectible net patient service accounts receivable in the amount of \$87,933.

(f) GRANTS AND CONTRIBUTIONS RECEIVABLE

Unconditional contributions, including grants recorded at estimated fair value, are recognized as revenues when the grant is received. The Clinic reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. The Clinic evaluated the collectability of contributions and grants receivable at June 30, 2019. At June 30, 2019, the Clinic has established an allowance for uncollectible accounts receivable in the amount of \$25,000.

(g) PHARMACEUTICAL INVENTORIES

Purchased inventories are stated at the lower of cost or market value. Donated inventories are stated at acquisition prices at the date of contribution. Acquisition prices are based on the federal 340B Drug Pricing Program which provides access to reduced price prescription drugs to eligible Federally Qualified Health Center (FQHC) entities such as the Clinic.

(h) BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Clinic has been designated as the beneficiary of assets held in charitable remainder trusts administered by other trustees. The Clinic recognizes temporarily restricted contribution revenue and a receivable which represents the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the receivable to reflect the revaluation of the present value of the estimated future payments to the lifetime beneficiaries are recognized in the statement of activities as a change in value of beneficial interest in charitable remainder trusts.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost at the date of acquisition if purchased or at estimated fair value at the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Building and Improvements	30 Years
Leasehold Improvements	Shorter of Initial Lease Period or Useful Life of Asset
Furniture and Equipment, including Software	5 Years

Expenditures for repairs and maintenance are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year.

(j) LONG-LIVED ASSETS

The Clinic evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated realizable value.

(k) ELECTRONIC HEALTH RECORDS INCENTIVE PROGRAM

The American Recovery and Reinvestment Act of 2009 established the Electronic Health Records (EHR) Incentive Program for Medicaid and Medicare providers. The Program provides incentive payments to providers within the eligible health centers that demonstrate meaningful use of certified EHR technology. In April 2018, the Program was renamed to the Promoting Interoperability Program as part of the new phase of EHR measurement with an increased focus on interoperability and improving patient access to health information. Payments under the Program are based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services, and are contingent on the health center continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Clinic recognizes revenue starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

In 2019, the Clinic completed the fifth-year requirements under the Program and has recorded revenue of \$284,750, which is included in net patient service revenues in the consolidated statement of activities.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) NET PATIENT SERVICE REVENUES

VFC provides primary care services to patients covered under Medi-Cal and Medicare fee for service and managed care programs. Under these programs, VFC is reimbursed a fixed rate per visit regardless of the Medi-Cal services provided to the member. As a Federally Qualified Health Center (FQHC) under the Medi-Cal managed care program, VFC is paid at a negotiated fixed fee on a per-member-per-month basis and is entitled to additional reimbursements through a per claim wrap around rate and a reconciliation of the differences between the total of the capitation, third-party reimbursement and wrap around payments, and its all-inclusive Medi-Cal rate per visit paid by the State. The final reconciliation settlement is determined by the California Department of Health Care Services after submission of annual reconciliation reports and audits thereof by the State Financial Audits Branch. VFC's Medi-Cal Managed Care reconciliation reports have been audited and finalized through fiscal year 2016.

In 2000, the Medicare, Medicaid and State Children's Health Insurance Program Benefits Improvement and Protection Act (BIPA) was passed. This legislation included a provision establishing a minimum Medicaid per-visit rate for each FQHC using a Prospective Payment System (PPS) methodology. Annually, thereafter, the per-visit rate is adjusted using the Medicare Economic Index (MEI) for primary care and any change in scope of services.

BIPA also repeals the phase-out and elimination of the reasonable cost-based reimbursement methodology system under the Balanced Budget Act of 1997 as amended by the Balanced Budget Refinement Act of 1999. Under BIPA, however, states may select an alternative payment methodology as long as the methodology reimburses FQHCs at least what they would receive under PPS and is agreed to by the FQHC. With the approval of California State Plan Amendment (SPA) No. 01-010, effective January 1, 2001, the State has chosen to implement an optional alternative payment methodology and has established base rates (on a per-visit basis) using as-reported cost-based rates for fiscal year 2000, updated to reflect increases in the MEI.

Patient-related revenues are recognized at the date of service. Patient service revenues, net of contractual allowances and discounts, recognized from third-party payers and patients for the year ended June 30, 2019 amounted to \$31,521,106.

(m) CHARITY CARE

The Clinic defines "charity care" as services rendered for which the patient shall not be held liable. The Clinic is committed to providing quality health care for certain members of its community, including the poor and underserved who cannot afford health insurance, copays and deductibles. During the year ended June 30, 2019, the Clinic provided charity care of \$6,218,375 to its patients, which has been calculated as the difference between total health care costs less net patient service revenues.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **June 30, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) CONTRACT, GRANT AND CONTRIBUTION REVENUE RECOGNITION

Revenue from cost-reimbursable grants and contracts is recorded to the extent of expenses incurred applicable to the grant or contract. Any difference between expenses incurred and the total funds received (not to exceed the grant or contract maximum) is recorded as a receivable or an advance, whichever is applicable. Revenues from other grants are recognized on an accrual basis as earned according to the provisions of the grant.

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues when the pledge is received. Contributions received with donor stipulations limiting the use of the donated assets are reported as restricted support. Conditional promises to give are not included as support until such time as the conditions are substantially met. There were no conditional grants at year end.

(o) IN-KIND CONTRIBUTIONS

In-kind contributions are recorded at their estimated fair market value at the time services are pledged or rendered or when goods are received. They include donations of laboratory and diagnostic services provided primarily by hospitals and laboratory service providers, time donated by physicians and other health care volunteers, drugs for clinical activities and donations of goods and services in connection with the operations of the Clinic.

(p) INCOME TAXES

VFC and the Foundation are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

The Clinic has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Clinic's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

(q) CONCENTRATIONS

The Clinic maintains its cash and cash equivalents with high credit, high quality financial institutions in bank deposit and money market accounts which, at times, may exceed federally insured limits. The Clinic has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Clinic received approximately 88% of its net patient service revenues from providing services to Medi-Cal patients during the year ended June 30, 2019. Reimbursement for such services is currently based on PPS rates with final settlement after submission of annual reconciliation reports to the state.

A portion of the Clinic's annual funding, \$10,551,222 or approximately 21%, of total operating revenues is derived from grant agreements with federal and nonfederal government agencies during the year ended June 30, 2019. The Clinic has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Clinic's ability to finance ongoing operations.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) CONCENTRATIONS (continued)

Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated statement of financial position.

The Clinic holds significant investments in the form of short-term and long-term investment pools held by the UCLA Foundation. Credit risk is the failure of another party to perform in accordance with the contract terms. The Clinic is exposed to credit risk for the amount of the investments. The Clinic has never sustained a loss on any investment due to nonperformance and does not anticipate any nonperformance by the holders of the securities.

