

VENICE FAMILY CLINIC

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

VENICE FAMILY CLINIC
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Venice Family Clinic

Report on the Consolidated Financial Statements

Opinion

We have audited 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, 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Clinic as of June 30, 2022, 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 (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Clinic and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

To the Board of Directors
Venice Family Clinic

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clinic's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clinic's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Clinic's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, including the 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) and the Supplementary Information - Child Development Program as required by the Audit Guide issued by the California Department of Education is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. In addition, the consolidating statement of financial position as of June 30, 2022 and the consolidating statement of activities for the year then ended are not a required part of the basic consolidated financial statements. The supplementary information referred to above 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2022 on our consideration of the Clinic's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinic's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

December 10, 2022
Los Angeles, California

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2022

With Summarized Totals at June 30, 2021

ASSETS	2022	2021
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 15,807,213	\$ 13,567,506
Short-Term Investments	14,304,682	14,688,009
Net Patient Services Accounts Receivable	4,860,366	3,523,912
Estimated Amounts Due from Third-Party Payors (Net)	509,561	1,084,271
Government Grants Receivable	3,430,471	3,703,086
Grants and Contributions Receivable - Short-Term	5,113,240	8,310,814
Other Receivables	206,266	759,029
Pharmaceutical Inventories	242,454	271,857
Prepaid Expenses and Other Assets	511,129	381,709
	44,985,382	46,290,193
OTHER ASSETS:		
Long-Term Investments (Endowments)	6,289,392	7,283,350
Estimated Amounts Due from Third-Party Payors - Long-Term (Net)	117,850	1,689,625
Grants and Contributions Receivable - Long-Term (Net)	6,816,428	387,376
Beneficial Interest in Charitable Remainder Trusts	39,017	62,589
Property and Equipment (Net)	19,716,219	7,843,278
	32,978,906	17,266,218
	\$ 77,964,288	\$ 63,556,411
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 1,862,660	\$ 1,557,814
Estimated Amounts Due to Third-Party Payors (Net)	3,987,122	-
	5,849,782	1,557,814
OTHER LIABILITIES:		
Deferred Revenue	1,324,435	3,075,828
Note Payable	379,471	-
Paycheck Protection Program Loan	6,672,100	6,672,100
	8,376,006	9,747,928
	14,225,788	11,305,742
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without Donor Restrictions	36,798,284	32,370,041
With Donor Restrictions	26,940,216	19,880,628
	63,738,500	52,250,669
	\$ 77,964,288	\$ 63,556,411

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

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

With Summarized Totals for the Year Ended June 30, 2021

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE:				
OPERATING REVENUE AND SUPPORT:				
Net Patient Service Revenues	\$ 32,179,621	\$ -	\$ 32,179,621	\$ 28,694,912
Government Support	27,916,272	-	27,916,272	17,227,792
Private and Community Support	3,846,207	16,764,299	20,610,506	17,662,087
Special Events (Net of Direct Donor Benefit of \$342,676)	325,564	-	325,564	505,813
TOTAL OPERATING REVENUE AND SUPPORT	64,267,664	16,764,299	81,031,963	64,090,604
OTHER REVENUE:				
Investment Return (Net)	(766,334)	(769,746)	(1,536,080)	3,109,049
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	(23,572)	(23,572)	14,455
Net Assets Released from Restrictions	6,099,330	(6,099,330)	-	-
TOTAL OTHER REVENUE	5,332,996	(6,892,648)	(1,559,652)	3,123,504
TOTAL REVENUE	69,600,660	9,871,651	79,472,311	67,214,108
EXPENSES:				
PROGRAM SERVICES:				
Health Care	46,932,244	-	46,932,244	37,363,904
Children First Program	6,441,522	-	6,441,522	6,524,430
Education and Outreach	3,005,759	-	3,005,759	2,232,926
Common Ground	2,074,793	-	2,074,793	1,842,196
TOTAL PROGRAM SERVICES	58,454,318	-	58,454,318	47,963,456
SUPPORTING SERVICES:				
Management and General	9,317,445	-	9,317,445	7,048,222
Fundraising	3,031,718	-	3,031,718	2,877,537
TOTAL SUPPORTING SERVICES	12,349,163	-	12,349,163	9,925,759
TOTAL EXPENSES	70,803,481	-	70,803,481	57,889,215
IN-KIND CONTRIBUTIONS:				
Revenue	5,858,861	69,978	5,928,839	7,322,022
Net Assets Released from Restrictions	68,691	(68,691)	-	-
TOTAL IN-KIND CONTRIBUTIONS	5,927,552	1,287	5,928,839	7,322,022
IN-KIND EXPENSES:				
Program Services:				
In-Kind Laboratory and X-Ray Services	1,574,850	-	1,574,850	2,745,438
In-Kind Food	1,774,994	-	1,774,994	1,929,257
Physician and Other Clinical Volunteers	800,659	-	800,659	1,105,800
Other In-Kind Supplies and Services	811,825	-	811,825	861,230
In-Kind Insurance	895,953	-	895,953	652,700
Children First Program Volunteers	580	-	580	8,337
In-Kind Pharmaceutical and Laboratory Supplies	68,691	-	68,691	1,376
TOTAL IN-KIND EXPENSES	5,927,552	-	5,927,552	7,304,138
NET IN-KIND CONTRIBUTIONS	-	1,287	1,287	17,884
Change in Net Assets Before Inherent Contribution and Net Assets Released for Capital Expenditure	(1,202,821)	9,872,938	8,670,117	9,342,777
Inherent Contribution from Acquisition	2,817,714	-	2,817,714	-
Net Assets Released for Capital Expenditure	2,813,350	(2,813,350)	-	-
CHANGE IN NET ASSETS	4,428,243	7,059,588	11,487,831	9,342,777
Net Assets - Beginning of Year	32,370,041	19,880,628	52,250,669	42,907,892
NET ASSETS - END OF YEAR	\$ 36,798,284	\$ 26,940,216	\$ 63,738,500	\$ 52,250,669

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

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
 Year Ended June 30, 2022
 With Summarized Totals for the Year Ended June 30, 2021

