

Santa Barbara Neighborhood Clinics

INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Santa Barbara Neighborhood Clinics

Opinion

We have audited the accompanying financial statements of Santa Barbara Neighborhood Clinics (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Santa Barbara Neighborhood Clinics as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Santa Barbara Neighborhood Clinics and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* we:

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

Supplementary Information

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 February 7, 2025 on our consideration of Santa Barbara Neighborhood Clinics' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Santa Barbara Neighborhood Clinics' 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 Santa Barbara Neighborhood Clinics' internal control over financial reporting and compliance.

Hutchinson and Bloodgood LLP

Hutchinson and Bloodgood LLP
February 7, 2025
Santa Barbara, California

Santa Barbara Neighborhood Clinics

Statements of Financial Position June 30, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	Without Donor Restrictions	With Donor Restrictions	2023 Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,690,648	\$ --	\$ 1,690,648	\$ 1,710,974	\$ --	\$ 1,710,974
Accounts receivable, net	1,637,234	--	1,637,234	1,836,701	--	1,836,701
Employee Retention Credit receivable	--	--	--	3,331,525	--	3,331,525
Pledges receivable, net	--	290,000	290,000	--	290,000	290,000
Prepaid expenses and deposits	220,271	--	220,271	295,115	--	295,115
Investments	10,341,243	--	10,341,243	7,589,627	2,376,678	9,966,305
Other assets	91,216	--	91,216	59,843	--	59,843
TOTAL CURRENT ASSETS	13,980,612	290,000	14,270,612	14,823,785	2,666,678	17,490,463
NON CURRENT ASSETS						
Pledges receivable, net	--	254,540	254,540	--	436,753	436,753
Right of use assets	1,043,088	--	1,043,088	1,638,022	--	1,638,022
Construction in progress	--	3,389,401	3,389,401	--	2,131,984	2,131,984
Property and equipment, net	4,673,510	--	4,673,510	4,845,336	--	4,845,336
TOTAL NON CURRENT ASSETS	5,716,598	3,643,941	9,360,539	6,483,358	2,568,737	9,052,095
TOTAL ASSETS	\$ 19,697,210	\$ 3,933,941	\$ 23,631,151	\$ 21,307,143	\$ 5,235,415	\$ 26,542,558
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 516,009	\$ --	\$ 516,009	\$ 483,780	\$ --	\$ 483,780
Accrued liabilities	1,398,324	--	1,398,324	1,457,312	--	1,457,312
Medi-Cal payable, net	350,813	--	350,813	2,130,504	--	2,130,504
Lease liabilities	411,983	--	411,983	598,657	--	598,657
TOTAL CURRENT LIABILITIES	2,677,129	--	2,677,129	4,670,253	--	4,670,253
LONG TERM LIABILITIES						
Lease liabilities, net of current portion	650,407	--	650,407	1,062,390	--	1,062,390
TOTAL LONG TERM LIABILITIES	650,407	--	650,407	1,062,390	--	1,062,390
TOTAL LIABILITIES	3,327,536	--	3,327,536	5,732,643	--	5,732,643
NET ASSETS						
Without donor restrictions	16,369,674	--	16,369,674	15,574,500	--	15,574,500
With donor restrictions	--	3,933,941	3,933,941	--	5,235,415	5,235,415
TOTAL NET ASSETS	16,369,674	3,933,941	20,303,615	15,574,500	5,235,415	20,809,915
TOTAL LIABILITIES AND NET ASSETS	\$ 19,697,210	\$ 3,933,941	\$ 23,631,151	\$ 21,307,143	\$ 5,235,415	\$ 26,542,558

