

**VENICE FAMILY CLINIC**  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020

# VENICE FAMILY CLINIC

## CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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# VENICE FAMILY CLINIC

## CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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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, 2020, 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, 2020, 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 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 14, 2019. In our opinion, the summarized comparative consolidated information presented herein as of and for the year ended June 30, 2019, 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 January 13, 2020 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*

January 13, 2020  
Los Angeles, California

# VENICE FAMILY CLINIC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2020

With Summarized Totals at June 30, 2019

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 19,133,164	\$ 10,618,030
Short-Term Investments	10,328,575	7,235,625
Net Patient Services Accounts Receivable	1,853,994	3,547,212
Government Grants	2,236,506	1,279,419
Grants and Contributions Receivable - Short-Term (Net)	4,069,720	1,480,042
Other Receivables	196,550	200,714
Pharmaceutical Inventories	270,027	286,904
Prepaid Expenses and Other Assets	330,230	228,841
	<b>38,418,766</b>	<b>24,876,787</b>
<b>OTHER ASSETS:</b>		
Long-Term Investments (Endowments)	5,667,486	5,918,387
Net Patient Services Accounts Receivable - Long-Term	327,110	494,662
Grants and Contributions Receivable - Long-Term (Net)	1,147,402	2,078,138
Beneficial Interest in Charitable Remainder Trusts	155,352	151,354
Property and Equipment (Net)	7,506,109	7,654,921
	<b>14,803,459</b>	<b>16,297,462</b>
	<b>\$ 53,222,225</b>	<b>\$ 41,174,249</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITY:</b>		
Accounts Payable and Accrued Expenses	\$ 1,483,936	\$ 921,000
<b>OTHER LIABILITY:</b>		
Paycheck Protection Program Loan	6,672,100	-
	<b>8,156,036</b>	<b>921,000</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS:</b>		
Without Donor Restrictions	30,666,142	27,591,014
With Donor Restrictions	14,400,047	12,662,235
	<b>45,066,189</b>	<b>40,253,249</b>
	<b>\$ 53,222,225</b>	<b>\$ 41,174,249</b>

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

# VENICE FAMILY CLINIC

## CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

With Summarized Totals for the Year Ended June 30, 2019

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE:</b>				
<b>OPERATING REVENUE AND SUPPORT:</b>				
Net Patient Service Revenues	\$ 29,017,288	\$ -	\$ 29,017,288	\$ 31,521,106
Government Support	15,713,937	-	15,713,937	10,551,222
Private and Community Support	6,944,532	7,608,243	14,552,775	5,532,317
Special Events (Net of Direct Donor Benefit of \$248,754)	2,252,197	-	2,252,197	1,892,140
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>53,927,954</b>	<b>7,608,243</b>	<b>61,536,197</b>	<b>49,496,785</b>
<b>OTHER REVENUE:</b>				
Investment Return (Net)	268,715	(7,100)	261,615	350,400
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	3,998	3,998	(33,964)
Net Assets Released from Restrictions	5,854,440	(5,854,440)	-	-
<b>TOTAL OTHER REVENUE</b>	<b>6,123,155</b>	<b>(5,857,542)</b>	<b>265,613</b>	<b>316,436</b>
<b>TOTAL REVENUE</b>	<b>60,051,109</b>	<b>1,750,701</b>	<b>61,801,810</b>	<b>49,813,221</b>
<b>EXPENSES:</b>				
<b>PROGRAM SERVICES:</b>				
Health Care	36,026,943	-	36,026,943	32,819,063
Children First Program	5,703,092	-	5,703,092	3,071,416
Education and Outreach	1,928,842	-	1,928,842	1,994,851
Common Ground	2,207,307	-	2,207,307	3,221,923
<b>TOTAL PROGRAM SERVICES</b>	<b>45,866,184</b>	<b>-</b>	<b>45,866,184</b>	<b>41,107,253</b>
<b>SUPPORTING SERVICES:</b>				
Management and General	8,264,264	-	8,264,264	5,882,639
Fundraising	2,845,533	-	2,845,533	2,294,720
<b>TOTAL SUPPORTING SERVICES</b>	<b>11,109,797</b>	<b>-</b>	<b>11,109,797</b>	<b>8,177,359</b>
<b>TOTAL EXPENSES</b>	<b>56,975,981</b>	<b>-</b>	<b>56,975,981</b>	<b>49,284,612</b>
<b>IN-KIND CONTRIBUTIONS:</b>				
Revenue	4,630,400	-	4,630,400	5,130,113
Net Assets Released from Restrictions	12,889	(12,889)	-	-
<b>TOTAL IN-KIND CONTRIBUTIONS</b>	<b>4,643,289</b>	<b>(12,889)</b>	<b>4,630,400</b>	<b>5,130,113</b>
<b>EXPENSES (IN-KIND):</b>				
Program Services:				
In-Kind Laboratory and X-Ray Services	2,573,763	-	2,573,763	2,846,116
Physician and Other Clinical Volunteers	1,439,375	-	1,439,375	1,685,190
Children First Program Volunteer	15,763	-	15,763	23,532
In-Kind Pharmaceutical and Laboratory Supplies	12,889	-	12,889	58,636
Other In-Kind Supplies and Services	233,215	-	233,215	211,334
In-Kind Insurance	368,284	-	368,284	330,476
<b>TOTAL EXPENSES (IN-KIND)</b>	<b>4,643,289</b>	<b>-</b>	<b>4,643,289</b>	<b>5,155,284</b>
<b>NET IN-KIND CONTRIBUTIONS</b>	<b>-</b>	<b>(12,889)</b>	<b>(12,889)</b>	<b>(25,171)</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,075,128</b>	<b>1,737,812</b>	<b>4,812,940</b>	<b>503,438</b>
Net Assets - Beginning of Year	27,591,014	12,662,235	40,253,249	39,749,811
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 30,666,142</b>	<b>\$ 14,400,047</b>	<b>\$ 45,066,189</b>	<b>\$ 40,253,249</b>