	2022							2021	
	Health Care	Children First Program	Education and Outreach	Common Ground	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 27,139,577	\$ 3,670,819	\$ 1,440,836	\$ 978,779	\$ 33,230,011	\$ 4,306,108	\$ 1,788,203	\$ 6,094,311	\$ 39,324,322
Employee Benefits	10,582,837	1,576,071	604,083	406,975	13,169,966	1,696,965	678,410	2,375,375	15,545,341
TOTAL PERSONNEL COSTS	37,722,414	5,246,890	2,044,919	1,385,754	46,399,977	6,003,073	2,466,613	8,469,686	54,869,663
Building - Maintenance	552,220	124,405	28,256	57,595	762,476	65,358	12,381	77,739	840,215
Building - Other	577,751	36,193	25,220	15,798	654,962	63,468	9,310	72,778	727,740
Building - Rent	988,531	251,109	15,564	-	1,255,204	444,880	145,524	590,404	1,845,608
Child Care	-	78,161	-	-	78,161	-	-	-	78,161
Equipment	89,620	44,759	-	11,117	145,496	121,448	10,744	132,192	277,688
Insurance	178,354	44,867	9,617	11,143	243,981	92,399	11,608	104,007	347,988
Interest	-	-	-	-	-	80,779	-	80,779	80,779
Laboratory and X-Ray Services	173,947	-	-	21,531	195,478	-	-	-	195,478
Licenses, Fees and Dues	235,419	6,622	1,115	250	243,406	150,989	29,497	180,486	423,892
Medical Supplies and Medical Waste Removal	623,505	-	64,881	12,975	701,361	786	138	924	702,285
Miscellaneous	37,399	5,716	8,333	2,550	54,018	223,131	68,066	291,197	345,215
Office Supplies	103,552	37,320	15,615	8,072	164,559	63,794	1,393	65,187	229,746
Participant Supplies/Activities/Incentives	165,408	130,564	512,070	10,978	819,020	4,349	1,291	5,640	824,660
Pharmaceutical and Pharmacy Supplies	2,176,827	-	-	455,366	2,632,193	10	-	10	2,632,203
Postage, Printing and Subscriptions	93,307	14,725	6,688	279	114,999	42,271	75,524	117,795	232,794
Professional and Contractual Fees	1,226,782	159,573	199,377	42,090	1,627,822	796,557	95,537	894,094	2,521,916
Repairs and Maintenance	79,164	14,548	93	456	94,261	119,429	213,690	119,429	323,379
Technology Expenses	795,577	53,030	889	5,500	854,996	452,198	89,495	541,693	1,396,689
Telephone	395,188	27,117	5,303	282	427,890	265,093	-	265,093	692,983
Transportation of Patients/Clients	59,856	699	-	11,927	72,482	255	-	255	72,737
Travel, Training and Workshops	74,793	111,361	23,215	5,868	215,237	83,371	1,217	84,588	299,825
TOTAL BEFORE DEPRECIATION AND AMORTIZATION	46,349,614	6,387,659	2,961,175	2,059,531	57,757,979	9,075,638	3,018,338	12,093,976	69,851,955
Depreciation and Amortization	582,630	53,863	44,584	15,262	696,339	241,807	13,380	255,187	951,526
TOTAL FUNCTIONAL EXPENSES, EXCLUDING IN-KIND	46,932,244	6,441,522	3,005,759	2,074,793	58,454,318	9,317,445	3,031,718	12,349,163	70,803,481
In-Kind Expenses	3,235,740	435,999	2,081,410	36,779	5,789,928	99,309	38,315	137,624	5,927,552
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 50,167,984	\$ 6,877,521	\$ 5,087,169	\$ 2,111,572	\$ 64,244,246	\$ 9,416,754	\$ 3,070,033	\$ 12,486,787	\$ 76,731,033
	65%	9%	7%	3%	84%	12%	4%	16%	100%
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 43,950,414	\$ 6,930,987	\$ 2,289,422	\$ 1,869,068	\$ 55,039,891	\$ 7,241,374	\$ 2,912,088	\$ 10,153,462	\$ 65,193,353
	66%	11%	4%	3%	84%	11%	5%	16%	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, 2022 With Summarized Totals for the Year Ended June 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 11,487,831	\$ 9,342,777
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	951,526	876,258
Realized and Unrealized Gains on Investments (Net)	1,672,059	(2,967,705)
Inherent Contribution from Acquisition	(2,817,714)	-
Change in Value of Beneficial Interest in Charitable Remainder Trusts	23,572	(14,455)
Contributions to Endowment Funds	(50,000)	(50,000)
Contributions Restricted for Property and Equipment	-	(7,000,000)
Contributions of Investment Securities	(579,164)	(162,777)
Changes in Operating Assets and Liabilities:		
Net Patient Services Accounts Receivable	(817,490)	(1,025,412)
Estimated Amounts Due from/to Third-Party Payors (Net)	5,779,362	(5,353,103)
Government Grants Receivable	272,615	(1,466,580)
Grants and Contributions Receivable	(8,731,478)	2,018,932
Other Receivables	552,763	(562,479)
Pharmaceutical Inventories	29,403	(1,830)
Prepaid Expenses and Other Assets	(56,198)	(51,479)
Accounts Payable and Accrued Expenses	(94,117)	177,392
Deferred Revenue	(1,751,393)	3,075,828
	5,871,577	(3,164,633)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Received from Acquisition	361,363	-
Purchase of Property and Equipment	(9,805,721)	(1,213,427)
Purchase of Investments	(185,583)	(4,157,743)
Proceeds from Sale of Investments	469,973	1,312,927
	(9,159,968)	(4,058,243)
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions to Endowment Funds	50,000	50,000
Payments on Note Payable	(21,902)	-
Contributions Restricted for Property and Equipment	5,500,000	1,500,000
Distribution of Beneficial Interest in Charitable Remainder Trusts	-	107,218
	5,528,098	1,657,218
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,239,707	(5,565,658)
Cash and Cash Equivalents - Beginning of Year	13,567,506	19,133,164
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 15,807,213	\$ 13,567,506
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Noncash Investing Activity		
Acquisition, Net of Cash Received	\$ 2,456,351	\$ -
Cash Paid during the Year for Interest	\$ 80,779	\$ 66,721

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **June 30, 2022**

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.

For over 50 years, VFC has been a leading community health center in Los Angeles County. We view care provision through the lens of prevention, recognizing that we have a unique opportunity to help people get and stay well. Our services include: primary and specialty medical care; chronic disease management; dental and vision care; mental health care; substance use treatment services; our Common Ground program for HIV prevention and treatment; homeless health care and street-based medicine; our Teen Clinic; domestic violence intervention; our Children First Early Head Start program; case management; health education; integrative medicine; laboratory and pharmacy services; health insurance enrollment assistance; and more. The Clinic serves as a medical home to over 40,000 patients in a contiguous service area stretching from the South Bay to the Santa Monica Mountains. Within this region, our team of over 500 staff members and 1,500 volunteers, including medical residents from multiple programs and disciplines, provides high-quality services at 15 clinical and two Early Head Start locations.

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 VFC, 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, 2022

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.
- **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.

(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, 2022.

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.

(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 consolidated 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 consolidated statement of activities. Investments received through gifts are recorded at estimated fair value at the date of donation.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS (continued)

Dividend and interest income is 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.

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.

(e) NET PATIENT SERVICES ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Net patient services accounts receivable reflects the outstanding amount of consideration to which the Clinic expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others. In evaluating the collectability of accounts receivable, the Clinic regularly analyzes its past history and identifies and reviews trends for each of its major payor sources of revenue to estimate appropriate and sufficient implicit and explicit price concessions reflected in such accounts receivable.

For receivables associated with services provided to patients who have third-party coverage, the Clinic analyzes contractually due amounts and provides additional implicit and explicit price concessions, if necessary, based upon historical collection, history of deductibles and copayments on accounts for which the third-party payor had not paid, or for remaining payor balances.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) NET PATIENT SERVICES ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES
(continued)

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Clinic records a significant implicit price concession in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by sliding fee or other policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is reflected as a reduction in accounts receivable.

Other 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, 2022, net patient services accounts receivable were deemed to be collectible, and no allowance for doubtful accounts was established.

(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 with a value that can be estimated 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 consolidated statement of financial position. The Clinic received cost-reimbursable grants of \$21,442,494 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred. The Clinic received \$1,324,435 of this amount in advance, and this amount is included in deferred revenues at June 30, 2022 in the consolidated statement of financial position.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **June 30, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, 2022 and maintains an allowance for uncollectible pledges 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 as 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.

(g) PHARMACEUTICAL INVENTORIES

Purchased inventories are stated at the lower of cost or market value. Donated inventories are stated at market value at the date of contribution. Acquisition prices are based on the federal 340B Drug Pricing Program (340B 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 contribution revenue with donor restrictions 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 consolidated statement of activities as a change in value of beneficial interest in charitable remainder trusts.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) PROPERTY AND EQUIPMENT

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

Building and Improvements	30 Years
Leasehold Improvements	Shorter of Initial Lease Period or Useful Life of Asset
Furniture and Equipment, Including Software	5 Years
Vehicles	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, 2022.

(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 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 CARES 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 Clinic continues to monitor the terms and conditions of the awards received under the CARES 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.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (continued)

During the year ended June 30, 2021, the Clinic received Provider Relief Funds under the CARES Act totaling \$3,485,394, of which \$3,075,828 was recorded as deferred revenue at June 30, 2021, and was recognized as government support revenues during the year ended June 30, 2022. During the year ended June 30, 2022, the Clinic received awards under the CARES Act totaling \$1,324,435 which was not recognized as revenue and was recorded as deferred revenue at June 30, 2022.

The Clinic was awarded federal grants as part of the American Rescue Plan Act (ARPA), totaling \$12,599,401 for a budget period of April 2021 through March 2023. During the year ended June 30, 2022, \$6,596,421 of these funds was expended and recognized in government support revenues, the remaining amount is conditional on incurring qualifying expenditures.

These awards have specific terms and conditions that must be followed when utilizing the funding. Grant revenue will be recognized, and grant funds drawn down, as the Clinic meets the conditions prescribed by the grant agreements, which require incurring qualifying expenditures over the grant periods.

(l) PAYCHECK PROTECTION PROGRAM LOAN

Management has elected to account for the forgivable loan received under the PPP provisions of the 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.

(m) NET PATIENT SERVICE REVENUES

Patient care service revenue is recognized as the Clinic satisfies performance obligations under its contracts with patients. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Clinic expects to be entitled in exchange for providing patient care. The Clinic determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Clinic's policies and implicit price concessions provided to uninsured patients.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) NET PATIENT SERVICE REVENUES (continued)

The Clinic determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies and historical experience by payor groups. The Clinic determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations by third-party payors.

(n) 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, 2022, the Clinic provided charity care of approximately \$18 million to its patients, which has been calculated as the difference between total health care costs less net patient service revenues.

(o) IN-KIND CONTRIBUTIONS

Contributions of donated non-cash assets are recorded at fair value in the period received and expensed when utilized. Non-cash goods are valued based upon estimates of fair market value that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated contributed goods are not sold but rather used for VFC's operations.