(r) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Clinic's programs and other activities have been presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit, such as the proportionate number of full-time employees or square footage.

(s) USE OF ESTIMATES

The preparation of 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 reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

(t) COMPARATIVE TOTALS

The consolidated 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 Clinic's consolidated financial statements for the year ended June 30, 2018 from which the summarized information was derived.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. The Clinic has implemented the new financial statement presentation required by this ASU during the year ending June 30, 2019.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For the Clinic, the ASU and subsequent amendments will be effective for the year ending June 30, 2020.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Not-for-Profit Entities (Topic 958), or as exchange (reciprocal) transactions subject to other guidance. For the Clinic, the ASU will be effective for the year ending June 30, 2020.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements providing additional information about the amounts recorded in the financial statements. For the Clinic, the ASU will be effective for the year ending June 30, 2022.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) RECLASSIFICATIONS

Certain reclassifications have been made to the 2018 summarized comparative information to conform to the 2019 financial statement presentation. These reclassifications had no effect on the previously reported change in net assets.

(w) SUBSEQUENT EVENTS

The Clinic has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2019 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 14, 2019, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Clinic has implemented the accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about the Clinic's assets that are measured at fair value on a recurring basis at June 30, 2019 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2019	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV) Per Share or Its Equivalent
Fixed Income Securities	\$ 182	\$ 182	\$ -	\$ -	\$ -
EIP	5,918,387	-	-	-	5,918,387
Regent's STIP	7,235,443	-	-	-	7,235,443
TOTAL INVESTMENTS	13,154,012	182	-	-	13,153,830
Beneficial Interest in Charitable Remainder Trusts	151,354	-	-	151,354	-
TOTAL	\$ 13,305,366	\$ 182	\$ -	\$ 151,354	\$ 13,153,830

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The EIP has a long-term investment horizon and consists principally of equity securities, bonds, mutual funds and alternative investments, which are managed in a unitized investment pool. The alternative instruments include hedge funds, private equity and venture capital. Monthly investment income and realized and unrealized gains and losses are allocated equitably based on the units owned by each participant at the beginning of each month. The fair values of the investments in this category have been estimated using the net asset value (NAV) per share of the investments. At each month end, a fair value unit price is established based on the value of endowed pool assets (end of month) divided by the total number of pool units at the beginning of the month. Investors who wish to purchase units or sell existing units can only do so at month end at the aforementioned fair value price. There are no restrictions on the redemptions of these investments, but the redemption must be approved by the UCLA Foundation board of directors.

The current carrying value of investments in the Regent's STIP approximates fair value and is measured using the NAV method.

The Clinic has a beneficial interest in three trusts and two annuities that have been presented at the net present value using an estimated discount rate and annual yield over the remaining life expectancy of the donors.

The following table summarizes the Clinic's financial assets that are valued using the NAV method.

	Fair Value June 30, 2019	Redemption Frequency	Redemption Notice Period
EIP	\$ 5,918,387	Monthly	10 Days
Regent's STIP	7,235,443	Monthly	N/A

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) consist of the following:

	Beneficial Interest in Charitable Remainder Trusts
Beginning - June 30, 2018	\$ 185,318
Decrease in Fair Value	(33,964)
TOTAL - JUNE 30, 2019	\$ 151,354

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

The following table represents the Clinic's Level 3 financial instruments, the valuation technique used to measure the fair value of the financial instrument, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value June 30, 2019	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial Interest in Charitable Remainder Trusts ^(a)	\$ 151,354	Net Present Value of Expected Cash Flows	N/A	Discount Rates of 2.2%, 2.4% and 4.8%, Donor life expectancies

(a) Beneficial interest in charitable remainder trusts held by the Clinic (see Note 7).

NOTE 4 - INVESTMENTS

The Clinic's investments consisted of the following at June 30, 2019:

Fixed Income Securities	\$ 182
EIP	5,918,387
Regent's STIP	7,235,443
TOTAL	\$ 13,154,012

NOTE 5 - NET PATIENT SERVICES ACCOUNTS RECEIVABLE

The Clinic's net patient services accounts receivable consisted of the following at June 30, 2019:

Net Patient Services Accounts Receivable	\$ 4,041,874
Less: Current Portion	(3,547,212)
LONG-TERM NET PATIENT SERVICES ACCOUNTS RECEIVABLE	\$ 494,662

The net patient services accounts receivables from Medi-Cal include amounts requested from the state through the completion of the Medi-Cal Reconciliation Request Report. As an FQHC, the Clinic is entitled to additional reimbursements through a reconciliation of the differences between its all-inclusive rates per visit against capitation revenues received from health maintenance organizations and third-party reimbursement wrap around payments. At June 30, 2019, the total unpaid net patient service accounts receivable was \$4,041,874.

During the fiscal year ended June 30, 2019, the Clinic decreased the allowance by \$652,368 to \$87,933 for the estimated disallowed portions from future state audits. At June 30, 2019, the total unpaid FQHC settlement receivable was \$1,225,234, of which \$494,662 is expected to be received after June 30, 2020. The settlement is for revenue generated from 2016 through 2019. The state has not yet completed the relevant audits for fiscal years 2017 through 2019.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2019

NOTE 6 - GRANTS AND CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as grants and contributions receivable. Promises to give due in one year or more are recorded after discounting to the present value of the future cash flows at rates ranging from 1.71% to 2.42% at June 30, 2019.

Unconditional promises to give are expected to be realized in the following periods:

Amounts Due:	
In Less Than One Year	\$ 1,489,236
In One to Five Years	2,095,000
In More Than Five Years	<u>100,000</u>
TOTAL CONTRIBUTIONS RECEIVABLE - GROSS	3,684,236
Less: Present Value Discount	(101,056)
Less: Allowance for Doubtful Accounts	<u>(25,000)</u>
TOTAL CONTRIBUTIONS RECEIVABLE - NET	3,558,180
Less: Current Portion of Contributions Receivable - Net	<u>(1,480,042)</u>
CONTRIBUTIONS RECEIVABLE - NET OF CURRENT PORTION	<u>\$ 2,078,138</u>

NOTE 7 - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Clinic is the beneficiary of several charitable remainder trusts administered by other trustees. Assets held in charitable remainder trusts totaled \$151,354 at June 30, 2019, representing the portion of the net present value of the charitable remainder trusts for which the Clinic is the designated beneficiary.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019:

Land	\$ 1,116,512
Buildings and Improvements	7,996,477
Leasehold Improvements	8,601,673
Furniture and Equipment, Including Software	<u>3,032,461</u>
TOTAL	20,747,123
Less: Accumulated Depreciation and Amortization	<u>(13,092,202)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>\$ 7,654,921</u>