Santa Barbara Neighborhood Clinics

Statements of Activities Years Ended June 30, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	Without Donor Restrictions	With Donor Restrictions	2023 Total
PUBLIC SUPPORT AND REVENUE						
PUBLIC SUPPORT						
Contributions	\$ 493,576	\$ 1,699,781	\$ 2,193,357	\$ 2,502,916	\$ 1,008,757	\$ 3,511,673
In-kind contributions	376,850	--	376,850	484,483	--	484,483
Net assets released from restrictions	<u>3,001,255</u>	<u>(3,001,255)</u>	<u>--</u>	<u>1,531,331</u>	<u>(1,531,331)</u>	<u>--</u>
TOTAL PUBLIC SUPPORT	<u>3,871,681</u>	<u>(1,301,474)</u>	<u>2,570,207</u>	<u>4,518,730</u>	<u>(522,574)</u>	<u>3,996,156</u>
REVENUE						
Employee Retention Credit	--	--	--	295,157	--	295,157
Program service fees	16,394,627	--	16,394,627	12,184,311	--	12,184,311
Rental income	65,790	--	65,790	33,026	--	33,026
Grant revenue	6,536,362	--	6,536,362	9,806,091	--	9,806,091
Interest income	13,987	--	13,987	13,298	--	13,298
Investment gain (loss), net	561,278	--	561,278	(33,695)	--	(33,695)
Change in value of charitable remainder trust	--	--	--	--	1,979	1,979
TOTAL REVENUE	<u>23,572,044</u>	<u>--</u>	<u>23,572,044</u>	<u>22,298,188</u>	<u>1,979</u>	<u>22,300,167</u>
TOTAL SUPPORT, REVENUES AND GAINS	<u>27,443,725</u>	<u>(1,301,474)</u>	<u>26,142,251</u>	<u>26,816,918</u>	<u>(520,595)</u>	<u>26,296,323</u>
EXPENSES						
Program services	20,770,730	--	20,770,730	17,543,944	--	17,543,944
Management and general	5,486,173	--	5,486,173	4,962,377	--	4,962,377
Fundraising	<u>391,648</u>	<u>--</u>	<u>391,648</u>	<u>317,513</u>	<u>--</u>	<u>317,513</u>
TOTAL EXPENSES	<u>26,648,551</u>	<u>--</u>	<u>26,648,551</u>	<u>22,823,834</u>	<u>--</u>	<u>22,823,834</u>
INCREASE (DECREASE) IN NET ASSETS	<u>795,174</u>	<u>(1,301,474)</u>	<u>(506,300)</u>	<u>3,993,084</u>	<u>(520,595)</u>	<u>3,472,489</u>
NET ASSETS, BEGINNING OF YEAR	<u>15,574,500</u>	<u>5,235,415</u>	<u>20,809,915</u>	<u>11,581,416</u>	<u>5,756,010</u>	<u>17,337,426</u>
NET ASSETS, END OF YEAR	<u>\$ 16,369,674</u>	<u>\$ 3,933,941</u>	<u>\$ 20,303,615</u>	<u>\$ 15,574,500</u>	<u>\$ 5,235,415</u>	<u>\$ 20,809,915</u>