Contributions of donated services are recognized at fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, were provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. 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. General and administrative volunteer hours are not represented in the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Contributed goods and services were valued at \$5,928,839 for the year ended June 30, 2022.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) INCOME TAXES

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

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, 2022, the Clinic performed an evaluation of uncertain tax positions and did not identify any matters that would require recognition in the consolidated financial statements or which might have an effect on its tax-exempt status.

(q) 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.

(r) CONCENTRATIONS

The Clinic received approximately 84% of its net patient service revenues from providing services to Medi-Cal patients during the year ended June 30, 2022. Reimbursement for such services is currently based on prospective payment system (PPS) rates with final settlement after submission of annual reconciliation reports to the state.

A portion of the Clinic's annual funding, \$27,916,272 or approximately 34%, of total operating revenues is derived from grant agreements with federal and nonfederal government agencies during the year ended June 30, 2022. The Clinic has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Clinic's ability to finance ongoing operations.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) USE OF ESTIMATES

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

(t) COMPARATIVE TOTALS

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Clinic's consolidated financial statements for the year ended June 30, 2021 from which the summarized information was derived.

(u) NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued Accounting Standard Update (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 consolidated 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 consolidated financial statements. For the Clinic, the ASU will be effective for the year ending June 30, 2023.

In September 2020, the 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. The Clinic implemented this ASU during the year ended June 30, 2022. The presentation and disclosures of gifts-in-kind have been enhanced in accordance with the standard; however, there was no significant impact on the Clinic's consolidated financial statements as a result of the implementation.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) SUBSEQUENT EVENTS

The Clinic has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2022 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through December 10, 2022, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred other than as disclosed in Note 7.

NOTE 3 - INVESTMENTS

The Clinic's investments consisted of the following at June 30, 2022:

Money Market Funds	\$ 3,370,740
Equity Index Funds	3,621,710
Corporate Obligations	1,940,508
Regents' STIP	5,371,724
EIP	<u>6,289,392</u>
TOTAL	<u>\$ 20,594,074</u>

NOTE 4 - 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 observable data points 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.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

The following table presents information about the Clinic's assets that are measured at fair value on a recurring basis at June 30, 2022 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2022	Fair Value Measurements Using			Net Asset Value (NAV) Per Share or Its Equivalent
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money Market Funds	\$ 3,370,740	\$ 3,370,740	\$ -	\$ -	\$ -
Equity Index Funds:					
Domestic	2,396,760	2,396,760	-	-	-
Foreign	1,224,950	1,224,950	-	-	-
Corporate Obligations	1,940,508	-	1,940,508	-	-
Regents' STIP	5,371,724	-	-	-	5,371,724
EIP	6,289,392	-	-	-	6,289,392
TOTAL INVESTMENTS	20,594,074	6,992,450	1,940,508	-	11,661,116
Beneficial Interest in Charitable Remainder Trusts	39,017	-	-	39,017	-
TOTAL	\$ 20,633,091	\$ 6,992,450	\$ 1,940,508	\$ 39,017	\$ 11,661,116

The fair values of money market and equity index funds 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' STIP approximates fair value and is based on the net asset value (NAV). 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. 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.

The EIP has a long-term investment horizon and consists principally of equity securities, bonds, mutual funds and alternative investments, which are managed in a unitized investment pool. The alternative instruments include hedge funds, private equity and venture capital. Monthly investment income and realized and unrealized gains and losses are allocated equitably based on the units owned by each participant at the beginning of each month. The fair values of the investments in this category have been estimated using the NAV per share of the investments as described above. There are no restrictions on the redemptions of these investments, but the redemption must be approved by the UCLA Foundation board of directors.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

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

	Fair Value June 30, 2022	Redemption Frequency	Redemption Notice Period
Regents' STIP	\$ 5,371,724	Monthly	N/A
EIP	\$ 6,289,392	Monthly	10 Days

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.

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, 2021	\$ 62,589
Change in Value	<u>(23,572)</u>
TOTAL - JUNE 30, 2022	<u>\$ 39,017</u>

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, 2022	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial Interest in Charitable Remainder Trusts ^(a)	\$ 39,017	Net Present Value of Expected Cash Flows	N/A	Discount Rates of 2.0%, 2.1%, 4.5%, and 4.3% Donor Life Expectancies

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 5 - 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 at the discounted present value of the future cash flows at rates ranging from 0.05% to 3.00% at June 30, 2022.

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

Amounts Due:	
In Less Than One Year	\$ 5,113,240
In One to Five Years	7,228,710
In More Than Five Years	<u>100,000</u>
TOTAL GRANTS AND CONTRIBUTIONS RECEIVABLE - GROSS	12,441,950
Less: Present Value Discount	(487,282)
Less: Allowance for Doubtful Accounts	<u>(25,000)</u>
TOTAL CONTRIBUTIONS RECEIVABLE - NET	11,929,668
Less: Current Portion of Contributions Receivable - Net	<u>(5,113,240)</u>
CONTRIBUTIONS RECEIVABLE - NET OF CURRENT PORTION	<u>\$ 6,816,428</u>

NOTE 6 - 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 \$39,017 at June 30, 2022, representing the portion of the net present value of the charitable remainder trusts for which the Clinic is the designated beneficiary.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022:

Land	\$ 2,416,512
Buildings and Improvements	17,864,613
Leasehold Improvements	10,223,821
Vehicles	136,429
Furniture and Equipment, Including Software	<u>4,363,460</u>
TOTAL	35,004,835
Less: Accumulated Depreciation and Amortization	<u>(15,288,616)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>\$ 19,716,219</u>

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 7 - PROPERTY AND EQUIPMENT (continued)

Depreciation and amortization expense for the year ended June 30, 2022 amounted to \$951,526.

Subsequent to June 30, 2022, the Board of Directors approved the purchase of a piece of property situated between two other properties owned by the Clinic. The sale is subject to standard terms and conditions and ultimate resolution of the purchase terms with the seller.

NOTE 8 - LINE OF CREDIT

The Clinic has a \$4,000,000 line of credit with a bank. The line of credit bears interest at the prime reference rate less 0.25% per annum with a maturity date of December 1, 2024. The prime rate at June 30, 2022 was 4.75%. 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, 2022. As of June 30, 2022, there were no amounts outstanding on the line of credit with \$4,000,000 available for borrowing.

NOTE 9 - 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 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 amount of forgiveness applied for by the borrower is approved by the SBA.

The Clinic applied for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period and is awaiting approval from the SBA. 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, 2022 the total outstanding balance of the PPP loan was \$6,672,100.

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of undesignated and Board designated amounts for the following purposes at June 30, 2022:

Undesignated	\$ 35,798,284
Board Designated:	
Special Projects	<u>1,000,000</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 36,798,284</u>

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions included the following at June 30, 2022:

Subject to the Passage of Time:	
Beneficial Interest in Charitable Remainder Trusts	\$ 39,017
Pledges Receivable Not Available until Due	1,010,000
Subject to Expenditure for Specified Purpose:	
Drugs and Dispensary Supplies	19,170
Capital Improvement Funds	3,293,813
Operating Program Funds	16,288,824
Subject to Endowment Spending Policy and Appropriation:	
Donor-Restricted Endowment Corpus	5,172,057
Accumulated Endowment Earnings	<u>1,117,335</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 26,940,216</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, 2022:

Expiration of Specific Time Period:	
Beneficial Interest in Charitable Remainder Trusts	\$ 23,572
Satisfaction of Purpose Restrictions:	
Drugs and Dispensary Supplies	68,691
Capital Improvement Funds	2,813,350
Operating Program Funds	5,825,118
Appropriation in Accordance With the Endowment Spending Policy	<u>274,212</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 9,004,943</u>

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 12 - ENDOWMENTS

The net assets required to be held in perpetuity consist of several donor-restricted perpetual endowment funds with a total amount of \$6,289,392 at June 30, 2022. In accordance with the donors' stipulations and in accordance with the provisions of ASC Topic No. 958, the historic value of \$5,172,057 must be maintained in the funds, while all interest income, dividend income and net appreciation is restricted until it is used for the purpose designated by the gift agreement.