Depreciation and amortization expense for the year ended June 30, 2019 amounted to \$874,365.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 9 - LINE OF CREDIT

The Clinic has a line of credit with a bank with a limit of \$4,000,000. The line of credit bears interest at the prime reference rate less 0.25% per annum with a maturity date of December 1, 2021. The prime rate at June 30, 2019 was 5.50%. A portion of the Clinic's assets serves as collateral on the line of credit. The loan contains certain restrictive covenants with which the Clinic was in compliance at June 30, 2019. As of June 30, 2019, the total outstanding balance was \$0 with \$4,000,000 available for borrowing.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions included the following at June 30, 2019:

Subject to the Passage of Time:	
Beneficial Interest in Charitable	
Remainder Trusts	\$ 151,354
Pledges Receivable Not Available until Due	1,000,000
Subject to Expenditure for Specified Purpose:	
Drugs and Dispensary Supplies	12,889
Capital Improvement Funds	12,000
Operating Program Funds	5,567,605
Subject to Endowment Spending	
Policy and Appropriation:	
Donor-Restricted Endowment Corpus	5,022,057
Accumulated Endowment Earnings	<u>896,330</u>
TOTAL NET ASSETS	
WITH DONOR RESTRICTIONS	<u>\$ 12,662,235</u>

The drug and dispensary supplies represent mainly pharmaceuticals donated to the Clinic through various drug companies' patient assistance programs. These pharmaceuticals are expected to be used by the Clinic through the normal course of its operations.

Operating program funds are restricted either by purpose or time for the Clinic's specific programs and are released from restrictions once the purpose of the donor restriction is satisfied or a stipulated time restriction expires.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

Satisfaction of Purpose Restrictions:	
Drugs and Dispensary Supplies	\$ 58,636
Capital Improvement Funds	18,299
Operating Program Funds	4,501,743
Appropriation in accordance	
with the endowment spending policy	<u>246,766</u>
TOTAL NET ASSETS RELEASED	
FROM DONOR RESTRICTIONS	<u>\$ 4,825,444</u>

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 11 - ENDOWMENTS

The net assets required to be held in perpetuity consist of several donor-restricted perpetual endowment funds with a total amount of \$5,022,057 at June 30, 2019. In accordance with the donors' stipulations and in accordance with the provisions of Accounting Standards Codification (ASC) Topic No. 958, the historic value of \$5,022,057 must be maintained in the funds, while all interest income, dividend income and net appreciation is restricted until it is used for the purpose of the funds.

The balances of the endowment funds required to be held in perpetuity consisted of the following at June 30, 2019:

The Colen Physician Endowment Fund	\$ 862,334
The Milken Physician Endowment Fund	637,329
The Lee Physician Endowment Fund	814,207
The Skirball Physician Endowment Fund	750,000
The Weisman Psychosocial Endowment Fund	745,510
The Karsten Endowment Fund	112,677
The Resnick Endowment Fund	500,000
The Sandy Segal Youth Health Center Endowment	500,000
The Milgrom Endowment Fund	100,000
<i>TOTAL</i>	<u>\$ 5,022,057</u>

- The Colen Physician Endowment Fund - established to provide for a permanent family practice physician and receives contributions from various individuals. During the fiscal year of 2007, the Clinic received tribute gifts to continue Irma Colen's legacy; family members established these gifts as additions to the Colen Physician Endowment Fund.
- The Milken Physician Endowment Fund - established to fund the salary of a permanent family practice physician.
- The Lee Physician Endowment Fund - established to fund the salary of a permanent family practice physician.
- The Skirball Physician Endowment Fund - established to fund the salary of the Clinic's medical director.
- The Weisman Psychosocial Endowment Fund - established to provide ongoing support to the mental health programs.
- The Karsten Endowment Fund - established to provide for a domestic violence program.
- The Resnick Endowment Fund - established to provide mental health care services.
- The Sandy Segal Youth Health Center Endowment - established to support The Sandy Segal Youth Health Center.
- The Milgrom Endowment Fund - established to provide an annual recognition to a Venice Family Clinic staff member for providing truly humanistic and compassionate caregiving, and who teaches or serves as a mentor to those pursuing careers in community health.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2019

NOTE 11 - ENDOWMENTS (continued)

	<u>With Donor Restrictions</u>
Balance - Beginning of Year	\$ 6,184,964
Investment Return (Net)	180,189
Contributions	50,000
Other Transfers	(250,000)
Net Assets Released from Restrictions	<u>(246,766)</u>
<i>BALANCE - END OF YEAR</i>	<u><u>\$ 5,918,387</u></u>

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor requires the Clinic to retain as a fund of perpetual duration. In accordance with the provisions of ASC Topic No. 958, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2019, there were no deficiencies in the endowment funds.

Effective in fiscal year 2010, the Clinic adopted the UCLA Foundation's endowment policy. The following is a description of the UCLA Foundation's endowment policy.

The purpose of the UCLA Foundation's Endowment is to support the educational mission of the University of California, Los Angeles by providing a reliable source of funds for current and future use. The income/payout from each individual endowment fund is used to support the purpose established by the donor in the gift instrument. However, endowment funds are commingled for investment purposes in the UCLA Foundation's Endowment Pool to maximize returns and minimize investment and administrative costs.

The Endowment seeks to maximize long-term total returns consistent with prudent levels of risk. Investment returns are expected to preserve or enhance the real value of the endowment to provide adequate funds to sufficiently support designated University activities. The Endowment Investment Pool assets have an indefinite time horizon that runs concurrently with the endurance of the University in perpetuity. As such, the investment portfolio assumes a time horizon that may extend beyond a normal market cycle and therefore may assume an appropriate level of risk as measured by the standard deviation of annual returns.

The Endowment's portfolio is expected to generate a total annualized rate of return, net of fees and spending, that is greater than the rate of inflation as measured by the National Consumer Price Index over a rolling five-year period. The UCLA Foundation accomplishes these objectives by engaging a number of professional managers who are assigned specific investment mandates for equities, fixed income and alternative investments.

The UCLA Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the State of California in January 2009. UPMIFA does not set specific expenditure limits; instead, a charity can spend the amount the charity deems prudent after considering the donor's intent that the endowment continue permanently, the purpose of the fund and relevant economic factors. The UCLA Foundation's spending policy governs the rate at which funds are released to fund holders for current spending. The UCLA Foundation's spending policy is based on a target rate set as a percentage of a 36-month rolling average market value. The current rate is 4.5% for fiscal year 2019.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 11 - ENDOWMENTS (continued)

The Board of Directors of the UCLA Foundation reviews and approves this rate annually. Investment returns earned in excess of the approved spending rate are retained in the endowment principal to protect from the effects of inflation and to allow for growth.