Santa Barbara Neighborhood Clinics

Statements of Functional Expenses Years Ended June 30, 2024 and 2023

	Supporting Services				2024 Total	Supporting Services				2023 Total
	Program Services	Management and General	Fundraising			Program Services	Management and General	Fundraising		
SALARIES AND BENEFITS										
Salaries	\$ 10,779,525	\$ 2,396,835	\$ 176,221	\$ 13,352,581	\$ 9,555,960	\$ 2,124,775	\$ 156,217	\$ 11,836,952		
Payroll taxes	774,110	172,124	12,655	958,889	693,592	153,013	12,026	858,631		
Employee benefits	1,286,370	286,025	21,029	1,593,424	1,132,485	302,092	16,287	1,450,864		
TOTAL SALARIES AND BENEFITS	12,840,005	2,854,984	209,905	15,904,894	11,382,037	2,579,880	184,530	14,146,447		
OTHER OPERATING EXPENSES										
Advertising and marketing	26,591	19,677	7,779	54,047	23,744	17,569	6,946	48,259		
Consulting services	288,451	996,921	90,984	1,376,356	145,650	503,382	45,941	694,973		
Contract labor	1,829,406	520,782	2,185	2,352,373	972,005	276,704	1,161	1,249,870		
Depreciation	589,043	45,792	--	634,835	784,296	60,971	--	845,267		
Equipment leases	--	5,236	--	5,236	--	3,889	--	3,889		
Information technology	986,828	382,747	246	1,369,821	544,328	211,121	135	755,584		
Insurance	66,712	3,135	--	69,847	24,491	--	--	24,491		
Interest	--	--	--	--	--	19,718	--	19,718		
Occupancy	629,203	29,566	--	658,769	604,863	269,798	--	874,661		
Operating expenses	135,037	99,924	39,503	274,464	74,190	54,900	21,703	150,793		
Outside services	6,861	145,677	5,167	157,705	30,066	638,390	22,643	691,099		
Printing and postage	57,671	41,353	8,190	107,214	47,803	34,277	6,788	88,868		
Professional development	359,651	117,070	12,572	489,293	141,998	127,599	13,702	283,299		
Professional liability insurance	37,338	8,302	610	46,250	43,615	--	--	43,615		
Rent	714,390	131,347	--	845,737	696,910	128,133	--	825,043		
Supplies	2,020,876	17,018	14,198	2,052,092	1,974,726	16,629	13,874	2,005,229		
Telephone	182,667	66,642	309	249,618	53,222	19,417	90	72,729		
TOTAL OTHER OPERATING EXPENSES	7,930,725	2,631,189	181,743	10,743,657	6,161,907	2,382,497	132,983	8,677,387		
TOTAL EXPENSES BY FUNCTION	\$ 20,770,730	\$ 5,486,173	\$ 391,648	\$ 26,648,551	\$ 17,543,944	\$ 4,962,377	\$ 317,513	\$ 22,823,834		

The Notes to Financial Statements are an integral part of these statements.

Santa Barbara Neighborhood Clinics

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from service revenues, net	\$ 21,460,026	\$ 21,403,966
Cash received from Employee Retention Credit	3,331,525	--
Cash received from contributions without donor restrictions	465,789	2,486,163
Cash received from contributions with long term donor restrictions	--	638,052
Interest income	13,987	13,298
Investment income	187,261	--
Cash paid for salaries and related expenses	(15,963,882)	(13,778,567)
Cash paid for other operating costs	(9,703,466)	(7,733,918)
Interest paid	--	(68,106)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(208,760)</u>	<u>2,960,888</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment and payments for construction in progress	(1,720,426)	(1,263,160)
Purchases of investments	(14,465,486)	(10,002,677)
Proceeds from sales of investments	14,464,565	--
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,721,347)</u>	<u>(11,265,837)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from contributions restricted for capital expenditures	1,909,781	818,757
Payments on long-term debt	--	(473,601)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,909,781</u>	<u>345,156</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(20,326)</u>	<u>(7,959,793)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,710,974</u>	<u>9,670,767</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,690,648</u>	<u>\$ 1,710,974</u>
Reconciliation of increase in net assets to net cash provided by operating activities		
Increase (decrease) in net assets	\$ (506,300)	\$ 3,472,489
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	631,112	868,292
Realized investment (gains) losses	(279,362)	36,370
Unrealized investment gains	(94,655)	--
Change in value of charitable remainder trust	--	(1,979)
Change in provision for contractual allowances and bad debt	--	(227,222)
Capital contributions for construction of Westside Clinic	(1,909,781)	(818,757)
(Increase) decrease in:		
Accounts receivable	199,467	79,780
Employee Retention Credit receivable	3,331,525	(295,156)
Pledges receivable	182,213	(105,378)
Prepaid expenses and deposits	74,844	(183,888)
Inventory	--	92,695
Proceeds from charitable remainder trust	--	540,636
Other assets	(31,373)	(17,973)
Increase (decrease) in:		
Accounts payable	32,229	(590,486)
Medi-Cal payable, net	(1,779,691)	(256,415)
Accrued liabilities	(58,988)	367,880
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (208,760)</u>	<u>\$ 2,960,888</u>

Santa Barbara Neighborhood Clinics

Notes to Financial Statements
June 30, 2024 and 2023

NOTE 1. DESCRIPTION OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Santa Barbara Neighborhood Clinics (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of Activities: Santa Barbara Neighborhood Clinics is organized as a nonprofit corporation to provide health care services to all people regardless of their ability to pay, especially those uninsured, underinsured, and otherwise underserved. The target population served includes low income families and individuals, and homeless persons. The Organization’s eight sites and services provided are as follows:

Site	Services Provided
Bridge Clinic	Medical and behavioral health care, including treatment for substance use disorders.
Eastside Neighborhood Clinic	Medical and behavioral health care, including health education and wellness promotion services, chronic care management, and chiropractic services.
Eastside Family Dental Clinic	Dental and oral health care.
Isla Vista Neighborhood Clinic	Medical and behavioral health, and chronic care management.
Goleta Clinic	Medical care, behavioral health care, health education and wellness promotion services, including chronic care management.
Goleta Dental Clinic	Dental and oral health care.
Westside Clinic	Medical and behavioral health care, including health education and wellness promotion services, and chronic care management.
Medical and Dental Mobile Units	Medical, dental, and behavioral health

**NOTE 1. DESCRIPTION OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Healthy People and Healthy Communities Campaign: During 2017, the Organization approved a comprehensive campaign for \$20,000,000 where \$7,150,224 was collected towards the construction of the Westside Clinic, and \$12,748,120 was collected towards the purchase of capital equipment and operational support for five years. In September 2021, the Organization determined that the Healthy People Healthy Communities campaign goal would not be sufficient to complete the construction of the Westside Clinic due plan and scope changes. The Organization determined that an additional \$6,000,000 would be required to complete the Westside Clinic. As of June 30, 2024, the Organization had commitments of \$4,634,400 towards this campaign, however, these commitments did not meet the criteria for recognition under GAAP. Subsequent to June 30, 2024, commitments for the remaining campaign amount were secured.

Financial Statement Presentation: GAAP requires that the Organization report information regarding its financial position and activities according to two classes of net assets based on the existence and nature of donor imposed restrictions as follows:

Net assets without donor restrictions: These are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. Net assets without donor restrictions generally result from contributions without donor restrictions, program service revenue, and fundraising less operating expenses.

Net assets with donor restrictions: These are net assets subject to stipulations imposed by the government or donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are permanent in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2024 and 2023 there were no donor restricted funds that were permanent in nature.

If the donor restrictions on contributions are met in the year of receipt, the contributions are recorded as contributions without donor restrictions and as increases in net assets without donor restrictions. When a restriction expires or is met in a subsequent year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents: For purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand and cash in banks.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

**NOTE 1. DESCRIPTION OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition: Generally accepted accounting principles require the Organization to differentiate between exchange transactions and contributions. Due to the nature of the Federal grants and contracts, the Organization has determined funds received under grants and contracts to be exchange transactions. Accordingly, the Organization recognizes these grants and contracts as earned revenue as those costs are incurred and subsequently invoiced to the appropriate government agency. Program service revenue is recognized based on the date of service. Revenue is recorded in the amount which the Organization expects to collect. Amounts due at year end are recorded in accounts receivable.

The Organization provides care at no cost or reduced cost to eligible patients based upon the individual patient's financial resources. The Organization's policy provides care at no cost or reduced cost to patients with income to up 200% of the federal poverty guidelines. Records are kept to identify, approve, and monitor those costs that are incurred under the sliding fee scale determination policy. Revenues are reported at the amounts billed.

Contributions and Grants: Contributions are recorded at their fair value on the date of donation. All contributions and grants are considered to be without donor restrictions unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Amounts received that are designated for future periods or restricted by the donor for specific purposes that are not met in the year of the receipt are reported as contributions with donor restrictions.

In-kind Contributions: Donated goods and services are recognized as in-kind contributions in accordance with GAAP for not-for-profit organizations, if the goods and services (a) create or enhance non-financial assets or (b) the services require specialized skills and are performed by people with those skills and would otherwise be purchased by Santa Barbara Neighborhood Clinics. The amount of in-kind contributions of goods and services received for June 30, 2024 and 2023 totaled \$376,900 and \$484,483, respectively.

Functional Expenses: The Organization allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their expenditure classification. Other expenses that are common to several functions are allocated by time spent by the Organization's employees or square footage utilized in each respective function.