The balances of the endowment funds required to be held in perpetuity consisted of the following at June 30, 2022:

The Colen Physician Endowment Fund	\$	862,334
The Milken Physician Endowment Fund		637,329
The Lee Physician Endowment Fund		964,207
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
TOTAL	\$	<u>5,172,057</u>

- The Colen Physician Endowment Fund - established to provide for a permanent family practice physician and receives contributions from various individuals. During the fiscal year of 2007, the Clinic received tribute gifts to continue Irma Colen's legacy; family members established these gifts as additions to the Colen Physician Endowment Fund.
- The Milken Physician Endowment Fund - established to fund 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.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 12 - ENDOWMENTS (continued)

	<u>With Donor Restrictions</u>
Balance - Beginning of Year	\$ 7,283,350
Investment Return (Net)	(769,746)
Contributions	50,000
Net Assets Released from Restrictions	<u>(274,212)</u>
BALANCE - END OF YEAR	<u>\$ 6,289,392</u>

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor requires the Clinic to retain as a fund of perpetual duration. In accordance with the provisions of ASC Topic No. 958, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2022, 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.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **June 30, 2022**

NOTE 12 - ENDOWMENTS (continued)

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 4.25% for the fiscal year 2022.

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

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

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

NOTE 13 - NET PATIENT SERVICE REVENUES

Patient care service revenue is reported at the amount that reflects the consideration to which the Clinic expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Clinic bills the patients and third-party payors several days after the services are performed. Revenue is recognized as the performance obligations are satisfied.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **June 30, 2022**

NOTE 13 - PATIENT CARE SERVICE REVENUE (continued)

(a) PERFORMANCE OBLIGATIONS

Performance obligations are determined based on the nature of the services provided by the Clinic. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Clinic believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to medical, dental, visual, and behavioral health services provided at the Clinic sites. The Clinic measures the performance obligation from the commencement of a visit, to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the visit.

Revenue for performance obligations satisfied at a point in time relates to sales of pharmaceuticals through in-house pharmacies and is generally recognized when pharmaceuticals are provided to our patients and customers in a retail setting, and the Clinic does not believe it is required to provide additional goods or services related to that sale.

(b) TRANSACTION PRICE

The Clinic determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Clinic's policy, or implicit price concessions provided to uninsured patients. The Clinic determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with uninsured patients.

In relation to the sales of pharmaceuticals, the Clinic participates in the 340B Program which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Program is managed by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs. HRSA is currently conducting routine audits of these programs at health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to the consolidated financial statement amounts related to the 340B Program could occur in the near term.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 13 - PATIENT CARE SERVICE REVENUE (continued)

(c) THIRD-PARTY PAYORS

The Clinic is approved as an FQHC for both Medicare and Medi-Cal reimbursement purposes. Agreements with third-party payors provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medi-Cal.** Covered FQHC services rendered to Medi-Cal program beneficiaries are paid based on a prospective reimbursement methodology. The Clinic is reimbursed at a negotiated all-inclusive encounter rate, for each clinic site, for all services provided under the program per occasion of service. The Clinic also participates in the Medi-Cal managed care program, pursuant to the terms of which the Clinic 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. The Clinic's Medi-Cal Managed Care reconciliation reports have been audited and finalized through fiscal year 2016.
- **Medicare.** Covered FQHC services rendered to Medicare program beneficiaries are paid in accordance with provisions of Medicare's PPS for FQHCs. Medicare payments, including patient coinsurance, are paid on the lesser of the Clinic's actual charge or the applicable PPS rate.
- **Other.** Payment agreements with My Health LA program with the County of Los Angeles, as well as with certain commercial insurance carriers, health maintenance and managed care organizations, and preferred provider organizations provide for payment using prospectively determined rates per unit of service, discounts from established charges, as well as capitation payments.

Laws and regulations concerning government programs, including Medicare and Medi-Cal, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Clinic's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Clinic. In addition, the contracts the Clinic has with commercial payors also provide for retroactive audit and review of claims.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 13 - PATIENT CARE SERVICE REVENUE (continued)

(c) THIRD-PARTY PAYORS (continued)

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Clinic's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

There is no significant financing component related to third-party settlements because it is not a result of the provision of a financing arrangement with a government payor. In addition, the timing of payment is at the discretion of the payor and does not involve the patient.

During the year ended June 30, 2022, the audits of several of the Clinic's prior year PPS reconciliations were completed. Adjustments arising from a change in the transaction price are reported as adjustments in the current year's net patient service revenues. The Clinic recorded a decrease of net patient service revenues of \$2,489,034 from such adjustments during the year ended June 30, 2022. At June 30, 2022, the total net estimated amounts due to third-party payors were \$3,359,711, net of the \$912,798 reserve.

(d) UNINSURED PATIENTS

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. As required by Section 330 of the Public Health Service Act (42 U.S.C. §254b), the Organization also has established a sliding fee discount program and offers low-income patients a sliding fee discount from standard charges. The Clinic estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient care service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 13 - PATIENT CARE SERVICE REVENUE (continued)

(d) UNINSURED PATIENTS (continued)

Consistent with the Clinic's mission, care is provided to patients regardless of their ability to pay. Therefore, the Clinic has determined it has provided implicit price concessions to uninsured patients and other uninsured balances, such as copays and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Clinic expects to collect based on its collection history with those patients.

(e) REVENUE COMPOSITION

The Clinic has determined that the nature, amount, timing and uncertainty of revenue, and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medi-Cal, managed care, other insurance or patients) have different reimbursement and payment methodologies.
- Nature of the patient's services (for example, medical, dental, visual, behavioral health, etc.)
- Method of reimbursement (fee for service or capitation)

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the year ended June 30, 2022:

Performance Obligations Satisfied over Time	\$ 27,380,554
Performance Obligations Satisfied at a Point in Time	<u>4,799,067</u>
TOTAL NET PATIENT SERVICE REVENUE	<u>\$ 32,179,621</u>

NOTE 14 - IN-KIND CONTRIBUTIONS

The Clinic receives donated goods and services for use in their programs and operations. The values of these contributions have been determined by management based on the market value for comparable goods or services, average costs for similar goods or services based on national averages, property appraisals and other means deemed appropriate based on the nature and use of the contributions.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 14 - IN-KIND CONTRIBUTIONS (continued)

For the year ended June 30, 2022, gifts in kind were comprised of the following:

Category	Valuation	Activity	Value
Laboratory and X-Ray Services	Market Value	Health Care	\$ 1,574,850
Food	National Average Costs	Health Education and Outreach	1,774,994
Physician and Other Clinical Volunteers	National Average Costs	Health Care and Health Education and Outreach	800,659
Discounted Rent	Property Appraisal	Children First Program	122,210
Supplies and Services	Market Value	Children First Program	274,087
Technology Infrastructure	Market Value	All Programs and Departments	415,488
Insurance	Market Value	Management and General	418,474
Insurance - Malpractice	National Average	Health Care	477,479
Children First Program Volunteers	National Average	Children First Program	580
Pharmaceutical and Laboratory Supplies	Market Value	Health Care	69,978
TOTAL			\$ 5,928,839

NOTE 15 - 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 2030. Other rental costs were incurred for certain program sites throughout the year on a month-to-month basis.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 15 - COMMITMENTS AND CONTINGENCIES (continued)

(b) OPERATING LEASES (continued)

Future minimum payments under the operating leases are as follows:

Years Ending June 30:	Facilities	Equipment	Total
2023	\$ 2,041,451	\$ 17,600	\$ 2,059,050
2024	1,953,606	31,650	1,985,256
2025	1,170,352	2,102	1,172,454
2026	920,725	174	920,900
2027	462,028	-	462,028
Thereafter	628,309	-	628,309
TOTAL	\$ 7,176,471	\$ 51,526	\$ 7,227,997

Facilities and equipment rent expense under operating leases for the year ended June 30, 2022 was \$1,845,608.

(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.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 16 - RELATED PARTY TRANSACTIONS

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

The Clinic's employees are legally employees of UCLA and work for the Clinic 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). The Clinic contributes 14.83% of total payroll in accordance with the provisions of the Plan and the affiliation agreement. For the year ended June 30, 2022, the Clinic contributed \$5,578,232 to the Plan.

The Clinic has no plans to withdraw from the Plan as of June 30, 2022. Were the Clinic ever to withdraw from the Plan in the future, under the affiliation agreement, the Clinic 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 79.2% funded on a market value basis at June 30, 2022. It is therefore possible that the Plan premiums could increase in the future so as to reduce this underfunded situation.