Endowments are managed in a unitized investment pool. Transactions within each individual endowment in the pool are based on the unit market value at the end of the month during which the transaction takes place for withdrawals and additions. It is the goal of the UCLA Foundation that the total return from endowment investments should be adequate to meet the following objectives:

- Preserve investment capital and its purchasing power,
- Generate sufficient resources to meet spending needs (payout),
- Attain reasonable capital appreciation through prudent acceptance of risk to enhance the future purchasing power of the investment capital.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

(a) INSURANCE

The Clinic maintains malpractice insurance through David Geffen School of Medicine at UCLA on a claims-made basis covering losses of \$5,000,000 per occurrence. Adjustments of estimated to actual expense, if any, after the policy periods, are included in the period such adjustments are determined.

(b) OPERATING LEASES

The Clinic has an agreement with the County of Los Angeles for the use of a building located at 2509 Pico Boulevard in Santa Monica for forty years, effective April 2000, rent-free. In exchange for free rent, the Clinic agreed to maintain, repair and obtain appropriate insurance coverage for the building and grant County of Los Angeles employees open access to the building. The Clinic is also required to achieve a minimum number of patient services for each year covered under the agreement. The Clinic did not recognize this in-kind donation due to the service requirement and the amount of leasehold improvements required to make the building habitable.

Additionally, the Clinic leases certain equipment and facilities under various non-cancelable operating leases. These leases expire at various dates through June 2024. Other rental costs were incurred for certain program sites throughout the year on a month-to-month basis.

Future minimum payments under the operating leases are as follows:

Years Ending June 30	Facilities	Equipment	Total
2020	\$ 958,791	\$ 53,867	\$ 1,012,658
2021	943,553	40,976	984,529
2022	971,859	30,437	1,002,296
2023	780,842	3,638	784,480
2024	700,718	2,729	703,447
TOTAL	\$ 4,355,763	\$ 131,647	\$ 4,487,410

Facilities and equipment rent expense under operating leases for the year ended June 30, 2019 was \$781,936.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 12 - COMMITMENTS AND CONTINGENCIES (continued)

(c) GOVERNMENT GRANTS AND CONTRACTS

Government reimbursement programs are subject to statutory and regulatory changes, retroactive rate adjustments, administrative rulings and government funding restrictions, all of which could materially decrease the services covered or the rates paid to the Clinic for its services.

(d) LITIGATION

In the ordinary course of doing business, the Clinic may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against the Clinic which, from time to time, may have an impact on changes in net assets. The Clinic does not believe that these proceedings, individually or in the aggregate, will have a material effect on the accompanying consolidated financial statements.

NOTE 13 - RELATED PARTY TRANSACTIONS

VFC is affiliated with the David Geffen School of Medicine at UCLA. As part of this affiliation, UCLA provides payroll and personnel services, personnel training services and workers' compensation insurance to VFC at minimal charge and medical malpractice insurance at no charge. VFC contributes to the University of California Retirement Plan (UCRP or the Plan) as part of its affiliation agreement between Venice Family Clinic and UCLA.

VFC's employees are legally employees of UCLA and work for VFC under an affiliation agreement. Accordingly, such employees are eligible to receive benefits under UCRP. The Plan is a defined benefit plan under which benefits are determined by formulas (factors include the member's salary, age and years of UCRP service). VFC contributes 14.6% of total payroll in accordance with the provisions of the Plan and the affiliation agreement. For the year ended June 30, 2019, VFC contributed \$3,663,421 to the Plan.

VFC has no plans to withdraw from the Plan as of June 30, 2019. Were VFC ever to withdraw from the Plan in the future, under the affiliation agreement, VFC would not be liable for its proportional share of any underfunded liability that might exist. Accordingly, the disclosure provisions related to the Plan do not apply. However, overall the Plan is 80% funded on market value basis at June 30, 2019. It is therefore possible that the Plan premiums could increase in the future so as to reduce this underfunded situation.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Clinic at June 30, 2019 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Current Financial Assets at June 30, 2019	
Cash and Cash Equivalents	\$ 10,618,030
Short-Term Investments	7,235,625
Net Patient Services	
Accounts Receivable	3,547,212
Government Grants	1,279,419
Grants and Contributions Receivable (Net)	1,480,042
Other Receivables	<u>200,714</u>
TOTAL FINANCIAL ASSETS	
AT JUNE 30, 2019	24,361,042
Less Amounts Not Available to Be Used	
within One Year, Due to:	
Donor-Imposed Restrictions:	
Funds Held with Purpose or Time Restrictions	(3,171,292)
Pledges Restricted by Purpose or Time	<u>(1,343,064)</u>
FINANCIAL ASSETS AVAILABLE TO	
MEET GENERAL EXPENDITURES	
WITHIN ONE YEAR	<u>\$ 19,846,686</u>

The Clinic regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Clinic is substantially supported by net patient service revenues, government grants, and private and community support. As part of the Clinic's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Clinic has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. The Clinic also has access to a \$4,000,000 line of credit, the entire amount of which was available to the Clinic at June 30, 2019.

VENICE FAMILY CLINIC

**SUPPLEMENTARY INFORMATION -
CONSOLIDATING SCHEDULES**

YEAR ENDED JUNE 30, 2019

VENICE FAMILY CLINIC

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2019

	Venice Family Clinic	Venice Family Clinic Foundation	Eliminations	Total
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 4,628,426	\$ 5,989,604	\$ -	\$ 10,618,030
Short-Term Investments	7,235,625	-	-	7,235,625
Net Patient Services				
Accounts Receivable	3,547,212	-	-	3,547,212
Government Grants	1,279,419	-	-	1,279,419
Grants and Contributions				
Receivable - Short-Term (Net)	4,645,512	34,530	(3,200,000)	1,480,042
Other Receivables	200,714	-	-	200,714
Accounts Receivable - Intercompany	122,316	-	(122,316)	-
Pharmaceutical Inventories	286,904	-	-	286,904
Prepaid Expenses and Other Assets	228,316	525	-	228,841
TOTAL CURRENT ASSETS	22,174,444	6,024,659	(3,322,316)	24,876,787
OTHER ASSETS:				
Long-Term Investments (Endowments)	5,918,387	-	-	5,918,387
Net Patient Services				
Accounts Receivable - Long-Term	494,662	-	-	494,662
Grants and Contributions				
Receivable - Long-Term (Net)	2,078,138	-	-	2,078,138
Beneficial Interest in Charitable Remainder Trusts	151,354	-	-	151,354
Property and Equipment (Net)	7,654,921	-	-	7,654,921
TOTAL OTHER ASSETS	16,297,462	-	-	16,297,462
TOTAL ASSETS	\$ 38,471,906	\$ 6,024,659	\$ (3,322,316)	\$ 41,174,249
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Expenses	\$ 887,290	\$ 3,233,710	\$ (3,200,000)	\$ 921,000
Accounts Payable - Intercompany	-	122,316	(122,316)	-
TOTAL CURRENT LIABILITIES	887,290	3,356,026	(3,322,316)	921,000
NET ASSETS:				
Without Donor Restrictions	24,922,381	2,668,633	-	27,591,014
With Donor Restrictions	12,662,235	-	-	12,662,235
TOTAL NET ASSETS	37,584,616	2,668,633	-	40,253,249
TOTAL LIABILITIES AND NET ASSETS	\$ 38,471,906	\$ 6,024,659	\$ (3,322,316)	\$ 41,174,249