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

## VENICE FAMILY CLINIC

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

With Summarized Totals for the Year Ended June 30, 2019

	2020									2019
	Health Care	Children First Program	Education and Outreach	Common Ground	Total Program	Management and General	Fundraising	Total Supporting Services	Total	Total
Salaries	\$ 20,750,902	\$ 2,823,758	\$ 1,108,822	\$ 820,516	\$ 25,503,998	\$ 3,731,158	\$ 1,564,889	\$ 5,296,047	\$ 30,800,045	\$ 25,952,375
Employee Benefits	8,727,932	1,327,520	520,077	367,269	10,942,798	1,728,648	657,127	2,385,775	13,328,573	10,837,786
<b>TOTAL PERSONNEL COSTS</b>	<b>29,478,834</b>	<b>4,151,278</b>	<b>1,628,899</b>	<b>1,187,785</b>	<b>36,446,796</b>	<b>5,459,806</b>	<b>2,222,016</b>	<b>7,681,822</b>	<b>44,128,618</b>	<b>36,790,161</b>
Building - Maintenance	378,114	89,035	23,589	22,143	512,881	52,680	11,234	63,914	576,795	530,872
Building - Other	313,801	43,555	21,906	13,863	393,125	43,833	7,697	51,530	444,655	503,308
Building - Rent	471,836	309,935	-	-	781,771	188,363	-	188,363	970,134	673,875
Child Care	200	174,556	-	-	174,756	-	-	-	174,756	131,425
Equipment	101,776	158,426	1,472	8,791	270,465	323,000	8,784	331,784	602,249	273,232
Insurance	272,941	74,995	10,432	20,896	379,264	56,462	34,487	90,949	470,213	428,002
Interest	-	-	-	-	-	11,306	-	11,306	11,306	8,254
Laboratory and X-Ray Services	2,781	-	-	14,765	17,546	-	-	-	17,546	44,227
Licenses, Fees and Dues	213,125	14,700	1,391	1,962	231,178	487,010	120,267	607,277	838,455	691,660
Medical Supplies and Medical Waste Removal	468,751	10,348	33,372	22,118	534,589	1,371	8,545	9,916	544,505	444,001
Miscellaneous	22,411	6,844	12,427	16,895	58,577	57,451	88,297	145,748	204,325	161,242
Office Supplies	59,969	41,069	10,657	4,768	116,463	68,478	3,900	72,378	188,841	172,115
Participant Supplies/Activities/Incentives	99,031	66,474	67,134	35,147	267,786	12,425	-	12,425	280,211	270,609
Pharmaceutical and Pharmacy Supplies	1,935,278	-	4,956	774,960	2,715,194	-	-	-	2,715,194	3,718,361
Postage, Printing and Subscriptions	19,968	28,701	6,982	500	56,151	11,980	53,168	65,148	121,299	87,310
Professional and Contractual Fees	825,708	142,322	53,077	57,670	1,078,777	479,126	193,933	673,059	1,751,836	1,520,135
Repairs and Maintenance	31,485	40,085	-	38	71,608	47,084	-	47,084	118,692	135,165
Technology Expenses	606,448	148,311	9,221	13,210	777,190	214,248	74,428	288,676	1,065,866	1,113,755
Telephone	383,488	50,928	10,382	3,828	448,626	60,441	4,407	64,848	513,474	393,671
Transportation of Patients/Clients	23,670	1,072	55	1,531	26,328	1,880	-	1,880	28,208	38,292
Travel, Training and Workshops	120,136	118,943	22,701	3,701	265,481	45,868	10,066	55,934	321,415	280,575
<b>TOTAL BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>35,829,751</b>	<b>5,671,577</b>	<b>1,918,653</b>	<b>2,204,571</b>	<b>45,624,552</b>	<b>7,622,812</b>	<b>2,841,229</b>	<b>10,464,041</b>	<b>56,088,593</b>	<b>48,410,247</b>
Depreciation and Amortization	197,192	31,515	10,189	2,736	241,632	641,452	4,304	645,756	887,388	874,365
<b>TOTAL FUNCTIONAL EXPENSES, EXCLUDING IN-KIND</b>	<b>36,026,943</b>	<b>5,703,092</b>	<b>1,928,842</b>	<b>2,207,307</b>	<b>45,866,184</b>	<b>8,264,264</b>	<b>2,845,533</b>	<b>11,109,797</b>	<b>56,975,981</b>	<b>49,284,612</b>
In-Kind Expenses	4,149,283	248,978	216,705	28,323	4,643,289	-	-	-	4,643,289	5,155,284
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<b>\$ 40,176,226</b>	<b>\$ 5,952,070</b>	<b>\$ 2,145,547</b>	<b>\$ 2,235,630</b>	<b>\$ 50,509,473</b>	<b>\$ 8,264,264</b>	<b>\$ 2,845,533</b>	<b>\$ 11,109,797</b>	<b>\$ 61,619,270</b>	
	65%	10%	3%	4%	82%	13%	5%	18%	100%	
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b>\$ 37,739,481</b>	<b>\$ 3,306,282</b>	<b>\$ 1,994,851</b>	<b>\$ 3,221,923</b>	<b>\$ 46,262,537</b>	<b>\$ 5,882,639</b>	<b>\$ 2,294,720</b>	<b>\$ 8,177,359</b>		<b>\$ 54,439,896</b>
	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, 2020

With Summarized Totals for the Year Ended June 30, 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 4,812,940	\$ 503,438
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	887,388	874,365
Realized and Unrealized Gains on Investments (Net)	(93,412)	(190,391)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	(3,998)	33,964
Contributions to Endowment Funds	(50,000)	(50,000)
Contributions for Long-Term Purposes	-	(7,000)
Contributions of Investment Securities	(415,083)	-
Proceeds on Sale of Contributed Investment Securities	394,938	-
Changes in Operating Assets and Liabilities:		
Net Patient Service Accounts Receivable	1,860,770	669,961
Government Grants	(957,087)	(43,743)
Grants and Contributions Receivable	(1,658,942)	857,019
Other Receivables	4,164	(25,512)
Pharmaceutical Inventories	16,877	(29,431)
Prepaid Expenses and Other Assets	(101,389)	(31,467)
Accounts Payable and Accrued Expenses	562,936	(180,514)
<b><i>NET CASH PROVIDED BY OPERATING ACTIVITIES</i></b>	<b>5,260,102</b>	<b>2,380,689</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(738,576)	(471,430)
Purchase of Investments	(5,272,295)	(451,698)
Net Proceeds from Sale of Investments	2,543,803	430,765
<b><i>NET CASH USED IN INVESTING ACTIVITIES</i></b>	<b>(3,467,068)</b>	<b>(492,363)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program Loan	6,672,100	-
Contributions to Endowment Funds	50,000	50,000
Contributions for Long-Term Purposes	-	7,000
<b><i>NET CASH PROVIDED BY FINANCING ACTIVITIES</i></b>	<b>6,722,100</b>	<b>57,000</b>
<b><i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i></b>	<b>8,515,134</b>	<b>1,945,326</b>
Cash and Cash Equivalents - Beginning of Year	10,618,030	8,672,704
<b><i>CASH AND CASH EQUIVALENTS - END OF YEAR</i></b>	<b>\$ 19,133,164</b>	<b>\$ 10,618,030</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid during the Year for Interest	\$ 11,306	\$ 8,254
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, 2020**

### **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, substance abuse services, behavioral health, and food programming. 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 multiple programs and disciplines. Approximately 884 people volunteered in fiscal year 2020 (unaudited), including approximately 300 physicians (unaudited). The Clinic estimates that it received 33,050 (unaudited) total volunteer hours, including 2,467 (unaudited) general and administrative volunteer hours; such general and administrative hours are not represented in the consolidated 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 Early 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, 2020

### 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. The governing board has designated, from net assets without donor restrictions, net assets for special projects (See Note 11).
- **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 12).

#### (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 Regents' Short-Term Investment Pool (Regents' STIP) are excluded from cash and cash equivalents.

The carrying value of cash equivalents approximates its fair value at June 30, 2020.

#### (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 Regents' 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, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) NET PATIENT SERVICE ACCOUNTS RECEIVABLE 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, 2020, the Clinic has established an allowance for uncollectible net patient service accounts receivable in the amount of \$31,742.