In addition, UCLA provides in-kind contributions of licenses and fees, insurance and various administrative support to the Clinic as outlined in Note 14. During the year ended June 30, 2022 the Clinic recognized \$942,933 of such contributions.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 17 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Clinic at June 30, 2022 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the consolidated statement of financial position are summarized in the following table:

Current Financial Assets at June 30, 2022	
Cash and Cash Equivalents	\$ 15,807,213
Short-Term Investments	14,304,682
Net Patient Services Accounts Receivable	4,860,366
Estimated Amounts Due from Third-Party Payors (Net)	509,561
Government Grants	3,430,471
Grants and Contributions Receivable (Net)	5,113,240
Other Receivables	<u>206,266</u>
TOTAL FINANCIAL ASSETS AT JUNE 30, 2022	44,231,799
Less Amounts Not Available to Be Used within One Year, Due to:	
Donor-Imposed Restrictions:	
Funds Held with Purpose or Time Restrictions	(8,662,969)
Pledges Restricted by Purpose or Time	(5,113,240)
Board-Imposed Designations:	
Board Designated Reserve Funds	<u>(1,000,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 29,455,590</u>

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

The Clinic has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. The Clinic also has access to a \$4,000,000 line of credit, the entire amount of which was available to the Clinic at June 30, 2022. In addition, the Clinic has Board designated funds of \$1,000,000 reserved for special projects at June 30, 2022 that could be drawn upon for liquidity needs.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 18 - ACQUISITION

The Boards of Directors of the Clinic and South Bay Family Healthcare (SBFHC), a California nonprofit public benefit corporation and an FHQC, independently and unanimously approved a resolution to merge the two organizations, with the Clinic as the surviving entity. The merger agreement was executed in February 2021 and the formal transfer of assets, liabilities, and contracts from SBFHC to the Clinic was finalized on November 1, 2021. Operating under the name of Venice Family Clinic, the new nonprofit community health center will expand the scope and comprehensiveness of its services to the 45,000 patients the two organizations have served and to people without care in their combined service areas stretching from the Santa Monica Mountains through the South Bay.

The acquisition was accounted for under the guidance for recording acquisitions by not-for-profit entities prescribed by U.S. GAAP. The acquisition method requires the acquirer to measure and recognize the identifiable assets acquired, liabilities assumed, and any noncontrolling ownership interests in the acquiree at acquisition-date fair values, with certain exceptions. The acquisition method also requires the not-for-profit acquirer to recognize either goodwill or an inherent contribution received in the acquisition. With the SBFHC acquisition, the fair value of the assets acquired exceeded the fair value of the liabilities assumed, which resulted in the recognition of an inherent contribution in the consolidated statement of activities.

The following table represents the preliminary allocation of the fair value of assets acquired and liabilities assumed at the date of the acquisition:

Assets Acquired	
Cash	\$ 361,363
Receivables and Other Assets	1,587,941
Property and Equipment	3,018,746
Liabilities Assumed	
Estimated Amounts Due to Third-Party Payors (Net)	1,350,000
Note Payable	401,373
Other Liabilities	398,963
Inherent Contribution	<u>\$ 2,817,714</u>

Included with the liabilities assumed in the acquisition was a note payable in the amount of \$412,054 with a local bank. The loan is paid in monthly installments including principal and interest of \$4,370 until maturity on June 1, 2031 and bears interest at a fixed interest rate of 5.00%.

Future minimum payments on the outstanding debt are as follows:

Years Ending June 30:

2023	\$ 34,250
2024	36,002
2025	37,844
2026	39,781
2027	41,815
Thereafter	<u>189,779</u>
TOTAL	<u>\$ 379,471</u>

VENICE FAMILY CLINIC

SUPPLEMENTARY INFORMATION -
CONSOLIDATING SCHEDULES

YEAR ENDED JUNE 30, 2022

VENICE FAMILY CLINIC

CONSOLIDATING STATEMENT OF FINANCIAL POSITION June 30, 2022

	Venice Family Clinic	Venice Family Clinic Foundation	Eliminations	Total
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 7,210,233	\$ 8,596,980	\$ -	\$ 15,807,213
Short-Term Investments	13,775,475	529,207	-	14,304,682
Net Patient Services				
Accounts Receivable	4,860,366	-	-	4,860,366
Estimated Amounts				
Due from Third-Party Payors (Net)	509,561	-	-	509,561
Government Grants Receivable	3,430,471	-	-	3,430,471
Grants and Contributions				
Receivable - Short-Term (Net)	5,110,740	2,500	-	5,113,240
Other Receivables	160,371	45,895	-	206,266
Due from Affiliate	-	1,107,770	(1,107,770)	-
Pharmaceutical Inventories	242,454	-	-	242,454
Prepaid Expenses and Other Assets	510,250	879	-	511,129
TOTAL CURRENT ASSETS	35,809,921	10,283,231	(1,107,770)	44,985,382
OTHER ASSETS:				
Long-Term Investments (Endowments)	6,289,392	-	-	6,289,392
Estimated Amounts				
Due from Third-Party Payors - Long-Term (Net)	117,850	-	-	117,850
Grants and Contributions				
Receivable - Long-Term (Net)	6,816,428	-	-	6,816,428
Beneficial Interest in Charitable Remainder Trusts	39,017	-	-	39,017
Property and Equipment (Net)	19,716,219	-	-	19,716,219
TOTAL OTHER ASSETS	32,978,906	-	-	32,978,906
TOTAL ASSETS	\$ 68,788,827	\$ 10,283,231	\$ (1,107,770)	\$ 77,964,288
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Expenses	\$ 1,842,284	\$ 20,376	\$ -	\$ 1,862,660
Estimated Amounts				
Due to Third-Party Payors - Short-Term (Net)	3,987,122	-	-	3,987,122
Due to Affiliate	1,107,770	-	(1,107,770)	-
TOTAL CURRENT LIABILITIES	6,937,176	20,376	(1,107,770)	5,849,782
OTHER LIABILITIES:				
Deferred Revenue	1,324,435	-	-	1,324,435
Note Payable	379,471	-	-	379,471
Paycheck Protection Program Loan	6,672,100	-	-	6,672,100
TOTAL OTHER LIABILITIES	8,376,006	-	-	8,376,006
TOTAL LIABILITIES	15,313,182	20,376	(1,107,770)	14,225,788
NET ASSETS:				
Without Donor Restrictions	26,535,429	10,262,855	-	36,798,284
With Donor Restrictions	26,940,216	-	-	26,940,216
TOTAL NET ASSETS	53,475,645	10,262,855	-	63,738,500
TOTAL LIABILITIES AND NET ASSETS	\$ 68,788,827	\$ 10,283,231	\$ (1,107,770)	\$ 77,964,288

See Independent Auditor's Report

VENICE FAMILY CLINIC

CONSOLIDATING STATEMENT OF ACTIVITIES Year Ended June 30, 2022

	Venice Family Clinic	Venice Family Clinic Foundation	Eliminations	Total
REVENUE:				
OPERATING REVENUE AND SUPPORT:				
Net Patient Service Revenues	\$ 32,179,621	\$ -	\$ -	\$ 32,179,621
Government Support	27,916,272	-	-	27,916,272
Private and Community Support	16,472,987	4,137,519	-	20,610,506
Grants - Affiliate	3,000,000	-	(3,000,000)	-
Special Events (Net of Direct Donor Benefit of \$342,676)	-	325,564	-	325,564
TOTAL OPERATING REVENUE AND SUPPORT	79,568,880	4,463,083	(3,000,000)	81,031,963
OTHER REVENUE:				
Investment Return (Net)	(1,539,848)	3,768	-	(1,536,080)
Change in Value in Beneficial Interest in Charitable Remainder Trusts	(23,572)	-	-	(23,572)
TOTAL OTHER REVENUE	(1,563,420)	3,768	-	(1,559,652)
TOTAL REVENUE	78,005,460	4,466,851	(3,000,000)	79,472,311
EXPENSES:				
PROGRAM SERVICES:				
Health Care	46,932,244	-	-	46,932,244
Children First Program	6,441,522	-	-	6,441,522
Education and Outreach	3,005,759	-	-	3,005,759
Common Ground	2,074,793	-	-	2,074,793
TOTAL PROGRAM SERVICES	58,454,318	-	-	58,454,318
SUPPORTING SERVICES:				
Management and General	9,311,293	6,152	-	9,317,445
Fundraising	2,964,221	67,497	-	3,031,718
Grants Distributed - Affiliate	-	3,000,000	(3,000,000)	-
TOTAL SUPPORTING SERVICES	12,275,514	3,073,649	(3,000,000)	12,349,163
TOTAL EXPENSES	70,729,832	3,073,649	(3,000,000)	70,803,481
IN-KIND CONTRIBUTIONS:				
Revenue	5,928,839	-	-	5,928,839
IN-KIND EXPENSES:				
Program Services:				
In-Kind Laboratory and X-Ray Services	1,574,850	-	-	1,574,850
In-Kind Food	1,774,994	-	-	1,774,994
Physician and Other Clinical Volunteers	800,659	-	-	800,659
Other In-Kind Supplies and Services	811,825	-	-	811,825
In-Kind Insurance	895,953	-	-	895,953
Children First Program Volunteers	580	-	-	580
In-Kind Pharmaceutical and Laboratory Supplies	68,691	-	-	68,691
TOTAL IN-KIND EXPENSES	5,927,552	-	-	5,927,552
NET IN-KIND CONTRIBUTIONS	1,287	-	-	1,287
CHANGE IN NET ASSETS BEFORE INHERENT CONTRIBUTION	7,276,915	1,393,202	-	8,670,117
Inherent Contribution from Acquisition	2,817,714	-	-	2,817,714
CHANGE IN NET ASSETS	10,094,629	1,393,202	-	11,487,831
Net Assets - Beginning of Year, As Restated	43,381,016	8,869,653	-	52,250,669
NET ASSETS - END OF YEAR	\$ 53,475,645	\$ 10,262,855	\$ -	\$ 63,738,500

See Independent Auditor's Report

VENICE FAMILY CLINIC

SUPPLEMENTARY INFORMATION -
SINGLE AUDIT

YEAR ENDED JUNE 30, 2022



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

**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, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated December 10, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

To the Board of Directors
Venice Family Clinic

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 their compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. 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*.