Accounts Receivable: The Organization's accounts receivable consists of amounts due from state and federal medical funding agencies for medical, dental, and behavioral services provided to patients as well as from private insurance or self-pay individuals. As of June 30, 2024 and 2023, based on management's analysis historical receivable collections, management has established a provision for contractual allowances and bad debt. Management calculates the provision by contract financial classification (Medi-Cal, Medicare, private insurance, uninsured or self-pay) and measures historical collection rates and forecasted collections to calculate an allowance based on outstanding receivables in each classification.

Santa Barbara Neighborhood Clinics

Notes to Financial Statements
June 30, 2024 and 2023

NOTE 1. DESCRIPTION OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give: Unconditional promises to give are recognized as pledges receivable and contributions in the period the promise is received. In accordance with GAAP, conditional promises to give are recognized only when the donor-imposed conditions have been substantially met.

Inventory: The Organization's inventory consists of medical and pharmaceutical supplies. Inventory is valued at the lower of cost or market. The reserve for inventory obsolescence is based upon management's assessment of inventory. During the year ended June 30, 2023, the Organization wrote-off the remaining balance.

Investments: The Organization's investments consist of U.S. treasuries with maturities ranging from August 2024 through May 2025.

Tax Exempt Status: The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code, and is considered a public charity.

Uncertain Tax Positions: Financial Accounting Standards Board's ASC 740-10, *Accounting for Uncertainty in Income Taxes*, prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization files tax returns in the U.S. federal jurisdiction and in the state of California. The Organization's tax returns from the year 2021 to the present remain subject to examination by the IRS for federal tax purposes, and the tax years from 2020 to the present remain subject to examination by the state of California. Management has evaluated its tax positions for all jurisdictions in which the statute of limitations remains open and has determined that the Organization had taken no uncertain tax positions that require adjustment to the financial statements. The Organization had no unrecognized tax benefits related to tax positions taken during the years ended June 30, 2024 and 2023 or for prior periods.

Property and Equipment: Property and equipment are stated at cost or, if acquired by gift, at the fair market value at the date of donation. Expenditures in excess of \$5,000 for equipment, building improvements and major renewals that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	20-40 years
Furniture, computers, software and equipment	3-10 years
Vehicles	5 years

**NOTE 1. DESCRIPTION OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Leases: For leases with a lease term greater than one year, the Organization recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Organization determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in right-of-use assets, lease liabilities, and operating lease liabilities, net of current portion in the Organization's statement of financial position.

Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Organization uses a risk-free rate of a period comparable with that of the lease term. The Organization considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Organization is reasonably certain to exercise the option, (2) terminate the lease if the Organization is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

The operating lease right-of-use assets also include any lease payments made and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred.

Use of Estimates: Financial statements prepared in accordance with GAAP require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

New Accounting Pronouncement: In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events: Management has evaluated subsequent events through February 7, 2025, the date that the financial statements were available to be issued.

Santa Barbara Neighborhood Clinics

Notes to Financial Statements
June 30, 2024 and 2023

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30, 2024:

Cash and cash equivalents	\$ 1,690,648
Maturing investments	10,341,243
Accounts receivable, net	<u>1,637,234</u>
	<u>\$ 13,669,125</u>

Additional funds will be received from program service fee revenues as well as donor contributions and grants. These sources of funds are expected to meet the amounts needed to fund the operations of the Organization for the fiscal year ending June 30, 2025.

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due from state and federal government agencies primarily related to patient services, contracts, and grants. The accounts receivable amounts are considered collectible within one year and therefore no present value discounts have been recorded. A provision for contractual allowances and bad debts based on historical and forecasted collection rates has been recorded based on the insurance provider and responsible party for the payment of the amounts due for services.

Accounts receivable consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Patient fees and insurance	\$ 3,755,728	\$ 2,730,800
Medicare	69,569	62,681
Other receivables	<u>520,544</u>	<u>466,240</u>
	4,345,841	3,259,721
Less: provision for contractual allowances and bad debt	<u>(2,708,607)</u>	<u>(1,423,020)</u>
	<u>\$ 1,637,234</u>	<u>\$ 1,836,701</u>

NOTE 4. PLEDGES RECEIVABLE

The pledges receivable represents future payments from a trust and various foundations who have made unconditional promises to give to the Organization. The pledges receivable have been discounted based on the present value of future pledge payments.