#### (f) GRANTS AND CONTRIBUTIONS RECEIVABLE AND REVENUE RECOGNITION

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

A portion of the Clinic's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Clinic has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Clinic received cost-reimbursable grants of \$10,736,618, of which no amounts have been received in advance that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred. Revenues from other non-cost reimbursement government and private grants are recognized when received absent measurable performance barriers and rights of return according to the provisions of the grants.

The Clinic evaluated the collectability of contributions and grants receivable at June 30, 2020. At June 30, 2020, the Clinic has established an allowance for uncollectible accounts receivable in the amount of \$25,000.

Contributions that impose restrictions that are met in the same fiscal year the contribution is received are reported as increases in net assets without donor restrictions. Expirations of donor restrictions in subsequent years are reported as "Net assets released from donor restrictions" in the consolidated statement of activities. The Clinic has adopted a similar policy for conditional contributions whereby revenue from conditional restricted contributions is reported in the net assets without donor restrictions when the conditions are met in the same period that the contribution is received and there are no further donor-imposed restrictions.

# VENICE FAMILY CLINIC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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.

#### (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. No impairment losses were recognized during the year ended June 30, 2020.

# VENICE FAMILY CLINIC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(k) CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT**

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, and increased limitations on qualified charitable contributions. The CARES Act also appropriates funds for the Small Business Administration Paycheck Protection Program ("PPP"). In addition, specifically for the healthcare entities, the Act authorized \$100 billion to eligible healthcare providers to prevent, prepare for and respond to coronavirus. This funding is intended to support COVID-19 related expenses and lost revenue. To alleviate further strain, the Centers for Medicare and Medicaid Services (CMS) is providing additional relief to healthcare entities, both through expansion of the Medicare Accelerated and Advance Payment Program and through certain provisions of the Act. Healthcare entities may also receive funds from the Federal Emergency Management Agency's (FEMA) Public Assistance program or directly through other state or local grants. The Organization continues to monitor the terms and conditions of the awards received under the Care Act to ensure compliance as well as analyzing other provisions of the CARES Act, including all related interpretations, rules, and regulations as they are issued by the appropriate federal agencies. During the year ended June 30, 2020, the Organization received awards under the CARES Act totaling \$2,561,341, \$1,550,788 of which was expended during the year ended June 30, 2020, and the remaining amount is conditional on incurring qualifying expenditures.

#### **(l) PAYCHECK PROTECTION PROGRAM LOAN**

Management has elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as debt instruments and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Clinic has been 'legally released' or (2) the Clinic repays the loan to the lender (Refer to Note 10).

#### **(m) NET PATIENT SERVICE REVENUES**

VFC provides primary care services to patients covered under Medi-Cal and Medicare fee for service and managed care 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.

## VENICE FAMILY CLINIC

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **(m) NET PATIENT SERVICE REVENUES (continued)**

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, 2020 amounted to \$29,017,288.

##### **(n) 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 2020, the Clinic completed the sixth-year requirements under the Program and has recorded revenue of \$89,250, which is included in net patient service revenues in the consolidated statement of activities.

# VENICE FAMILY CLINIC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(o) 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, 2020, the Clinic provided charity care of \$11,158,935 to its patients, which has been calculated as the difference between total health care costs less net patient service revenues.

#### **(p) 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.

#### **(q) 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.

In accordance with the Financial Accounting Standards Board’s (FASB’s) Accounting Standards Codification (ASC) Topic No. 740, *Uncertainty in Income Taxes*, the Clinic recognizes the impact of tax positions in the consolidated financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2020, the Clinic performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the consolidated financial statements or which might have an effect on its tax-exempt status.

#### **(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) CONCENTRATIONS**

The Clinic maintains its cash and cash equivalents with highly rated 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 86% of its net patient service revenues from providing services to Medi-Cal patients during the year ended June 30, 2020. Reimbursement for such services is currently based on PPS rates with final settlement after submission of annual reconciliation reports to the state.



# VENICE FAMILY CLINIC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) CONCENTRATIONS (continued)

A portion of the Clinic's annual funding, \$15,713,937 or approximately 25%, of total operating revenues is derived from grant agreements with federal and nonfederal government agencies during the year ended June 30, 2020. 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.

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. Counterparty risk is the failure of another party to perform in accordance with the contract terms. The Clinic is exposed to 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.

#### (t) 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.

#### (u) 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, 2019 from which the summarized information was derived.

#### (v) NEW ACCOUNTING PRONOUNCEMENTS

In June 2018, FASB issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the 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 Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. The Clinic implemented this ASU during the year ended June 30, 2020. There was no significant impact to the Clinic's consolidated financial statements as a result of the implementation of the ASU.

# VENICE FAMILY CLINIC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) NEW ACCOUNTING PRONOUNCEMENTS (continued)

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, 2021.

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, 2023.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For the Clinic, the ASU will be effective for the year ending June 30, 2022.

#### (w) SUBSEQUENT EVENTS

The Clinic has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2020 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through January 13, 2021, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred.

# VENICE FAMILY CLINIC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020

### 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, 2020 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2020	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
Money Market Funds	\$ 2,872,492	\$ 2,872,492	\$ -	\$ -	\$ -
Equity Index Funds:					
Domestic	1,949,992	1,949,992	-	-	-
Foreign	1,060,068	1,060,068	-	-	-
Corporate Obligations	2,101,722	-	2,101,722	-	-
Regents' STIP	2,344,301	-	-	-	2,344,301
EIP	5,667,486	-	-	-	5,667,486
<b>TOTAL INVESTMENTS</b>	<b>15,996,061</b>	<b>5,882,552</b>	<b>2,101,722</b>	<b>-</b>	<b>8,011,787</b>
Beneficial Interest in Charitable Remainder Trusts	155,352	-	-	155,352	-
<b>TOTAL</b>	<b>\$ 16,151,413</b>	<b>\$ 5,882,552</b>	<b>\$ 2,101,722</b>	<b>\$ 155,352</b>	<b>\$ 8,011,787</b>

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 fair values of corporate obligations were determined by discounting the related cash flows based on current yields of similar instruments with comparable durations.

The current carrying value of investments in the Regents' Short-Term Investment Pool (STIP) approximates fair value and is measured using the NAV method. The Regents' STIP allows fund participants to maximize the returns on their short-term cash balances by taking advantage of the economies of scale of investing in a larger pool and investing in a broader range of maturities. The Regents' STIP invests primarily in marketable, publicly traded, investment grade short term fixed income instruments, notes and debentures denominated in U.S. dollars.

# VENICE FAMILY CLINIC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020

### NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

The endowment investment portfolio (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 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, 2020	Redemption Frequency	Redemption Notice Period
Regents' STIP	\$ 2,344,301	Monthly	N/A
EIP	5,667,486	Monthly	10 Days

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, 2019	\$ 151,354
Change in Value	3,998
<b>TOTAL - JUNE 30, 2020</b>	<b>\$ 155,352</b>

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, 2020	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial Interest in Charitable Remainder Trusts <sup>(a)</sup>	\$ 155,352	Net Present Value of Expected Cash Flows	N/A	Discount Rates of 0.9%, 1.5%, 2.3%, 2.4% and 4.5%, Donor life expectancies

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

**VENICE FAMILY CLINIC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 4 - INVESTMENTS**

The Clinic's investments consisted of the following at June 30, 2020:

Money Market Funds	\$ 2,872,492
Equity Index Funds	3,010,060
Corporate Obligations	2,101,722
Regents' STIP	2,344,301
EIP	<u>5,667,486</u>
<b><i>TOTAL</i></b>	<b><u>\$ 15,996,061</u></b>

**NOTE 5 - NET PATIENT SERVICES ACCOUNTS RECEIVABLE**

The Clinic's net patient services accounts receivable consisted of the following at June 30, 2020:

Net Patient Services Accounts Receivable	\$ 2,181,104
Less: Current Portion	<u>(1,853,994)</u>
<b><i>LONG-TERM NET PATIENT SERVICES ACCOUNTS RECEIVABLE</i></b>	<b><u>\$ 327,110</u></b>

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, 2020, the total unpaid net patient service accounts receivable was \$2,181,104.