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

Green Hasson & Janks LLP

December 10, 2022
Los Angeles, California



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

**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

Opinion on Each Major Federal Program

We have audited Venice Family Clinic and affiliate's (collectively, the Clinic) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the Clinic complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of their major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Clinic and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Clinic's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Clinic's federal programs.

To the Board of Directors
Venice Family Clinic

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Clinic's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Clinic's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Clinic's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Clinic's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Clinic's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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 a 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.

To the Board of Directors
Venice Family Clinic

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 & Jankis LLP

December 10, 2022
Los Angeles, California

VENICE FAMILY CLINIC

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2022

Agency - Program Grant Title	Federal Assistance Listing Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
MAJOR AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES Health Resources and Services Administration Health Center Cluster	93.224	H80CS04217	May 1, 2021 - April 30, 2022	\$ 5,661,794	\$ 4,978,372
Health Center Cluster	93.224	H80CS04217	May 1, 2022 - April 30, 2023	6,534,342	961,266
Health Center Cluster	93.224	1 H8FCS40649	April 1, 2021 - Mar 31, 2023	9,439,500	5,716,510
COVID-19 - American Rescue Plan Act Funding for Health Centers	93.527	Q8V45430	Mar 1, 2022 - Feb 29, 2024	2,000,000	307,343
Health Center Program-Optimizing Virtual Care					
Pass-through Northeast Valley Health Corporation	93.224	H80-CS-00139	Jan 1, 2021 - March 31, 2022	683,525	405,677
Health Care for the Homeless	93.224	H80-CS-00139	Apr 1, 2022 - Dec 31, 2022	406,470	129,194
Health Care for the Homeless	93.224	H8F04836	April 1, 2021 - Mar 31, 2023	852,064	463,260
COVID-19 - American Rescue Plan Act Funding for Health Centers					
Total 93.224, 93.527 Health Center Cluster				25,577,695	12,961,622
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES Health Resources and Services Administration COVID-19 - Provider Relief Fund	93.498	N/A	Jan 1, 2020 - December 31, 2021	409,566	409,566
COVID-19 - Provider Relief Fund	93.498	N/A	Jan 1, 2020 - June 30, 2022	3,075,828	3,075,828
Total 93.498				3,485,394	3,485,394
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES Substance Abuse and Mental Health Services Administration Pass-through Single State Agency Advocates for Human Potential, INC (AHP)	93.788	7438-BHWD-Venice FC (MIP)-01G	Apr 1, 2022 - Sept 29, 2023	1,301,830	129,336
Substance Abuse and Mental Health Services Administration	93.788	20-10308	Oct 1, 2020 - Sept 30, 2021	701,503	170,577
Substance Abuse and Mental Health Services Administration	93.788	20-10308	Oct 1, 2021 - Sept 30, 2022	716,370	542,386
Pass-through Single State Agency Advocates for Human Potential, INC (AHP)					
Total 93.788				2,719,703	842,299
TOTAL MAJOR AWARDS					
				28,653,523	17,289,315
NON-MAJOR AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES Administration for Children and Families - Early Head Start Comprehensive Child Development Program	93.600	09CH010748-03	Jan 1, 2021 - Dec 31, 2021	3,166,635	1,169,605
Comprehensive Child Development Program	93.600	09CH010748-03C3	Jan 1, 2021 - Dec 31, 2021	152,776	102,239
COVID-19 Comprehensive Child Development Program	93.600	09CH010748-04	Jan 1, 2022 - Dec 31, 2022	5,436,573	1,421,267
Comprehensive Child Development Program	93.600	09CH010939-03	Jan 1, 2021 - May 31, 2023	9,180,117	3,493,256
COVID-19 Comprehensive Child Development Program	93.600	09CH010939-03C3	Jun 1, 2021 - May 31, 2023	139,880	-
Comprehensive Child Development Program	93.600	09HE000666	Apr 1, 2021 - Mar 31, 2023	563,048	-
Pass-through Single State Agency Advocates for Human Potential, INC (AHP)					
Total 93.600, Head Start Cluster				18,639,029	6,186,367
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, 2021 - April 30, 2022	319,569	263,886
Outpatient Early Intervention Service with Respect to HIV Disease	93.918	H76HA00207	May 1, 2022 - April 30, 2023	302,322	57,633
Outpatient Early Intervention Service with Respect to HIV Disease	93.918	P06HA39527	Sep 1, 2020 - Aug 31, 2021	149,867	42,178
Ryan White Title III HIV Capacity Development and Planning Grants					
Total 93.918				771,758	363,697

See Independent Auditor's Report

VENICE FAMILY CLINIC
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
 Year Ended June 30, 2022

Agency - Program Grant Title	Federal Assistance Listing Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
COVID-19 Grants for Capital Development in Health Centers	93.526	C8E43945	Sep 14, 2021 - Sep 14, 2024	\$ 995,088	\$ 125,057
COVID-19 Grants for Capital Development in Health Centers	93.526	C8E45379	Nov 1, 2021 - Sep 14, 2024	684,701	274,693
Total 93.526				1,679,789	399,750
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 1, 2021 - Feb 28, 2022	117,365	30,224
Mental Health Services for Ryan White Program Clients	93.914	PH-003366	Mar 1, 2022 - Feb 28, 2023	117,365	4,572
Core HIV Medical Care Coordination Services	93.914	PH-003772	Mar 1, 2021 - Feb 28, 2022	246,174	155,645
Core HIV Medical Care Coordination Services	93.914	PH-003772	Mar 1, 2022 - Feb 28, 2023	246,174	62,275
HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	PH-003771	Mar 1, 2021 - Feb 28, 2022	46,519	19,369
HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	PH-003771	Mar 1, 2022 - Feb 28, 2023	46,519	4,785
HIV/AIDS Benefits Specialty Services	93.914	PH002680	April 1, 2021 - Mar 31, 2022	50,823	37,950
HIV/AIDS Benefits Specialty Services	93.914	PH002680	April 1, 2022 - Mar 31, 2023	50,823	11,998
Certified Needle Exchange Program Services	93.914	PH-003634	July 1, 2021 - June 30, 2022	127,500	117,987
Total 93.914				1,049,262	444,805
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PH-004646	Jul 01, 2021 - Jun 30, 2022	10,000	2,202
Total 93.959				10,000	2,202
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-000411	Jan 1, 2021 - Dec 31, 2021	153,016	88,654
Storefront HIV Counseling and Testing (HCT)	93.940	PH-000411	Jan 1, 2022 - Dec 31, 2022	153,016	70,332
Storefront HIV Counseling and Testing (Pay for Performance)	93.940	PH-000411	Jan 1, 2021 - Dec 31, 2021	65,578	16,248
Storefront HIV Counseling and Testing (Pay for Performance)	93.940	PH-000411	Jan 1, 2022 - Dec 31, 2022	65,578	-
Total 93.940				437,188	175,234
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Centers for Disease Control and Prevention					
Pass-through National Alliance of State and Territorial AIDS Directors					
Patient Navigation Program					
Patient Navigation Program	93.488	20-SA-313301A-637	July 1, 2020 - Sep 29, 2021	100,000	24,734
Patient Navigation Program	93.488	20-SA-313301A-637	Sep 30, 2021 - June 30, 2022	65,000	65,000
Total 93.488				165,000	89,734
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Centers for Medicare and Medicaid Services					
Children's Health Insurance Program Reauthorization Act					
Children's Health Insurance Program Reauthorization Act	93.767	1Y1CMS331699	July 1, 2021 - June 30, 2022	221,882	221,882
Total 93.767				221,882	221,882