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

VENICE FAMILY CLINIC

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Venice Family Clinic	Venice Family Clinic Foundation	Eliminations	Total
REVENUE:				
OPERATING REVENUE AND SUPPORT:				
Net Patient Service Revenues	\$ 31,521,106	\$ -	\$ -	\$ 31,521,106
Government Support	10,551,222	-	-	10,551,222
Private and Community Support	4,060,810	1,471,507	-	5,532,317
Grants - Related Party	3,200,000	-	(3,200,000)	-
Special Events (Net of Direct Donor Benefit of \$758,140)	-	1,892,140	-	1,892,140
TOTAL OPERATING REVENUE AND SUPPORT	49,333,138	3,363,647	(3,200,000)	49,496,785
OTHER REVENUE:				
Investment Return (Net)	341,940	8,460	-	350,400
Change in Value in Beneficial Interest in Charitable Remainder Trusts	(33,964)	-	-	(33,964)
TOTAL OTHER REVENUE	307,976	8,460	-	316,436
TOTAL REVENUE	49,641,114	3,372,107	(3,200,000)	49,813,221
EXPENSES:				
Program Services:				
Health Care	32,819,063	-	-	32,819,063
Children First Program	3,071,416	-	-	3,071,416
Education and Outreach	1,994,851	-	-	1,994,851
Common Ground	3,221,923	-	-	3,221,923
TOTAL PROGRAM SERVICES	41,107,253	-	-	41,107,253
Supporting Services:				
Management and General	5,873,602	9,037	-	5,882,639
Fundraising	2,238,752	55,968	-	2,294,720
Grants Distributed	-	3,200,000	(3,200,000)	-
TOTAL SUPPORTING SERVICES	8,112,354	3,265,005	(3,200,000)	8,177,359
TOTAL EXPENSES	49,219,607	3,265,005	(3,200,000)	49,284,612
IN-KIND CONTRIBUTIONS				
Revenue	5,130,113	-	-	5,130,113
EXPENSES (IN-KIND)				
Program Services:				
In-Kind Laboratory and X-Ray Services	2,846,116	-	-	2,846,116
Physician and Other Clinical Volunteers	1,685,190	-	-	1,685,190
Children First Program Volunteer	23,532	-	-	23,532
In-Kind Pharmaceutical and Laboratory Supplies	58,636	-	-	58,636
Other In-Kind Supplies and Services	211,334	-	-	211,334
In-Kind Insurance	330,476	-	-	330,476
TOTAL EXPENSES (IN-KIND)	5,155,284	-	-	5,155,284
NET IN-KIND CONTRIBUTIONS	(25,171)	-	-	(25,171)
CHANGE IN NET ASSETS	396,336	107,102	-	503,438
Net Assets - Beginning of Year	37,188,280	2,561,531	-	39,749,811
NET ASSETS - END OF YEAR	\$ 37,584,616	\$ 2,668,633	\$ -	\$ 40,253,249

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

VENICE FAMILY CLINIC

**SUPPLEMENTARY INFORMATION -
SINGLE AUDIT**

YEAR ENDED JUNE 30, 2019

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Venice Family Clinic

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Venice Family Clinic and affiliate (collectively, the Clinic), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated December 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Clinic's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clinic's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinic's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clinic's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
Venice Family Clinic

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clinic's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinic's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Green Hasson & Janks LLP

December 14, 2019
Los Angeles, California

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE
INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors
Venice Family Clinic

Report on Compliance for Each Major Federal Program

We have audited Venice Family Clinic and affiliate (the Clinic) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Clinic's major federal programs for the year ended June 30, 2019. The Clinic's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Clinic's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Clinic's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Clinic's compliance.

Opinion on Each Major Federal Program

In our opinion, the Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Clinic is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Clinic's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Clinic's internal control over compliance.

To the Board of Directors
Venice Family Clinic

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Green Hasson & Janks LLP

December 14, 2019
Los Angeles, California

VENICE FAMILY CLINIC

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2019

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
MAJOR AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Health Resources and Services Administration					
Health Center Cluster	93.224, 93.527	6 H80CS04217	May 1, 2018 - April 30, 2019	\$ 4,307,741	\$ 3,491,577
	93.224, 93.527	6 H80CS04217	May 1, 2019 - April 30, 2020	3,897,132	428,333
Pass-through Northeast Valley Health Corporation					
Health Care for the Homeless	93.224	H80-CS-00139	Jan 1, 2018 - Dec 31, 2018	580,649	291,143
	93.224	H80-CS-00139	Jan 1, 2019 - Dec 31, 2019	541,960	275,687
Total 93.224, 93.527, Health Center Cluster				9,327,482	4,486,740
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Health Resources and Services Administration					
Outpatient Early Intervention Service with Respect to HIV Disease	93.918	6 H76HA00207	May 1, 2018 - April 30, 2019	319,569	266,622
	93.918	6 H76HA00207	May 1, 2019 - April 30, 2020	319,569	55,066
Total 93.918				639,138	321,688
TOTAL MAJOR AWARDS				9,966,620	4,808,428