Pledges receivable due after one year are recorded at the present value of estimated future cash flows using the daily treasury yield curve rates. The present value discount is amortized to contribution revenue over the terms of the pledges receivable.

Santa Barbara Neighborhood Clinics

Notes to Financial Statements
June 30, 2024 and 2023

NOTE 4. PLEDGES RECEIVABLE (CONTINUED)

Pledges receivable as of June 30, 2024, are expected to be received as follows for the years ending June 30:

2025	\$	290,000
2026		170,000
2027		113,600
Present value discount		<u>(29,060)</u>
Net receivable	\$	<u>544,540</u>

NOTE 5. EMPLOYEE RETENTION CREDIT

In July 2023, the Organization received \$3,331,525 from the Employee Retention Credit under The Coronavirus Aid, Relief, and Economic Security Act. The Employee Retention Credit was created by Congress to encourage employers to keep their employees on the payroll during the months in 2020 affected by the coronavirus pandemic. When initially introduced, this tax credit was worth 50% of qualified employee wages but limited to \$10,000 for any one employee, granting a maximum credit of \$5,000 for wages paid from March 13, 2020, to December 31, 2021. It was modified, increasing the percentage of qualified wages to 70% for 2021. The per employee wage limit was increased from \$10,000 per year to \$10,000 per quarter.

The Organization engaged consultants to perform the computation of the credit. The fees associated with these services are 12.5% of the credit or \$379,546 and were recorded as an outside services expense in the management and general category of the statement of functional expenses when paid in September 2023.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,276,542	\$ 1,276,542
Buildings and improvements	5,523,535	5,409,680
Furniture and equipment	2,231,259	2,047,030
Computer and software	435,848	397,138
Vehicles	<u>421,737</u>	<u>414,929</u>
	9,888,921	9,545,319
Less: accumulated depreciation	<u>(5,215,411)</u>	<u>(4,699,983)</u>
	<u>\$ 4,673,510</u>	<u>\$ 4,845,336</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$634,835 and \$845,267, respectively.

Santa Barbara Neighborhood Clinics

Notes to Financial Statements
June 30, 2024 and 2023

NOTE 7. LEASES

The Organization leases various office properties. The lease terms end from July 31, 2024 through December 31, 2027.

Lease expense:	\$	613,503
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Other information:

Operating cash flows used for operating lease	\$	604,506
Weighted-average remaining lease term in years for operating lease		3.05
Weighted-average discount rate for operating lease		1.39%

Maturity Analysis:

June 30,

2025	\$	423,469
2026		294,377
2027		244,610
2028		<u>121,774</u>
Total undiscounted cash flows		1,084,230
Present value discount		<u>(21,840)</u>
Total lease liability	\$	<u>1,062,390</u>

NOTE 8. CONSTRUCTION IN PROGRESS

For the year ended June 30, 2024, there were construction in progress additions of \$1,413,236, \$103,732 of assets placed into service and \$52,087 write offs. As of June 30, 2024 there was construction in progress of \$3,389,401. Construction in progress consists of costs incurred for the expansion of Goleta Neighborhood Clinic, renovations to the Bridge Clinic, and building of the new Westside Neighborhood Clinic.

NOTE 9. MEDI-CAL PAYABLE

The Department of Health Care Services performs an analysis of the Organization's Federally Qualified Health Center Medi-Cal and Medicare reconciliation requests under the Prospective Payment System ("PPS"). As a result of the analysis, the settlement amount as of June 30, 2024 results in a net payable to Medi-Cal of \$350,813.

NOTE 10. LINE OF CREDIT

The Organization maintains an unsecured, revolving operating line of credit of \$500,000, with interest at the current prime rate plus 1% as published in the Wall Street Journal. Monthly payments of interest calculated on the outstanding balance were required. There was no balance outstanding on the line of credit as of June 30, 2024.