During the fiscal year ended June 30, 2020, the Clinic decreased the allowance by \$56,191 to \$31,742 for the estimated disallowed portions from future state audits. At June 30, 2020, the total net unpaid FQHC settlement receivable was \$63,762, consisting of \$821,772 balance receivable, net of \$758,010 balance payable. The settlement is for revenue generated from 2017 through 2020. The state has not yet completed the relevant audits for fiscal years 2017 through 2020.

## VENICE FAMILY CLINIC

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020

#### NOTE 6 - GRANTS AND CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the consolidated 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 0.13% to 1.30% at June 30, 2020.

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

Amounts Due:	
In Less Than One Year	\$ 4,069,720
In One to Five Years	1,099,480
In More Than Five Years	<u>100,000</u>
<b>TOTAL CONTRIBUTIONS RECEIVABLE - GROSS</b>	<b>5,269,200</b>
Less: Present Value Discount	(27,078)
Less: Allowance for Doubtful Accounts	<u>(25,000)</u>
<b>TOTAL CONTRIBUTIONS RECEIVABLE - NET</b>	<b>5,217,122</b>
Less: Current Portion of Contributions Receivable - Net	<u>(4,069,720)</u>
<b>CONTRIBUTIONS RECEIVABLE - NET OF CURRENT PORTION</b>	<b>\$ 1,147,402</b>

#### 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 \$155,352 at June 30, 2020, 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, 2020:

Land	\$ 1,116,512
Buildings and Improvements	7,885,906
Leasehold Improvements	8,979,538
Furniture and Equipment, Including Software	<u>2,984,980</u>
<b>TOTAL</b>	<b>20,966,936</b>
Less: Accumulated Depreciation and Amortization	<u>(13,460,827)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>\$ 7,506,109</b>

Depreciation and amortization expense for the year ended June 30, 2020 amounted to \$887,388.

# VENICE FAMILY CLINIC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020

### 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, 2020 was 3.25%. 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, 2020. As of June 30, 2020, the total outstanding balance was \$0 with \$4,000,000 available for borrowing.

### NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN

On May 8, 2020, the Clinic received a PPP loan in the amount of \$6,672,100. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If the Clinic does not apply for forgiveness within 10 months after the last day of the covered period (defined, at the Clinic's election, as either 8 weeks or 24 weeks), such payments will be due that month.

The Clinic intends to apply for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period. To the extent that all or part of the PPP loan is not forgiven, the Clinic will be required to pay interest on the PPP loan at a rate of 1.0% per annum. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

At June 30, 2020 the total outstanding balance of the PPP loan was \$6,672,100.

### NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of undesignated and Board designated amounts for the following purposes at June 30, 2020:

Undesignated	\$ 27,666,142
Board Designated:	
Special Projects	<u>3,000,000</u>
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u><u>\$ 30,666,142</u></u>

The Board of Directors designated, from net assets without donor restrictions, certain funds for special projects to be spent over the next three years.

**VENICE FAMILY CLINIC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions included the following at June 30, 2020:

Subject to the Passage of Time:	
Beneficial Interest in Charitable Remainder Trusts	\$ 155,352
Pledges Receivable Not Available until Due	1,327,792
Subject to Expenditure for Specified Purpose:	
Capital Improvement Funds	12,000
Operating Program Funds	7,237,417
Subject to Endowment Spending Policy and Appropriation:	
Donor-Restricted Endowment Corpus	5,072,057
Accumulated Endowment Earnings	<u>595,429</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>\$ 14,400,047</u>

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, 2020:

Satisfaction of Purpose Restrictions:	
Drugs and Dispensary Supplies	\$ 12,889
Operating Program Funds	5,614,392
Appropriation in accordance with the endowment spending policy	<u>240,048</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<u>\$ 5,867,329</u>

**NOTE 13 - ENDOWMENTS**

The net assets required to be held in perpetuity consist of several donor-restricted perpetual endowment funds with a total amount of \$5,072,057 at June 30, 2020. In accordance with the donors’ stipulations and in accordance with the provisions of Accounting Standards Codification (ASC) Topic No. 958, the historic value of \$5,072,057 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.



# VENICE FAMILY CLINIC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020

**NOTE 13 - ENDOWMENTS** (continued)

The balances of the endowment funds required to be held in perpetuity consisted of the following at June 30, 2020:

The Colen Physician Endowment Fund	\$	862,334
The Milken Physician Endowment Fund		637,329
The Lee Physician Endowment Fund		864,207
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
<b><i>TOTAL</i></b>	<b>\$</b>	<b>5,072,057</b>

- 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 salary of a permanent family practice physician.
- The Lee Physician Endowment Fund - established to fund salary of a permanent family practice physician.
- The Skirball Physician Endowment Fund - established to fund 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.

		<u>With Donor Restrictions</u>
Balance - Beginning of Year	\$	5,918,387
Investment Return (Net)		(7,100)
Contributions		50,000
Other Transfers		(53,753)
Net Assets Released from Restrictions		(240,048)
<b><i>BALANCE - END OF YEAR</i></b>	<b>\$</b>	<b>5,667,486</b>

## VENICE FAMILY CLINIC

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

#### **NOTE 13 - ENDOWMENTS** (continued)

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, 2020, 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 continues 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 5.0% for the fiscal year 2020.

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.

# VENICE FAMILY CLINIC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020

### NOTE 13 - ENDOWMENTS (continued)

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 14 - 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:

<b>Years Ending June 30</b>	<b>Facilities</b>	<b>Equipment</b>	<b>Total</b>
2021	\$ 944,189	\$ 69,126	\$ 1,013,315
2022	972,515	53,342	1,025,857
2023	781,500	5,243	786,743
2024	701,322	2,729	704,051
<b>TOTAL</b>	<b>\$ 3,399,526</b>	<b>\$ 130,440</b>	<b>\$ 3,529,966</b>

Facilities and equipment rent expense under operating leases for the year ended June 30, 2020 was \$1,099,789.

## VENICE FAMILY CLINIC

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 14 - 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 15 - 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 18.36% of total payroll in accordance with the provisions of the Plan and the affiliation agreement. For the year ended June 30, 2020, VFC contributed \$5,454,787 to the Plan.