See Independent Auditor's Report

VENICE FAMILY CLINIC

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2019

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
NON-MAJOR AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Health Resources and Services Administration					
School-Based Health Center Capital	93.501	1 CA2CS32673	Feb 1, 2019 - Jan 31, 2021	\$ 80,571	\$ 4,107
Total 93.501				80,571	4,107
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Pass-through Los Angeles County - Public Health					
Division of HIV and STD Programs					
Mental Health Services for Ryan White Program Clients	93.914	PH003366	Aug 01, 2018 - Feb 28, 2019	117,365	17,972
	93.914	PH003366	Aug 01, 2019 - Feb 28, 2020	117,365	14,340
Medical Care Coordination	93.914	PH002357	Mar 01, 2018 - Feb 28, 2019	265,443	172,046
	93.914	PH-003772	Mar 01, 2019 - Feb 28, 2020	246,174	81,010
Ambulatory/Outpatient Medical	93.914	PH002356	Mar 01, 2018 - Feb 28, 2019	42,212	20,562
	93.914	PH-003771	Mar 01, 2019 - Feb 28, 2020	46,519	11,559
HIV/AIDS Benefits Specialty	93.914	PH002680	Apr 01, 2018 - Mar 31, 2019	50,823	38,117
	93.914	PH002680	Apr 01, 2019 - Mar 31, 2020	50,823	14,351
Certified Needle Exchange Program Services	93.914	PH-003634	July 01, 2018 - June 30, 2019	85,000	84,998
Total 93.914				1,021,724	454,955
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Centers for Disease Control and Prevention					
Pass-through Los Angeles County - Public Health					
Division of HIV and STD Programs					
Storefront HIV Counseling and Testing	93.940	PH000810	Jan 01, 2018 - Dec 31, 2018	60,000	30,199
	93.940	PH000810	Jan 01, 2019 - Dec 31, 2019	60,000	29,915
Storefront HIV Counseling and Testing (Pay for Performance)	93.940	PH000810	Jan 01, 2018 - Dec 31, 2018	40,000	13,489
	93.940	PH000810	Jan 01, 2019 - Dec 31, 2019	40,000	10,586
HIV/AIDS Health Education and Risk Reduction	93.940	PH001034	Jul 01, 2018 - Dec 31, 2018	36,000	36,000
	93.940	PH001034	Jan 01, 2019 - June 30, 2019	72,000	43,920
Total 93.940				308,000	164,109

See Independent Auditor's Report

VENICE FAMILY CLINIC

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2019

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Office of Population Affairs					
Pass-through Essential Access Health					
Family Planning Services - Basic Contraceptives/Male Services					
	93.217	2858-5320-71209	Apr 1, 2018 - Aug 31, 2018	\$ 72,920	\$ 30,467
	93.217	2858-5320-71209	Sep 1, 2018 - Mar 31, 2019	110,000	110,000
	93.217	2858-5320-71209	Apr 1, 2019 - Mar 31, 2020	180,000	42,625
Total 93.217				362,920	183,092
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Substance Abuse and Mental Health Services Administration					
SUD/COD Treatment for Racial/Ethnic Minority Populations					
at High Risk for HIV/AIDS					
	93.243	5 H79TI080688-01	Sep 30, 2017 - Sep 29, 2018	500,000	145,782
	93.243	5 H79TI080688-02	Sep 30, 2018 - Sep 29, 2019	500,000	335,747
Pass-through The People Concern					
Primary and Behavioral Health Care Integration					
	93.243	1H79SM062292	Oct 01, 2017 - Sep 30, 2018	70,000	-
	93.243	1H79SM062292	Oct 01, 2018 - Sep 30, 2019	70,000	52,500
Total 93.243				1,140,000	534,029
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Substance Abuse and Mental Health Services Administration					
Pass-through Single State Agency MATRIX Institute of Addictions					
	93.788	17-94470	July 1, 2018 - June 30, 2019	225,000	193,043
Total 93.788				225,000	193,043
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Administration for Children and Families - Early Head Start					
Comprehensive Child Development Program					
	93.600	09CH9135	Jan 01, 2018 - Dec 31, 2018	2,663,380	1,525,413
	93.600	09CH010748	Jan 01, 2019 - Dec 31, 2019	2,671,996	1,129,290
	93.600	09CH010939	June 1, 2019 - May 31, 2020	6,440,920	6,841
Total 93.600				11,776,296	2,661,544
U.S. DEPARTMENT OF EDUCATION					
Pass-through State of California - Department of Education					
General Child Care and Development Program					
	93.596	CCTR-8127	July 1, 2018 - June 30, 2019	61,605	43,881
	93.575	CCTR-8127	July 1, 2018 - June 30, 2019	28,320	20,172
Total 93.596, 93.575, Child Care and Development Fund Cluster				89,925	64,053

See Independent Auditor's Report

VENICE FAMILY CLINIC

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2019

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Pass-through City of L.A. - Department on Disability Syringe Collection	14.218	C-132797	July 1, 2018 - June 30, 2019	\$ 60,000	\$ 60,000
Total 14.218, CDBG-Entitlement Grants Cluster				60,000	60,000
NONFEDERAL AWARDS					
STATE OF CALIFORNIA, DEPARTMENT OF HEALTH SERVICES					
Pass-through Los Angeles County - Public Health Outreach, Enrollment, Utilization, and Retention Services	N.A.	PH-002515	July 1, 2018 - June 30, 2019	188,100	188,023
Total Pass-through Los Angeles County - Public Health				188,100	188,023
Pass-through County of L.A. Department of Mental Health/St. Joseph Center Integrated Mobile Health Team	N.A.	MH120959	July 1, 2018 - June 30, 2019	95,295	78,037
Medical Services Integrated Service Model (ANIMO)	N.A.	MH120959	July 1, 2018 - June 30, 2019	40,000	26,136
Total Pass-through County of L.A. Department of Mental Health/St. Joseph Center				135,295	104,173
STATE OF CALIFORNIA, DEPARTMENT OF EDUCATION					
Child Development Services - General Child Care & Development Programs	N.A.	CCTR-8127	July 1, 2018 - June 30, 2019	204,104	145,383
Total Child Development Services - General Child Care & Development Programs				204,104	145,383
TOTAL NON-MAJOR AWARDS				15,591,935	4,756,511
TOTAL FEDERAL AND NONFEDERAL AWARDS				\$ 25,558,555	\$ 9,564,939

Notes to the Consolidated Schedule of Expenditures of Federal and Nonfederal Awards for the Year Ended June 30, 2019

1. Basis of Presentation - The accompanying consolidated schedule of expenditures of federal and nonfederal awards (Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization.
2. Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The expenditures of federal awards reported on this schedule may in certain instances exceed the amount of awards earned. In these instances, the Organization recognizes revenue only to the extent of the awards earned.
3. The Organization has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
4. The Organization has not provided any federal awards to subrecipients from the federal expenditures presented in this Schedule.

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Are any material weaknesses identified? ☐ Yes ☒ No
- Are any significant deficiencies identified? ☐ Yes ☒ None reported

Is any noncompliance material to consolidated financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Are any material weaknesses identified? ☐ Yes ☒ No
- Are any significant deficiencies identified? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.224, 93.527	U.S. Department of Health and Human Services, Health Resources and Services Administration Health Center Cluster
93.224	U.S. Department of Health and Human Services, Pass-Through Northeast Valley Health Corporation - Health Care for the Homeless
93.918	U.S. Department of Health and Human Services, Health Resources and Services Administration Outpatient Early Intervention Service with Respect to HIV Disease

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

VENICE FAMILY CLINIC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION II - CONSOLIDATED FINANCIAL STATEMENT FINDINGS

There were no current year audit findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year audit findings.