Santa Barbara Neighborhood Clinics

Notes to Financial Statements
June 30, 2024 and 2023

NOTE 11. CONDITIONAL GRANTS

Santa Barbara Cottage Hospital Grant: On July 1, 2018, the Organization executed a grant agreement with Santa Barbara Cottage Hospital, which provided equal annual installments of \$1,000,000 beginning in 2018 and continuing through 2022. In September 2021, the grant agreement was extended for an additional year and an additional \$1,000,000. The grant terms required that of each \$1,000,000 annual payment, a minimum of \$500,000 is allocated to capital projects and a maximum of \$500,000 is allocated to operational expenses of the Organization. Each annual payment is conditioned on the Organization meeting certain criteria specified by the grantor. When the Organization meets the criteria for payments, it will be recognized as grant income.

Santa Barbara Cottage Hospital has met all of its obligations under the prior Grant Agreement. On April 12, 2024, the Organization executed a new Grant Agreement with Santa Barbara Cottage Hospital to provide a grant in an amount totaling \$2,500,000 to be paid in equal installments of \$500,000 per year over a five-year period toward the Organization's operating costs. The new Grant Agreement is subject to similar criteria as the original Grant Agreement and will be recognized as grant income as the criteria is met.

Federal Dental Faculty Loan Repayment Program: On August 21, 2018, the Organization received a notice of a \$1,000,000 federal award for the purpose of a dental faculty loan repayment program. Qualified employees must be employed with the Organization for at least a year and their requests for loan repayment evaluated by an internal committee based on criteria approved by the Health Resources and Services Administration. Award amounts were recorded as grant revenue as qualified employees met the criteria.

As of June 30, 2024, the Organization has received approximately \$802,200 of funding. The Organization was eligible to receive an additional \$197,800 with an expiration date of August 31, 2024 of which the Organization utilized \$127,684 prior to the expiration date.

NOTE 12. RETIREMENT PLAN

The Organization has adopted a 403(b) retirement plan that allows eligible employees the option to contribute a portion of their compensation to the plan. The Organization, at its discretion, may make contributions to the plan. For the years ended June 30, 2024 and 2023, employer contributions to the plan totaled approximately \$291,600 and \$242,000, respectively.

NOTE 13. CONCENTRATIONS, RISKS AND UNCERTAINTIES

Concentrations: During the year ended June 30, 2024, 42% of net patient services revenues were derived from the State of California Department of Health Care Services, 6% from the Federal Government Medicare Program, and 13% from premium revenues. 17% of Contributions and Grants were provided by the Federal Government.

During the year ended June 30, 2023, 29% of net patient services revenues were derived from the State of California Department of Health Care Services, and 5% derived from the Federal Government Medicare Program.

Santa Barbara Neighborhood Clinics

Notes to Financial Statements
June 30, 2024 and 2023

NOTE 14. NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets were restricted to expenditure for specified purposes including pledges and grants are as follows at June 30:

	<u>2024</u>	<u>2023</u>
<i>Expended:</i>		
Construction in progress	\$ 3,389,401	\$ 2,131,984
<i>Restricted as to future expenditures:</i>		
Construction and capital purchases	--	2,376,678
Time restricted receivables, net	<u>544,540</u>	<u>726,753</u>
Total funds restricted to expenditure for specified purposes	<u>\$ 3,933,941</u>	<u>\$ 5,235,415</u>

NOTE 15. CASH FLOW INFORMATION

The Organization had noncash transactions consisting of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
In-kind donation of medical supplies	\$ 329,000	\$ 382,109
In-kind donation of professional services	12,100	33,464
In-kind donation of rent	35,800	68,910