VFC has no plans to withdraw from the Plan as of June 30, 2020. 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 78.8% funded on market value basis at June 30, 2020. 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, 2020

#### NOTE 16 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Clinic at June 30, 2020 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, 2020	
Cash and Cash Equivalents	\$ 19,133,164
Short-Term Investments	10,328,575
Net Patient Services	
Accounts Receivable	1,853,994
Government Grants	2,236,506
Grants and Contributions Receivable (Net)	4,069,720
Other Receivables	196,550
	37,818,509
<b>TOTAL FINANCIAL ASSETS</b>	
<b>AT JUNE 30, 2020</b>	
	37,818,509
Less Amounts Not Available to Be Used	
within One Year, Due to:	
Donor-Imposed Restrictions:	
Funds Held with Purpose or Time Restrictions	(4,507,489)
Pledges Restricted by Purpose or Time	(4,069,720)
Board-Imposed Designations:	
Board Designated Reserve Funds	(3,000,000)
	(7,577,209)
<b>FINANCIAL ASSETS AVAILABLE TO</b>	
<b>MEET GENERAL EXPENDITURES</b>	
<b>WITHIN ONE YEAR</b>	
	\$ 26,241,300

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, 2020. In addition, the Clinic has Board designated funds of \$3,000,000 reserved for special projects at June 30, 2020 that could be drawn upon for liquidity needs.

During the year ended June 30, 2020, an outbreak of a novel strain of coronavirus (COVID-19) surfaced in the United States and throughout the world. This COVID-19 outbreak has caused business disruption which may negatively impact the Clinic's operations and program services delivery. The disruption is expected to be temporary, however there is considerable uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. While the Clinic is closely monitoring its operations, liquidity and capital resources, it is also actively working to minimize the current and future impact of this unprecedented situation. The related financial impact and duration of this disruption, however, cannot be reasonably estimated at this time.

**VENICE FAMILY CLINIC**

SUPPLEMENTARY INFORMATION -  
CONSOLIDATING SCHEDULES

YEAR ENDED JUNE 30, 2020

# VENICE FAMILY CLINIC

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION June 30, 2020

	Venice Family Clinic	Venice Family Clinic Foundation	Eliminations	Total
<b>CURRENT ASSETS:</b>				
Cash and Cash Equivalents	\$ 11,707,473	\$ 7,425,691	\$ -	\$ 19,133,164
Short-Term Investments	10,328,575	-	-	10,328,575
Net Patient Services				
Accounts Receivable	1,853,994	-	-	1,853,994
Government Grants	2,236,506	-	-	2,236,506
Grants and Contributions				
Receivable - Short-Term (Net)	3,885,632	184,088	-	4,069,720
Other Receivables	196,550	-	-	196,550
Accounts Receivable - Intercompany	1,917,119	-	(1,917,119)	-
Pharmaceutical Inventories	270,027	-	-	270,027
Prepaid Expenses and Other Assets	329,699	531	-	330,230
<b>TOTAL CURRENT ASSETS</b>	<b>32,725,575</b>	<b>7,610,310</b>	<b>(1,917,119)</b>	<b>38,418,766</b>
<b>OTHER ASSETS:</b>				
Long-Term Investments (Endowments)	5,667,486	-	-	5,667,486
Net Patient Services				
Accounts Receivable - Long-Term	327,110	-	-	327,110
Grants and Contributions				
Receivable - Long-Term (Net)	1,147,402	-	-	1,147,402
Beneficial Interest in Charitable Remainder Trusts	155,352	-	-	155,352
Property and Equipment (Net)	7,506,109	-	-	7,506,109
<b>TOTAL OTHER ASSETS</b>	<b>14,803,459</b>	<b>-</b>	<b>-</b>	<b>14,803,459</b>
<b>TOTAL ASSETS</b>	<b>\$ 47,529,034</b>	<b>\$ 7,610,310</b>	<b>\$ (1,917,119)</b>	<b>\$ 53,222,225</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts Payable and Accrued Expenses	\$ 1,453,850	\$ 30,086	\$ -	\$ 1,483,936
Accounts Payable - Intercompany	-	1,917,119	(1,917,119)	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,453,850</b>	<b>1,947,205</b>	<b>(1,917,119)</b>	<b>1,483,936</b>
<b>OTHER LIABILITY:</b>				
Paycheck Protection Program Loan	6,672,100	-	-	6,672,100
<b>TOTAL LIABILITIES</b>	<b>8,125,950</b>	<b>1,947,205</b>	<b>(1,917,119)</b>	<b>8,156,036</b>
<b>NET ASSETS:</b>				
Without Donor Restrictions	25,003,037	5,663,105	-	30,666,142
With Donor Restrictions	14,400,047	-	-	14,400,047
<b>TOTAL NET ASSETS</b>	<b>39,403,084</b>	<b>5,663,105</b>	<b>-</b>	<b>45,066,189</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 47,529,034</b>	<b>\$ 7,610,310</b>	<b>\$ (1,917,119)</b>	<b>\$ 53,222,225</b>

See Independent Auditor's Report

# VENICE FAMILY CLINIC

## CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Venice Family Clinic	Venice Family Clinic Foundation	Eliminations	Total
<b>REVENUE:</b>				
<b>OPERATING REVENUE AND SUPPORT:</b>				
Net Patient Service Revenues	\$ 29,017,288	\$ -	\$ -	\$ 29,017,288
Government Support	15,713,937	-	-	15,713,937
Private and Community Support	10,924,323	3,628,452	-	14,552,775
Grants - Related Party	2,800,000	-	(2,800,000)	-
Special Events (Net of Direct Donor Benefit of \$248,754)	-	2,252,197	-	2,252,197
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>58,455,548</b>	<b>5,880,649</b>	<b>(2,800,000)</b>	<b>61,536,197</b>
<b>OTHER REVENUE:</b>				
Investment Return (Net)	227,873	33,742	-	261,615
Change in Value in Beneficial Interest in Charitable Remainder Trusts	3,998	-	-	3,998
<b>TOTAL OTHER REVENUE</b>	<b>231,871</b>	<b>33,742</b>	<b>-</b>	<b>265,613</b>
<b>TOTAL REVENUE</b>	<b>58,687,419</b>	<b>5,914,391</b>	<b>(2,800,000)</b>	<b>61,801,810</b>
<b>EXPENSES:</b>				
<b>PROGRAM SERVICES:</b>				
Health Care	36,026,943	-	-	36,026,943
Children First Program	5,703,092	-	-	5,703,092
Education and Outreach	1,928,842	-	-	1,928,842
Common Ground	2,207,307	-	-	2,207,307
<b>TOTAL PROGRAM SERVICES</b>	<b>45,866,184</b>	<b>-</b>	<b>-</b>	<b>45,866,184</b>
<b>SUPPORTING SERVICES:</b>				
Management and General	8,176,279	87,985	-	8,264,264
Fundraising	2,813,599	31,934	-	2,845,533
Grants Distributed	-	2,800,000	(2,800,000)	-
<b>TOTAL SUPPORTING SERVICES</b>	<b>10,989,878</b>	<b>2,919,919</b>	<b>(2,800,000)</b>	<b>11,109,797</b>
<b>TOTAL EXPENSES</b>	<b>56,856,062</b>	<b>2,919,919</b>	<b>(2,800,000)</b>	<b>56,975,981</b>
<b>IN-KIND CONTRIBUTIONS</b>				
Revenue	4,630,400	-	-	4,630,400
<b>EXPENSES (IN-KIND)</b>				
Program Services:				
In-Kind Laboratory and X-Ray Services	2,573,763	-	-	2,573,763
Physician and Other Clinical Volunteers	1,439,375	-	-	1,439,375
Children First Program Volunteer	15,763	-	-	15,763
In-Kind Pharmaceutical and Laboratory Supplies	12,889	-	-	12,889
Other In-Kind Supplies and Services	233,215	-	-	233,215
In-Kind Insurance	368,284	-	-	368,284
<b>TOTAL EXPENSES (IN-KIND)</b>	<b>4,643,289</b>	<b>-</b>	<b>-</b>	<b>4,643,289</b>
<b>NET IN-KIND CONTRIBUTIONS</b>	<b>(12,889)</b>	<b>-</b>	<b>-</b>	<b>(12,889)</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,818,468</b>	<b>2,994,472</b>	<b>-</b>	<b>4,812,940</b>
Net Assets - Beginning of Year	37,584,616	2,668,633	-	40,253,249
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 39,403,084</b>	<b>\$ 5,663,105</b>	<b>\$ -</b>	<b>\$ 45,066,189</b>