VENICE FAMILY CLINIC

SUPPLEMENTARY INFORMATION - CHILD DEVELOPMENT PROGRAM

YEAR ENDED JUNE 30, 2019

VENICE FAMILY CLINIC

GENERAL INFORMATION

June 30, 2019

- | | |
|--|--|
| 1. Full Official Name of the Agency | Venice Family Clinic |
| 2. Provider Names and Contract Numbers:
General Child Care | CCTR-8127 |
| 3. Type of Agency | Nonprofit Corporation |
| 4. Address of Agency Headquarters | 604 Rose Avenue
Los Angeles, California 90291 |
| 5. Name and Address of Executive Director
and Name of Chief Executive Officer,
Business Officer, or Accountant | |
| Chief Executive Officer | Elizabeth Benson Forer
604 Rose Avenue
Los Angeles, California 90291 |
| Chief Financial Officer | Andrea Blackbird |
| 6. Telephone Number | (310) 664-7941 |
| 7. Period Covered by Examination | July 1, 2018 through June 30, 2019 |
| 8. Number of Days of Agency's Operation | 252 |

CALIFORNIA DEPARTMENT OF EDUCATION
AUDITED ATTENDANCE AND FISCAL REPORT FOR
CHILD DEVELOPMENT PROGRAMS
A U D 9500 Page 1 of 10 (06/19)

Fiscal Year Ending

June 30, 2019

Contract Number

CCTR

8127

Vendor Code

V419

Full Name of Contractor

VENICE FAMILY CLINIC

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Infants (up to 18 months) Full-time-plus	0		0	2.4426	0
Infants (up to 18 months) Full-time	819		819	2.0700	1,695.33
Infants (up to 18 months) Three-quarters-time	0		0	1.5525	0
Infants (up to 18 months) One-half-time	19		19	1.1385	21.6315
FCCH Infants (up to 18 months) Full-time-plus	0		0	2.2656	0
FCCH Infants (up to 18 months) Full-time	0		0	1.9200	0
FCCH Infants (up to 18 months) Three-quarters-time	0		0	1.4400	0
FCCH Infants (up to 18 months) One-half-time	0		0	1.0560	0
Toddlers (18 up to 36 months) Full-time-plus	0		0	1.8880	0
Toddlers (18 up to 36 months) Full-time	1,541		1,541	1.6000	2,465.6
Toddlers (18 up to 36 months) Three-quarters-time	20		20	1.2000	24
Toddlers (18 up to 36 months) One-half-time	0		0	0.8800	0
Three Years and Older Full-time-plus	0		0	1.1800	0
Three Years and Older Full-time	399		399	1.0000	399
Three Years and Older Three-quarters-time	0		0	0.7500	0
Three Years and Older One-half-time	0		0	0.5500	0

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CALIFORNIA DEPARTMENT OF EDUCATION
AUDITED ATTENDANCE AND FISCAL REPORT FOR
CHILD DEVELOPMENT PROGRAMS
A U D 9500 Page 2 of 10 (06/19)

Fiscal Year Ending	June 30, 2019	
Contract Number	CCTR	8127
Vendor Code	V419	

Full Name of Contractor	VENICE FAMILY CLINIC
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Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus				1.6166	0
Exceptional Needs Full-time				1.3700	0
Exceptional Needs Three-quarters-time				1.0275	0
Exceptional Needs One-half-time				0.7535	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6050	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0

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CHILD DEVELOPMENT PROGRAMS
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Fiscal Year Ending	June 30, 2019	
Contract Number	CCTR	8127
Vendor Code	V419	

Full Name of Contractor **VENICE FAMILY CLINIC**

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				2.0237	0
Severely Disabled Full-time				1.7150	0
Severely Disabled Three-quarters-time				1.2863	0
Severely Disabled One-half-time				0.9433	0

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
TOTAL DAYS OF ENROLLMENT	2,798		2,798	N/A	4,605.5615
DAYS OF OPERATION	252		252	N/A	N/A
DAYS OF ATTENDANCE	2,577		2,577	N/A	N/A

☒ NO NON-CERTIFIED CHILDREN Check this box (omit pages 4-6) and continue to Revenue Section on page 7.

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CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 7 of 10 (06/19)

Fiscal Year Ending June 30, 2019
 Contract Number CCTR 8127
 Vendor Code V419

Full Name of Contractor VENICE FAMILY CLINIC

Section 3 - Revenue	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	0		0
Restricted Income - County Maintenance of Effort (EC Section 8279)	0		0
Restricted Income - Other:	0		0
Restricted Income - Subtotal	0		0
Transfer From Reserve	0		0
Family Fees for Certified Children	1,679		1,679
Interest Earned on Child Development Apportionment Payments	0		0
Unrestricted Income: Fees for Non-Certified Children	0		0
Unrestricted Income: Head Start	0		0
Unrestricted Income - Other	0		0
Total Revenue	1,679		1,679

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CALIFORNIA DEPARTMENT OF EDUCATION
AUDITED ATTENDANCE AND FISCAL REPORT FOR
CHILD DEVELOPMENT PROGRAMS
A U D 9500 Page 8 of 10 (06/19)

Fiscal Year Ending	June 30, 2019	
Contract Number	CCTR	8127
Vendor Code	V419	

Full Name of Contractor **VENICE FAMILY CLINIC**

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)	131,395		131,395
1000 Certificated Salaries	0		0
2000 Classified Salaries	40,306		40,306
3000 Employee Benefits	13,705		13,705
4000 Books and Supplies	10,071	-10,071	0
5000 Services and Other Operating Expenses		10,071	10,071
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)	15,638		15,638
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	211,115	0	211,115
Total Administrative Cost (included in Section 4 above)	25,034		25,034

Approved Indirect Cost Rate: 8.0%

Comments:

☐ NO SUPPLEMENTAL REVENUE Check this box and omit Page 9.