See Independent Auditor's Report

VENICE FAMILY CLINIC

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2022**

Agency - Program Grant Title	Federal Assistance Listing Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
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, 2020 - Sept 29, 2021	\$ 525,000	\$ 99,627
SUD/COD Treatment for Racial/Ethnic Minority Populations at High Risk for HIV/AIDS	93.243	H79TI080688	Sept 30, 2021 - Sept 29, 2022	525,000	402,300
Total 93.243				1,050,000	501,927
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES Administration for Children & Families - Family Violence Prevention Service Act American Rescue Plan (FYPA) COVID-19 Pass-through Single State Agency Cal Governor's Office of Emergency Services	93.671	RP 21 01 1394	Jan 1, 2022 - Dec 31, 2023	65,000	16,901
Total 93.671				65,000	16,901
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES Office of Population Affairs Pass-through Essential Access Health, Title X Pass-through Essential Access Health, Title X	93.217 93.217	2858-5320-71209-21-22 2858-5320-71219-22	Oct 1, 2021 - Mar 31, 2022 Apr 1, 2022 - Sep 30, 2022	278,280 115,000	278,280 58,322
Total 93.217				393,280	336,602
U.S. DEPARTMENT OF EDUCATION Pass-through State of California - Department of Education General Child Care and Development Program General Child Care and Development Program	93.596 93.575	CCTR-1136 CCTR-1136	Jul 1, 2021 - Jun 30, 2022 Jul 1, 2021 - Jun 30, 2022	61,605 91,856	21,379 31,877
Total 93.596, 93.575, Child Care and Development Fund Cluster				153,461	53,256
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	Jul 1, 2021 - June 30, 2022	85,000	85,000
Pass-through City of Carson Community Development Block Grant Pass-through City of Redondo Beach Community Development Block Grant	14.218 14.218		Nov 1, 2021 - June 30, 2022	9,975	9,975
Total 14.218, CDBG-Entitlement Grants Cluster			Nov 1, 2021 - June 30, 2022	2,710	2,710
U.S. DEPARTMENT OF AGRICULTURE Pass-through County of L.A. Department of Public Health / CalFresh Nutrition Assistance Program Pass-through County of L.A. Department of Public Health / CalFresh Nutrition Assistance Program	10.561 10.561	PH-004426 PH-004426	Oct 1, 2020 - Sept 30, 2021 Oct 1, 2021 - Sept 30, 2022	375,000 311,434	142,543 222,871
Total 10.561, SNAP Cluster				686,434	365,414
Pass-through County of L.A. Department of Public Health Division of Chronic Disease and Injury Prevention COVID-19 Gus Schumacher Nutritional Incentive Program	10.331	PH-004426	Oct 1, 2021 - Sep 30, 2022	29,999	10,103
Total 10.331				29,999	10,103

See Independent Auditor's Report

VENICE FAMILY CLINIC

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2022

Agency - Program Grant Title	Federal Assistance Listing Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
Pass-through State of California - Department of Education General Child Care and Development Program	10.558	06573-CACFP-19-NPIC	Oct 1, 2021 - Sep 30, 2022	\$ 2,419	\$ 2,419
Total 10.558				2,419	2,419
U.S. FEDERAL COMMUNICATION COMMISSION COVID-19 Telehealth Program	32.006	0914	Jan 27, 2022 - Jul 31, 2022	697,864	387,007
Total 32.006				697,864	387,007
NON-FEDERAL AWARDS					
STATE OF CALIFORNIA, DEPARTMENT OF HEALTH SERVICES Pass-through Los Angeles County - Public Health Outreach, Enrollment, Utilization, and Retention Services Total Pass-through Los Angeles County - Public Health	N.A.	PH-002515	Jul 1, 2021 - Jun 30, 2022	219,035	219,035
Pass-through County of L.A. Department of Mental Health/St. Joseph Center Integrated Mobile-Health Team Medical Services Integrated Service Model (ANIMO) Total Pass-through County of L.A. Department of Mental Health/St. Joseph Center	N.A. N.A.	MH121157 MH121157	Jul 1, 2021 - Jun 30, 2022 Jul 1, 2021 - Jun 30, 2022	95,295 30,000	23,750 7,035
STATE OF CALIFORNIA, DEPARTMENT OF EDUCATION Child Development Services - General Child Care & Development Programs Child Development Services - General Child Care & Development Programs Total Child Development Services - General Child Care & Development Programs	N.A. N.A.	CCTR-1136 06573-CACFP-19-NPIC	Jul 1, 2021 - Jun 30, 2022 Oct 1, 2021 - Sep 30, 2022	270,539 132	93,885 132
TOTAL NON-MAJOR AWARDS				270,671	94,017
TOTAL FEDERAL AND NONFEDERAL AWARDS				27,802,546	9,998,822
				\$ 56,456,069	\$ 27,288,137

Notes to the Consolidated Schedule of Expenditures of Federal and Nonfederal Awards for the Year Ended June 30, 2022.

1. Basis of Presentation - The accompanying consolidated schedule of expenditures of federal and nonfederal awards (Schedule) includes the federal award activity of the Clinic under programs of the federal government for the year ended June 30, 2022. 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 Clinic it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Clinic.
2. Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, 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 Clinic recognizes revenue only to the extent of the awards earned.
3. The Clinic has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
4. The Clinic has not provided any federal awards to subrecipients from the federal expenditures presented in this Schedule.

VENICE FAMILY CLINIC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2022

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

VENICE FAMILY CLINIC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS (continued)

Federal Awards (continued)

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.224, 93.527	U.S. Department of Health and Human Services, Health Resource and Services Administration Health Center Cluster
93.788	U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration
93.498	U.S. Department of Health and Human Services, Health Resource and Services Administration COVID-19 - Provider Relief Fund

Dollar threshold used to distinguish
between type A and type B programs: \$808,196

Auditee qualified as a low-risk auditee? Yes No

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2022

SECTION IV - SUMMARY OF PRIOR YEAR AUDIT FINDINGS

FINDING 2021-001: PHARMACY BILLING CYCLE PROCESSES AND CONTROLS

Condition: During the year ended June 30, 2021, as a result of an internal analysis conducted during the year at the request of the State of California Department of Health Care Services (DHCS), the Clinic identified certain excess payments received from DHCS associated with its qualified 340B Program dating back several years totaling approximately \$2,303,000.

Current Status: Corrective action was taken by management.

VENICE FAMILY CLINIC

SUPPLEMENTARY INFORMATION -
CHILD DEVELOPMENT PROGRAM

YEAR ENDED JUNE 30, 2022

VENICE FAMILY CLINIC

GENERAL INFORMATION

June 30, 2022

- | | |
|--|--|
| 1. Full Official Name of the Agency | Venice Family Clinic |
| 2. Provider Names and Contract Numbers:
General Child Care | CCTR-1136 |
| 3. Type of Agency | Nonprofit Corporation |
| 4. Address of Agency Headquarters | 604 Rose Avenue
Los Angeles, California 90291 |
| 5. Name and Address of Executive Director
and Name of Chief Executive Officer,
Business Officer, or Accountant | |
| Chief Executive Officer | Elizabeth Benson Forer
604 Rose Avenue
Los Angeles, California 90291 |
| Chief Financial Officer | Andrea Blackbird |
| 6. Telephone Number | (310) 664-7941 |
| 7. Period Covered by Examination | July 1, 2021 through June 30, 2022 |
| 8. Number of Days of Agency's Operation | 223 |

**AUDITED ATTENDANCE AND FISCAL REPORT
FOR CHILD DEVELOPMENT PROGRAMS**

Fiscal Year Ending **June 30, 2022**

Contract Number **CCTR1136**

Vendor Code **V419**

Full Name of Contractor **Venice Family Clinic**

Section 1 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	
Infants (up to 18 months) Full-time	223		223	2.4400	544.12
Infants (up to 18 months) Three-quarters-time (July to December 2021)				1.8300	
Infants (up to 18 months) One-half-time				1.3420	
Toddlers (18 up to 36 months) Full-time-plus				2.1240	
Toddlers (18 up to 36 months) Full-time	1,285		1,285	1.8000	2,313
Toddlers (18 up to 36 months) Three-quarters-time (July to December 2021)				1.3500	
Toddlers (18 up to 36 months) One-half-time				0.9900	
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time	157		157	1.0000	157
Three Years and Older Three-quarters-time (July to December 2021)				0.7500	
Three Years and Older One-half-time				0.5500	
Total Standard Rate (July 2021 through June 2022)					
Three Years and Older One-half-time				Direct Service Counties	
Total Direct Service Counties (January 2022 through June 2022)*				1.8172	
Exceptional Needs Full-time-plus				1.5400	
Exceptional Needs Full-time				1.1550	
Exceptional Needs Three-quarters-time (July to December 2021)				0.8470	
Exceptional Needs One-half-time					