See Independent Auditor's Report



**VENICE FAMILY CLINIC**

SUPPLEMENTARY INFORMATION -  
SINGLE AUDIT

YEAR ENDED JUNE 30, 2020

**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, 2020, 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 January 13, 2021.

**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*

January 13, 2021  
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, 2020. 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, 2020.

**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*

January 13, 2021  
Los Angeles, California

**VENICE FAMILY CLINIC**

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS**  
 Year Ended June 30, 2020

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
<b>FEDERAL AWARDS</b>					
<b>MAJOR AWARDS</b>					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Administration for Children and Families - Early Head Start					
Comprehensive Child Development Program	93.600	09CH010748	Jan 01, 2019 - Dec 31, 2019	\$ 2,671,996	\$ 1,542,706
Comprehensive Child Development Program	93.600	09CH010748	Jan 01, 2020 - Dec 31, 2020	2,671,996	1,116,089
COVID-19 Comprehensive Child Development Program	93.600	09CH010748	Jan 01, 2020 - Dec 31, 2020	158,185	364
Comprehensive Child Development Program	93.600	09CH010939	June 1, 2019 - May 31, 2020	6,440,920	2,787,326
Comprehensive Child Development Program	93.600	09CH010939	June 1, 2020 - May 31, 2021	4,271,173	240,093
COVID-19 Comprehensive Child Development Program	93.600	09CH010939	June 1, 2020 - May 31, 2021	172,246	3,078
Total 93.600				<u>16,386,516</u>	<u>5,689,656</u>
<b>TOTAL MAJOR AWARDS</b>				<u>16,386,516</u>	<u>5,689,656</u>

See Independent Auditor's Report

## VENICE FAMILY CLINIC

### CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS Year Ended June 30, 2020

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
<b>NON-MAJOR AWARDS</b>					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Health Resources and Services Administration					
Health Center Cluster	93.224	H80CS04217	May 1, 2019 - April 30, 2020	\$ 5,020,596	\$ 3,742,347
Health Center Cluster	93.224, 93.527	H80CS04217	May 1, 2020 - April 30, 2021	3,847,132	618,192
COVID-19 Expanding Capacity for Coronavirus Testing (ECT)	93.224	H8ECS37655	May 1, 2020 - April 30, 2021	521,584	7,447
COVID-19 Coronavirus Supplemental Funding for Health Centers	93.224	H8CCS34234	Mar 15, 2020 - Mar 14, 2021	84,507	84,507
COVID-19 Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	93.224	H8DCS35634	April 1, 2020 - Mar 31, 2021	1,163,765	1,163,765
Pass-through Northeast Valley Health Corporation					
Health Care for the Homeless	93.224	H80CS00139	Jan 1, 2019 - Dec 31, 2019	567,295	291,608
Health Care for the Homeless	93.224	H80CS00139	Jan 1, 2020 - Dec 31, 2020	541,960	259,595
COVID-19 Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	93.224	H8DCS35576	Mar 1, 2020 - Dec 31, 2020	110,734	53,319
COVID-19 Expanding Capacity for Coronavirus Testing (ECT)	93.224	H8DCS35576	May 1, 2020 - Dec 31, 2020	72,964	-
Total 93.224, 93.527, Health Center Cluster				<u>11,930,537</u>	<u>6,220,780</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Health Resources and Services Administration					
Outpatient Early Intervention Service with Respect to HIV Disease	93.918	H76HA00207	May 1, 2019 - April 30, 2020	319,569	264,503
Outpatient Early Intervention Service with Respect to HIV Disease	93.918	H76HA00207	May 1, 2020 - April 30, 2021	319,569	54,580
COVID-19 Ryan White HIV/AIDS Program Part C EIS COVID Response	93.918	H7CHA37317	Apr 1, 2020 - Mar 31, 2021	56,500	17,452
Total 93.918				<u>695,638</u>	<u>336,535</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Health Resources and Services Administration					
School-Based Health Center Capital	93.501	C12CS32673	Feb 1, 2019 - Jan 31, 2021	80,571	54,503
Total 93.501				<u>80,571</u>	<u>54,503</u>

See Independent Auditor's Report

## VENICE FAMILY CLINIC

### CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS Year Ended June 30, 2020

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
<b>FEDERAL AWARDS</b>					
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	PH-003366	Mar 01, 2019 - Feb 28, 2020	\$ 117,365	\$ 22,128
Mental Health Services for Ryan White Program Clients	93.914	PH-003366	Mar 01, 2020 - Feb 28, 2021	117,365	17,721
Core HIV Medical Care Coordination Services	93.914	PH-003772	Mar 01, 2019 - Feb 29, 2020	246,174	165,163
Core HIV Medical Care Coordination Services	93.914	PH-003772	Mar 01, 2020 - Feb 28, 2021	246,174	81,986
HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	PH-003771	Mar 01, 2019 - Feb 29, 2020	46,519	19,994
HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	PH-003771	Mar 01, 2020 - Feb 28, 2021	46,519	10,038
HIV/AIDS Benefits Specialty Services	93.914	PH002680	Apr 01, 2019 - Mar 31, 2020	50,823	36,472
HIV/AIDS Benefits Specialty Services	93.914	PH002680	Apr 01, 2020 - Mar 31, 2021	50,823	12,794
Certified Needle Exchange Program Services	93.914	PH-003634	July 01, 2019 - June 30, 2020	85,000	85,000
Total 93.914				<u>1,006,762</u>	<u>451,296</u>
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 (HCT)	93.940	PH-000810	Jan 01, 2019 - Dec 31, 2019	60,000	30,085
Storefront HIV Counseling and Testing (HCT)	93.940	PH-000411	Jan 01, 2020 - Dec 31, 2020	153,016	62,283
Storefront HIV Counseling and Testing (Pay for Performance)	93.940	PH-000810	Jan 01, 2019 - Dec 31, 2019	40,000	25,775
Storefront HIV Counseling and Testing (Pay for Performance)	93.940	PH-000411	Jan 01, 2020 - Dec 31, 2020	66,314	21,079
HIV/AIDS Health Education and Risk Reduction	93.940	PH-001034	Jan 01, 2019 - Dec 31, 2019	72,000	4,608
HIV/AIDS Health Education and Risk Reduction	93.940	PH-001034	Jan 01, 2020 - Jun 30, 2020	36,000	-
Total 93.940				<u>427,330</u>	<u>143,830</u>