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AUDITED ATTENDANCE AND FISCAL REPORT FOR
CHILD DEVELOPMENT PROGRAMS
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Fiscal Year Ending June 30, 2019

Contract Number CCTR 8127

Vendor Code

Full Name of Contractor VENICE FAMILY CLINIC

Section 5 - Supplemental Revenue	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding			
Other: EHS Development Funding	95,267		95,267
Other:			
Total Supplemental Revenue	95,267		95,267

Section 6 - Supplemental Expenses	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries	64,683	-64,683	0
2000 Classified Salaries	23,527	41,156	64,683
3000 Employee Benefits		23,527	23,527
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment/Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs	7,057		7,057
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			
Total Supplemental Expenses	95,267	0	95,267

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CALIFORNIA DEPARTMENT OF EDUCATION
AUDITED ATTENDANCE AND FISCAL REPORT FOR
CHILD DEVELOPMENT PROGRAMS
A U D 9500 Page 10 of 10 (06/19)

Fiscal Year Ending June 30, 2019
Contract Number CCTR 8127
Vendor Code

Full Name of Contractor VENICE FAMILY CLINIC

Section 7 - Summary	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Days of Enrollment	2,798		2,798
Days of Operation	252		252
Days of Attendance	2,577		2,577
Total Non-Certified Days of Enrollment			
Restricted Program Income	0		0
Transfer from Reserve	0		0
Family Fees for Certified Children	1,679		1,679
Interest Earned on Apportionment Payments	0		0
Direct Payments to Providers	131,395		131,395
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	211,115	0	211,115
Total Administrative Cost	25,034		25,034

Total Certified Adjusted
Days of Enrollment

4,605.5615

Total Non-Certified
Adjusted
Days of Enrollment

0

Independent Auditor's Assurances on Agency's Compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (check YES or NO):

☒ Yes
☐ No

Reimbursable expenses claimed on page 8 are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

☒ Yes
☐ No

Include any comments in the 'Comments' box on page 8. If necessary, attach additional sheets to explain adjustments.

See Independent Auditor's Report

VENICE FAMILY CLINIC
COMBINING STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	General Center Child Care CCTR-8127	Other Non-CDE Sponsored Programs	Total
REVENUE:			
OPERATING REVENUE AND SUPPORT:			
Government Support:			
Fees and Grants from Governmental Agencies:			
General Child Care	\$ 209,436	\$ -	\$ 209,436
Other	-	10,341,786	10,341,786
TOTAL GOVERNMENT SUPPORT	209,436	10,341,786	10,551,222
Other Operating Revenue and Support:			
Net Patient Service Revenues	-	31,521,106	31,521,106
Private and Community Support	1,679	5,530,638	5,532,317
Special Events (Net of Direct Donor Benefit of \$758,140)	-	1,892,140	1,892,140
TOTAL OTHER OPERATING REVENUE AND SUPPORT	1,679	38,943,884	38,945,563
TOTAL OPERATING REVENUE AND SUPPORT	211,115	49,285,670	49,496,785
OTHER REVENUE:			
Investment Return (Net)	-	350,400	350,400
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	(33,964)	(33,964)
In-Kind Revenue	-	5,130,113	5,130,113
TOTAL OTHER REVENUE	-	5,446,549	5,446,549
TOTAL REVENUE	211,115	54,732,219	54,943,334
EXPENSES:			
Salaries	40,306	25,912,069	25,952,375
Employee Benefits	13,705	10,824,081	10,837,786
Building - Maintenance	-	530,872	530,872
Building - Other	-	503,308	503,308
Building - Rent	-	673,875	673,875
Child Care	131,395	30	131,425
Equipment	-	273,232	273,232
In-Kind Expense	-	5,155,284	5,155,284
Insurance	-	428,002	428,002
Interest	-	8,254	8,254
Laboratory and X-Ray Services	-	44,227	44,227
Licenses, Fees and Dues	450	691,210	691,660
Medical Supplies and Medical Waste Removal	-	444,001	444,001
Miscellaneous	-	161,242	161,242
Office Supplies	178	171,937	172,115
Participant Supplies/Activities/Incentives	-	270,609	270,609
Pharmaceutical and Pharmacy Supplies	-	3,718,361	3,718,361
Postage, Printing and Subscriptions	-	87,310	87,310
Professional and Contractual Fees	6,000	1,514,135	1,520,135
Repairs and Maintenance	-	135,165	135,165
Technology Expenses	3,443	1,110,312	1,113,755
Telephone	-	393,671	393,671
Transportation of Patients/Clients	-	38,292	38,292
Travel, Training and Workshops	-	280,575	280,575
TOTAL BEFORE INDIRECT EXPENSES	195,477	53,370,054	53,565,531
Allocation of Indirect Expenses	15,638	(15,638)	-
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	211,115	53,354,416	53,565,531
Depreciation and Amortization	-	874,365	874,365
TOTAL EXPENSES	211,115	54,228,781	54,439,896
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ 503,438	\$ 503,438

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES
Year Ended June 30, 2019

	General Center Child Care CCTR-8127
Expenditures	
UNIT COST UNDER \$10,000 ITEM:	
<i>Total</i>	\$ -
UNIT COST OVER \$10,000 WITH CDE APPROVAL:	
<i>Total</i>	-
UNIT COST OVER \$10,000 WITHOUT CDE APPROVAL:	
<i>Total</i>	-
<i>TOTAL RENOVATION AND REPAIR EXPENDITURES</i>	<u><u>\$ -</u></u>

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VENICE FAMILY CLINIC

SCHEDULE OF EQUIPMENT EXPENDITURES
Year Ended June 30, 2019

		General Center Child Care CCTR-8127
	Expenditures	
UNIT COST UNDER \$7,500 PURCHASE:		
<i>Total</i>		\$ -
UNIT COST OVER \$7,500 WITH CDE APPROVAL:		
<i>Total</i>		-
UNIT COST OVER \$7,500 WITHOUT CDE APPROVAL:		
<i>Total</i>		-
<i>TOTAL EQUIPMENT EXPENDITURES</i>		<u><u>\$ -</u></u>

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VENICE FAMILY CLINIC

SCHEDULE OF ADMINISTRATIVE COSTS
Year Ended June 30, 2019

Expenditures	General Center Child Care CCTR-8127
Classified Personnel Salaries	\$ 7,500
Employee Benefits	1,896
Services and Other Operating Expenses	-
<i>Total</i>	9,396
Indirect Costs:	
Indirect Services @ 8%	15,638
<i>TOTAL ADMINISTRATIVE COSTS</i>	\$ 25,034

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VENICE FAMILY CLINIC

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
Year Ended June 30, 2019

Expenditures		General Center Child Care CCTR-8127
-	Direct Payments to Providers	\$ 131,395
2000	Classified Salaries	40,306
3000	Employee Benefits	13,705
4000	Books, Supplies, and Equipment	-
5000	Services and Other Operating Expenses	10,071
-	Indirect Costs	<u>15,638</u>
<i>TOTAL EXPENDITURES BY STATE CATEGORIES</i>		<u><u>\$ 211,115</u></u>

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VENICE FAMILY CLINIC
CHILD DEVELOPMENT PROGRAM
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of revenues and expenditures of California Department of Education awards for the child development program present the amount of revenues and expenditures related to the child development program administered by the Clinic in connection with the grants awarded by the California Department of Education.

The revenue and expenditures included in the accompanying schedules are reported on the accrual basis of accounting.

VENICE FAMILY CLINIC
CHILD DEVELOPMENT PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

CURRENT YEAR AUDIT FINDINGS AND QUESTIONED COSTS

There were no current year audit findings.

SUMMARY OF PRIOR YEAR FINDINGS

There were no prior year audit findings.