See Independent Auditor's Report

Contract Number

CCTR1136

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	
Limited and Non-English Proficient Full-time				1.1000	
Limited and Non-English Proficient Three-quarters-time (July to December 2021)				0.8250	
Limited and Non-English Proficient One-half-time				0.6050	
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect Three-quarters-time (July to December 2021)				0.8250	
At Risk of Abuse or Neglect One-half-time				0.6050	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled Three-quarters-time (July to December 2021)				1.4475	
Severely Disabled One-half-time				1.0615	
TOTAL CERTIFIED DAYS OF ENROLLMENT	1,665		1,665	N/A	3,014.12
DAYS OF OPERATION	223		223	N/A	N/A
DAYS OF ATTENDANCE	1,413		1,413	N/A	N/A

*If applicable, must attach AUD9500S days of enrollment supplemental pages for direct service counties

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

See Independent Auditor's Report

Contract Number **CCTR1136**

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 - American Rescue Plan Act (ARPA)			
Restricted Income - Other:			
Restricted Income - Subtotal			
Transfer From Reserve			
Waived Family Fees for Certified Children	5,501		5,501
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue			

Comments:

Contract Number **CCTR1136**

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)	78,161		78,161
1000 Certificated Salaries			
2000 Classified Salaries	45,097		45,097
3000 Employee Benefits	12,972		12,972
4000 Books and Supplies			
5000 Services and Other Operating Expenses	5,620		5,620
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)	10,792		10,792
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	152,642		152,642
Total Administrative Cost (included in Section 4 above)	18,012		18,012
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

Contract Number CCTR1136

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 Fund	54,603		54,603
Other:			
Total Supplemental Revenue	54,603		54,603

Section 6 - Supplemental Expenses

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries	37,506		37,506
2000 Classified Salaries	13,052		13,052
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs	4,045		4,045
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses	54,603		54,603

See Independent Auditor's Report

Contract Number **CCTR1136**

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	1,665		1,665
Days of Operation	223		223
Days of Attendance	1,413		1,413
Restricted Program Income			
Transfer from Reserve			
Waived Family Fees for Certified Children	5,501		5,501
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers	78,161		78,161
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	152,642		152,642
Total Administrative Cost	18,012		18,012
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment

Total Non-Certified Adjusted Days of Enrollment

Independent auditor's assurances on agency's compliance with contract funding terms and conditions and program requirements for programs that transferred to the California Department of Social Services on July 1, 2021 pursuant to WIC Section 10203(b):

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box):

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

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, 2022

	General Center Child Care CCTR-1136	Other Non-CDE Sponsored Programs	Total
REVENUE:			
OPERATING REVENUE AND SUPPORT:			
Government Support:			
Fees and Grants from Governmental Agencies:			
General Child Care	\$ 147,141	\$ -	\$ 147,141
Restricted Income	5,501	-	5,501
Other	-	27,763,630	27,763,630
TOTAL GOVERNMENT SUPPORT	152,642	27,763,630	27,916,272
Other Operating Revenue and Support:			
Net Patient Service Revenues	-	32,179,621	32,179,621
Private and Community Support	-	20,586,934	20,586,934
Special Events (Net of Direct Donor Benefit of \$288,010)	-	325,564	325,564
TOTAL OTHER OPERATING REVENUE AND SUPPORT	-	53,092,119	53,092,119
TOTAL OPERATING REVENUE AND SUPPORT	152,642	80,855,749	81,008,391
OTHER REVENUE:			
Investment Return (Net)	-	(1,512,508)	(1,512,508)
Inherent Contribution From Acquisition	-	2,817,714	2,817,714
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	(23,572)	(23,572)
In-Kind Revenue	-	5,928,839	5,928,839
TOTAL OTHER REVENUE	-	7,210,473	7,210,473
TOTAL REVENUE	152,642	88,066,222	88,218,864
EXPENSES:			
Salaries	45,097	39,279,225	39,324,322
Employee Benefits	12,972	15,532,369	15,545,341
Building - Maintenance	-	840,215	840,215
Building - Other	-	727,740	727,740
Building - Rent	-	1,845,608	1,845,608
Child Care	78,161	-	78,161
Equipment	-	277,688	277,688
In-Kind Expense	-	5,927,552	5,927,552
Insurance	-	347,988	347,988
Interest	-	80,779	80,779
Laboratory and X-Ray Services	-	195,478	195,478
Licenses, Fees and Dues	-	423,892	423,892
Medical Supplies and Medical Waste Removal	-	702,285	702,285
Miscellaneous	-	345,215	345,215
Office Supplies	-	229,746	229,746
Participant Supplies/Activities/Incentives	-	824,660	824,660
Pharmaceutical and Pharmacy Supplies	-	2,632,203	2,632,203
Postage, Printing and Subscriptions	450	232,344	232,794
Professional and Contractual Fees	2,388	2,519,528	2,521,916
Repairs and Maintenance	-	213,690	213,690
Technology Expenses	2,782	1,393,907	1,396,689
Telephone	-	692,983	692,983
Transportation of Patients/Clients	-	72,737	72,737
Travel, Training and Workshops	-	299,825	299,825
TOTAL BEFORE INDIRECT EXPENSES	141,850	75,637,657	75,779,507
Allocation of Indirect Expenses	10,792	(10,792)	-
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	152,642	75,626,865	75,779,507
Depreciation and Amortization	-	951,526	951,526
TOTAL EXPENSES	152,642	76,578,391	76,731,033
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ 11,487,831	\$ 11,487,831

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF CLAIMED EXPENDITURES FOR RENOVATIONS AND REPAIRS Year Ended June 30, 2022

Expenditures	General Center Child Care CCTR-1136
UNIT COST UNDER \$10,000 ITEM:	
<i>Total</i>	\$ -
UNIT COST OVER \$10,000 WITH CDE APPROVAL:	
<i>Total</i>	-
UNIT COST OVER \$10,000 WITHOUT CDE APPROVAL:	
<i>Total</i>	<u>-</u>
TOTAL RENOVATION AND REPAIR EXPENDITURES	<u><u>\$ -</u></u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES Year Ended June 30, 2022

Expenditures	General Center Child Care CTTR-1136
<hr/>	
CAPITALIZED EQUIPMENT EXPENSED ON THE AUD FORM WITH PRIOR WRITTEN APPROVAL	
None	\$ -
<i>Subtotal</i>	<u> </u>
CAPITALIZED EQUIPMENT EXPENSED ON THE AUD FORM WITHOUT PRIOR WRITTEN APPROVAL	
None	\$ -
<i>Subtotal</i>	<u> </u>
<i>TOTAL EQUIPMENT EXPENDITURES</i>	<u> </u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF CLAIMED ADMINISTRATIVE COSTS Year Ended June 30, 2022

Expenditures	General Center Child Care CCTR-1136
Classified Personnel Salaries	\$ 4,399
Employee Benefits	1,821
Services and Other Operating Expenses	<u>1,000</u>
Total	7,220
Indirect Costs:	
Indirect Services @ 8%	<u>10,792</u>
TOTAL ADMINISTRATIVE COSTS	<u><u>\$ 18,012</u></u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES Year Ended June 30, 2022

Expenditures		General Center Child Care CCTR-1136
-	Direct Payments to Providers	\$ 78,161
2000	Classified Salaries	45,097
3000	Employee Benefits	12,972
4000	Books, Supplies, and Equipment	-
5000	Services and Other Operating Expenses	5,620
-	Indirect Costs	<u>10,792</u>
TOTAL EXPENDITURES BY STATE CATEGORIES		<u>\$ 152,642</u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

CHILD DEVELOPMENT PROGRAM NOTES TO SUPPLEMENTARY INFORMATION June 30, 2022

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.

NOTE 2 - CONSOLIDATED STATEMENT OF CASH FLOWS

ASC 958-205 (formerly SFAS No. 117) encourages organizations to use the direct method for reporting net cash flows from operating activities, but it also allows them to use the indirect method. The Clinic has elected to report net cash flows from operating activities using the indirect method.

NOTE 3 - INTEREST EXPENSE

Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the leases, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense relating to the line of credit, the PPP loan or the note payable assumed in the acquisition (see Notes 8, 9, and 18 to the consolidated financial statements, respectively) was charged to the child development contract for the year ended June 30, 2022.

NOTE 4 - BAD DEBT EXPENSE

Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was charged to the child development contract for the year ended June 30, 2022.

VENICE FAMILY CLINIC

**CHILD DEVELOPMENT PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022**

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.