SUPPLEMENTARY INFORMATION

Santa Barbara Neighborhood Clinics

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor / Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Agency	Other Award Number	Direct	Pass Through Awards	Total
<i>U.S. Department of Health and Human Services</i>						
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		23H80CS26625	\$ 2,051,512	\$ --	\$ 2,051,512
Expanding COVID-19 Vaccination	92.224		23H8GCS48562	27,500	--	27,500
C-Substance Abuse & Mental Health Services Admin	93.224		22SM86998A	1,670,043	--	1,670,043
Dental Faculty Loan Repayment Grant	93.059		D87HP32141	127,684	--	127,684
Title X Family Planning Program	93.217	Essential Access Health	5 FPHA006470-03	--	59,785	59,785
<i>Total U.S. Department of Health and Human Services</i>				<u>3,876,739</u>	<u>59,785</u>	<u>3,936,524</u>
<i>U.S. Department of Housing and Urban Development</i>						
Community Development Block Grants/Entitlement Grants	14.218	City of Goleta	Contract 21NS054	--	10,352	10,352
Community Development Block Grants/Entitlement Grants	14.218	City of Santa Barbara	Contract 21NS054	--	32,695	32,695
Community Development Block Grants/Entitlement Grants	14.218	County of Santa Barbara	Contract 21NS054	--	428,702	428,702
Community Development Block Grants/Entitlement Grants	14.218	County of Santa Barbara, Education Office	Contract 21NS054	--	50,000	50,000
<i>Total U.S. Department of Housing and Urban Development</i>				<u>--</u>	<u>521,749</u>	<u>521,749</u>
<i>Total Expenditure of Federal Awards</i>				<u>\$ 3,876,739</u>	<u>\$ 581,534</u>	<u>\$ 4,458,273</u>

Santa Barbara Neighborhood Clinics

Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the Federal award activity of Santa Barbara Neighborhood Clinics (the "Organization"), under programs of the federal government for the year ended June 30, 2024, in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, activities, or cash flows of the Organization.

NOTE 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 Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited as a reimbursement. The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

*Such expenditures are recognized following, as applicable, either the cost principles in *OMB Circular A-122 Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

OTHER AUDITOR'S REPORTS



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(805) 963-1837
200 E. Carrillo St., Suite 303
Santa Barbara, CA 93101

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Santa Barbara Neighborhood Clinics

We have audited, in accordance with the 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 financial statements of Santa Barbara Neighborhood Clinics (a nonprofit organization), which comprise of the statement of financial position as of June 30, 2024, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 7, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Barbara Neighborhood Clinics' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santa Barbara Neighborhood Clinics' internal control. Accordingly, we do not express an opinion on the effectiveness of Santa Barbara Neighborhood Clinics' 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 financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

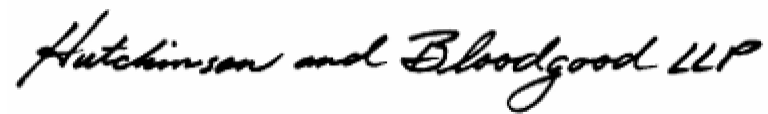
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Barbara Neighborhood Clinics' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Hutchinson and Bloodgood LLP

February 7, 2025

Santa Barbara, California



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200 E. Carrillo St., Suite 303
Santa Barbara, CA 93101

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Santa Barbara Neighborhood Clinics

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santa Barbara Neighborhood Clinics' 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 Santa Barbara Neighborhood Clinics' major federal programs for the year ended June 30, 2024. Santa Barbara Neighborhood Clinics' 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 Santa Barbara Neighborhood Clinics complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis of 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 of 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 Santa Barbara Neighborhood Clinics 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 Santa Barbara Neighborhood Clinics' 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 Santa Barbara Neighborhood Clinics' federal programs.

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 Santa Barbara Neighborhood Clinics' 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 generally accepted auditing standards, 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 Santa Barbara Neighborhood Clinics' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, 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 Santa Barbara Neighborhood Clinics' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Santa Barbara Neighborhood Clinics' 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 Santa Barbara Neighborhood Clinics' internal control over compliance. Accordingly, no such opinion is expressed.

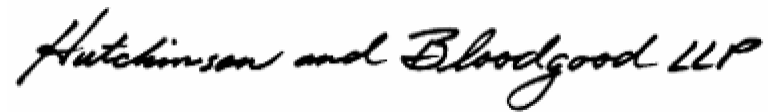
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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.

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.

A handwritten signature in black ink that reads "Hutchinson and Bloodgood LLP". The signature is written in a cursive, flowing style.

Hutchinson and Bloodgood LLP

February 7, 2025

Santa Barbara, California

Santa Barbara Neighborhood Clinics

Schedule of Findings and Questioned Costs
Year ended June 30, 2024

SECTION 1.

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major programs:

Assistance Listing Number	Program Name
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	No

SECTION 2.

FINANCIAL STATEMENT FINDINGS

None reported.

SECTION 3.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.