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## VENICE FAMILY CLINIC

### CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS Year Ended June 30, 2020

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
<b>FEDERAL AWARDS</b>					
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	2858-5320-71209-19-20	Apr 1, 2019 - Mar 31, 2020	\$ 285,000	\$ 242,375
Total 93.217				<u>285,000</u>	<u>242,375</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Centers for Medicare and Medicaid Services					
Children's Health Insurance Program Reauthorization Act	93.767	1Y1CMS331699	July 01, 2019 - June 30, 2020	221,882	221,882
Total 93.767				<u>221,882</u>	<u>221,882</u>
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	H79TI080688	Sept 30, 2018 - Sept 29, 2019	525,000	189,253
SUD/COD Treatment for Racial/Ethnic Minority Populations at High Risk for HIV/AIDS	93.243	H79TI080688	Sept 30, 2019 - Sept 29, 2020	525,000	371,605
Pass-through The People Concern					
Primary and Behavioral Health Care Integration	93.243	H79SM062292	Oct 01, 2018 - Sep 30, 2019	70,000	17,500
Total 93.243				<u>1,120,000</u>	<u>578,358</u>
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 01, 2019 - June 30, 2020	114,494	109,689
Total 93.788				<u>114,494</u>	<u>109,689</u>
U.S. DEPARTMENT OF EDUCATION					
Pass-through State of California - Department of Education					
General Child Care and Development Program	93.596	CCTR-9128	July 01, 2019 - June 30, 2020	61,605	36,397
General Child Care and Development Program	93.575	CCTR-9128	July 01, 2019 - June 30, 2020	28,320	16,732
Total 93.596, 93.575, Child Care and Development Fund Cluster				<u>89,925</u>	<u>53,129</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Pass-through City of Los Angeles - Department on Disability					
Syringe Collection / IDU Services	14.218	C-132797	July 01, 2019 - June 30, 2020	75,000	75,000
Total 14.218, CDBG-Entitlement Grants Cluster				<u>75,000</u>	<u>75,000</u>

See Independent Auditor's Report

## VENICE FAMILY CLINIC

### CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS Year Ended June 30, 2020

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
<b>NONFEDERAL AWARDS</b>					
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 01, 2019 - June 30, 2020	\$ 17,095	\$ 12,510
Outreach, Enrollment, Utilization, and Retention Services	N.A.	PH-002515	July 01, 2019 - June 30, 2020	64,535	64,328
Outreach, Enrollment, Utilization, and Retention Services	N.A.	PH-002515	July 01, 2019 - June 30, 2020	28,340	28,340
Outreach, Enrollment, Utilization, and Retention Services	N.A.	PH-002515	July 01, 2019 - June 30, 2020	78,075	78,075
Total Pass-through Los Angeles County - Public Health				<u>188,045</u>	<u>183,253</u>
Pass-through County of L.A. Department of Mental Health/St. Joseph Center					
Integrated Mobile Health Team	N.A.	MH120959	July 01, 2019 - June 30, 2020	95,295	78,016
Medical Services Integrated Service Model (ANIMO)	N.A.	MH120959	July 01, 2019 - June 30, 2020	40,000	27,589
Total Pass-through County of L.A. Department of Mental Health/St. Joseph Center				<u>135,295</u>	<u>105,605</u>
STATE OF CALIFORNIA, DEPARTMENT OF EDUCATION					
Child Development Services - General Child Care & Development Programs	N.A.	CCTR-9128	July 01, 2019 - June 30, 2020	256,525	151,560
Total Child Development Services - General Child Care & Development Programs				<u>256,525</u>	<u>151,560</u>
<b>TOTAL NON-MAJOR AWARDS</b>				<u>16,627,004</u>	<u>8,927,795</u>
<b>TOTAL FEDERAL AND NONFEDERAL AWARDS</b>				<u>\$ 33,013,520</u>	<u>\$ 14,617,451</u>

**Notes to the Consolidated Schedule of Expenditures of Federal and Nonfederal Awards for the Year Ended June 30, 2020**

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, 2020. 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, 2020**

**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>
93.600	U.S. Department of Health and Human Services, Administration for Children and Families Comprehensive Child Development Program

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, 2020**

**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, 2020**

# **VENICE FAMILY CLINIC**

## **GENERAL INFORMATION**

**June 30, 2020**

- |  |  |
|--|--|
| 1. Full Official Name of the Agency  | Venice Family Clinic   |
| 2. Provider Names and Contract Numbers:<br>General Child Care  | CCTR-9128  |
| 3. Type of Agency  | Nonprofit Corporation  |
| 4. Address of Agency Headquarters  | 604 Rose Avenue<br>Los Angeles, California 90291                           |
| 5. Name and Address of Executive Director<br>and Name of Chief Executive Officer,<br>Business Officer, or Accountant |  |
| Chief Executive Officer  | Elizabeth Benson Forer<br>604 Rose Avenue<br>Los Angeles, California 90291 |
| Chief Financial Officer  | Andrea Blackbird   |
| 6. Telephone Number  | (310) 664-7941   |
| 7. Period Covered by Examination   | July 1, 2019 through June 30, 2020   |
| 8. Number of Days of Agency's Operation  | 248  |

**California Department of Education Audited Attendance  
and Fiscal Report for Child Development Programs**

**Fiscal Year Ending** June 30, 2020

**A U D 9500 Page 1 of 8**

**Contract Number** CCTR 9128

**Full Name of Contractor** Venice Family Clinic **Vendor Code** V419

**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				2.8792	0
Infants (up to 18 months) Full-time	560		560	2.4400	1,366.4
Infants (up to 18 months) Three-quarters-time	91		91	1.8300	166.53
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time	1,993		1,993	1.8000	3,587.4
Toddlers (18 up to 36 months) Three-quarters-time	8		8	1.3500	10.8
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	321		321	1.0000	321
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.5500	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0

See Independent Auditor's Report

Full Name of Contractor **Venice Family Clinic**

**Section 1 - Days of Enrollment Certified Children (continued)**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
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
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT</b>	<b>2,973</b>		<b>2,973</b>	<b>N/A</b>	<b>5,452.13</b>
<b>DAYS OF OPERATION</b>	<b>248</b>		<b>248</b>	<b>N/A</b>	<b>N/A</b>
<b>DAYS OF ATTENDANCE</b>	<b>2,442</b>		<b>2,442</b>	<b>N/A</b>	<b>N/A</b>

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-4) and continue to Revenue Section on page 5.

See Independent Auditor's Report



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			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>			
Transfer From Reserve			
Family Fees for Certified Children	3,005		3,005
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>3,005</b>		<b>3,005</b>

Comments:

See Independent Auditor's Report

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)	139,234		139,234
1000 Certificated Salaries			
2000 Classified Salaries	35,292		35,292
3000 Employee Benefits	13,117		13,117
4000 Books and Supplies			
5000 Services and Other Operating Expenses	4,666		4,666
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 Total Administrative Cost)	15,385		15,385
Non-Reimbursable (State use only)			
<b>Total Reimbursable Expenses</b>	<b>207,694</b>		<b>207,694</b>
Total Administrative Cost (included in Section 4 above)	27,508		27,508
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

See Independent Auditor's Report

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	57,536		57,536
Other:			
<b>Total Supplemental Revenue</b>	<b>57,536</b>		<b>57,536</b>

**Section 6 - Supplemental Expenses**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries	37,493		37,493
3000 Employee Benefits	15,781		15,781
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs	4,262		4,262
Non-Reimbursable Supplemental Expenses			
<b>Total Supplemental Expenses</b>	<b>57,536</b>		<b>57,536</b>

See Independent Auditor's Report

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	2,973		2,973
Days of Operation	248		248
Days of Attendance	2,442		2,442
Restricted Program Income			
Transfer from Reserve			
Family Fees for Certified Children	3,005		3,005
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers	139,234		139,234
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	207,694		207,694
Total Administrative Cost	27,508		27,508
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment **5,452.13**

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 (select YES or NO from the drop-down box): **YES**

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): **YES**

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

See Independent Auditor's Report

# VENICE FAMILY CLINIC

## COMBINING STATEMENT OF ACTIVITIES Year Ended June 30, 2020

	General Center Child Care CCTR-9128	Other Non-CDE Sponsored Programs	Total
<b>REVENUE:</b>			
<b>OPERATING REVENUE AND SUPPORT:</b>			
<b>Government Support:</b>			
Fees and Grants from Governmental Agencies:			
General Child Care	\$ 204,689	\$ -	\$ 204,689
Other	-	15,509,248	15,509,248
<b>TOTAL GOVERNMENT SUPPORT</b>	<b>204,689</b>	<b>15,509,248</b>	<b>15,713,937</b>
<b>Other Operating Revenue and Support:</b>			
Net Patient Service Revenues	-	29,017,288	29,017,288
Private and Community Support	3,005	14,549,770	14,552,775
Special Events (Net of Direct Donor Benefit of \$248,754)	-	2,252,197	2,252,197
<b>TOTAL OTHER OPERATING REVENUE AND SUPPORT</b>	<b>3,005</b>	<b>45,819,255</b>	<b>45,822,260</b>
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>207,694</b>	<b>61,328,503</b>	<b>61,536,197</b>
<b>OTHER REVENUE:</b>			
Investment Return (Net)	-	261,615	261,615
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	3,998	3,998
In-Kind Revenue	-	4,630,400	4,630,400
<b>TOTAL OTHER REVENUE</b>	<b>-</b>	<b>4,896,013</b>	<b>4,896,013</b>
<b>TOTAL REVENUE</b>	<b>207,694</b>	<b>66,224,516</b>	<b>66,432,210</b>
<b>EXPENSES:</b>			
Salaries	35,292	30,764,755	30,800,047
Employee Benefits	13,117	13,315,456	13,328,573
Building - Maintenance	-	576,795	576,795
Building - Other	-	444,655	444,655
Building - Rent	-	970,133	970,133
Child Care	139,234	35,522	174,756
Equipment	-	602,249	602,249
In-Kind Expense	-	4,643,289	4,643,289
Insurance	-	470,213	470,213
Interest	-	11,306	11,306
Laboratory and X-Ray Services	-	17,546	17,546
Licenses, Fees and Dues	450	838,005	838,455
Medical Supplies and Medical Waste Removal	-	544,505	544,505
Miscellaneous	-	204,324	204,324
Office Supplies	132	188,709	188,841
Participant Supplies/Activities/Incentives	-	280,211	280,211
Pharmaceutical and Pharmacy Supplies	-	2,715,194	2,715,194
Postage, Printing and Subscriptions	9	121,290	121,299
Professional and Contractual Fees	1,000	1,750,836	1,751,836
Repairs and Maintenance	-	118,692	118,692
Technology Expenses	3,075	1,062,791	1,065,866
Telephone	-	513,474	513,474
Transportation of Patients/Clients	-	28,208	28,208
Travel, Training and Workshops	-	321,415	321,415
<b>TOTAL BEFORE INDIRECT EXPENSES</b>	<b>192,309</b>	<b>60,539,573</b>	<b>60,731,882</b>
Allocation of Indirect Expenses	15,385	(15,385)	-
<b>TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>207,694</b>	<b>60,524,188</b>	<b>60,731,882</b>
Depreciation and Amortization	-	887,388	887,388
<b>TOTAL EXPENSES</b>	<b>207,694</b>	<b>61,411,576</b>	<b>61,619,270</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ -</b>	<b>\$ 4,812,940</b>	<b>\$ 4,812,940</b>

See Independent Auditor's Report

**VENICE FAMILY CLINIC**

**SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES**  
 Year Ended June 30, 2020

Expenditures	General Center Child Care CCTR-9128
<b>UNIT COST UNDER \$10,000 ITEM:</b>	
<i>Total</i>	\$ -
<b>UNIT COST OVER \$10,000 WITH CDE APPROVAL:</b>	
<i>Total</i>	-
<b>UNIT COST OVER \$10,000 WITHOUT CDE APPROVAL:</b>	
<i>Total</i>	-
<b><i>TOTAL RENOVATION AND REPAIR EXPENDITURES</i></b>	\$ -

See Independent Auditor's Report

# VENICE FAMILY CLINIC

## SCHEDULE OF EQUIPMENT EXPENDITURES

Year Ended June 30, 2020

Expenditures	General Center Child Care CCTR-9128
<b>UNIT COST UNDER \$7,500 PURCHASE:</b>	
<i>Total</i>	\$ -
<b>UNIT COST OVER \$7,500 WITH CDE APPROVAL:</b>	
<i>Total</i>	-
<b>UNIT COST OVER \$7,500 WITHOUT CDE APPROVAL:</b>	
<i>Total</i>	-
<b><i>TOTAL EQUIPMENT EXPENDITURES</i></b>	<u><u>\$ -</u></u>

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# VENICE FAMILY CLINIC

## SCHEDULE OF ADMINISTRATIVE COSTS Year Ended June 30, 2020

Expenditures	General Center Child Care CCTR-9128
Classified Personnel Salaries	\$ 7,764
Employee Benefits	2,900
Services and Other Operating Expenses	<u>1,459</u>
<b>Total</b>	12,123
Indirect Costs:	
Indirect Services @ 8%	<u>15,385</u>
<b>TOTAL ADMINISTRATIVE COSTS</b>	<u><u>\$ 27,508</u></u>

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# VENICE FAMILY CLINIC

## SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

Year Ended June 30, 2020

Expenditures		General Center Child Care CCTR-9128
-	Direct Payments to Providers	\$ 139,234
2000	Classified Salaries	35,292
3000	Employee Benefits	13,117
4000	Books, Supplies, and Equipment	-
5000	Services and Other Operating Expenses	4,666
-	Indirect Costs	<u>15,385</u>
<b><i>TOTAL EXPENDITURES BY STATE CATEGORIES</i></b>		<b><u>\$ 207,694</u></b>

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**VENICE FAMILY CLINIC**  
**CHILD DEVELOPMENT PROGRAM**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**June 30, 2020**

**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, 2020**

**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.