

VENICE FAMILY CLINIC
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

VENICE FAMILY CLINIC

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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VENICE FAMILY CLINIC

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Venice Family Clinic

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Venice Family Clinic and affiliate (collectively the "Clinic"), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Clinic as of June 30, 2017, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Clinic's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 12, 2016. In our opinion, the summarized comparative consolidated information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

To the Board of Directors
Venice Family Clinic

Other Matters - Supplementary Schedules

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and activities, consolidated Schedule of Expenditures of Federal and Nonfederal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The child development program supplementary information is presented for purposes of additional analysis in conformity with the *CDE Audit Guide* issued by the California Department of Education and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2017 on our consideration of the Clinic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinic's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

December 9, 2017
Los Angeles, California

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2017

With Summarized Totals at June 30, 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 1,959,503	\$ 3,388,810
Short-Term Investments	3,721,600	30,351
Accounts Receivable (Net)	7,770,054	6,111,872
Government Grants	649,605	796,321
Grants and Contributions Receivable - Short-Term (Net)	3,480,445	3,637,222
Other Receivables	67,595	63,357
Pharmaceutical Inventories	295,685	303,912
Prepaid Expenses and Other Assets	133,876	139,810
	18,078,363	14,471,655
OTHER ASSETS:		
Long-Term Investments	5,816,199	5,240,862
Accounts Receivable - Long Term (Net)	1,877,573	237,222
Grants and Contributions Receivable - Long-Term (Net)	2,771,648	2,036,205
Beneficial Interest in Charitable Remainder Trusts	228,975	218,083
Property and Equipment (Net)	8,512,809	6,401,498
	19,207,204	14,133,870
	37,285,567	28,605,525
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 1,210,695	\$ 246,474
Line of Credit	-	837,639
Notes Payable	-	53,976
	1,210,695	1,138,089
LONG-TERM LIABILITY:		
Line of Credit	250,000	-
	1,460,695	1,138,089
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	22,163,540	13,983,255
Temporarily Restricted	8,489,275	8,362,124
Permanently Restricted	5,172,057	5,122,057
	35,824,872	27,467,436
	37,285,567	28,605,525

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

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

With Summarized Totals for the Year Ended June 30, 2016

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUE , GAINS/(LOSSES) AND OTHER SUPPORT:					
Third Party Reimbursement for Service	\$ 27,868,154	\$ -	\$ -	\$ 27,868,154	\$ 22,401,482
Government Support	9,457,655	-	-	9,457,655	8,701,823
Private and Community Support	1,819,682	5,798,884	50,000	7,668,566	9,315,598
Special Events (Net of Direct Donor Benefit of \$727,731)	1,745,189	-	-	1,745,189	1,832,373
TOTAL REVENUE AND OTHER SUPPORT	40,890,680	5,798,884	50,000	46,739,564	42,251,276
OTHER REVENUE:					
Interest and Dividend Income	41,650	62,629	-	104,279	53,304
Realized and Unrealized Gains/(Losses) on Investments (Net)	6,167	712,952	-	719,119	(311,024)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	10,892	-	10,892	(143,029)
Net Assets Released from Restrictions	4,126,792	(4,126,792)	-	-	-
TOTAL OTHER REVENUE	4,174,609	(3,340,319)	-	834,290	(400,749)
TOTAL REVENUE, GAINS/(LOSSES) AND OTHER SUPPORT	45,065,289	2,458,565	50,000	47,573,854	41,850,527
EXPENSES:					
Program Services:					
Health Care	24,208,917	-	-	24,208,917	21,102,316
Children First Program	2,920,766	-	-	2,920,766	2,776,769
Education and Outreach	1,637,581	-	-	1,637,581	1,359,638
Common Ground	2,876,902	-	-	2,876,902	2,243,160
TOTAL PROGRAM SERVICES	31,644,166	-	-	31,644,166	27,481,883
Supporting Services:					
Management and General	5,770,118	-	-	5,770,118	4,491,501
Fundraising	1,793,906	-	-	1,793,906	1,650,100
TOTAL SUPPORTING SERVICES	7,564,024	-	-	7,564,024	6,141,601
TOTAL EXPENSES	39,208,190	-	-	39,208,190	33,623,484
IN-KIND CONTRIBUTIONS:					
Revenue	3,401,536	158,468	-	3,560,004	5,963,030
Net Assets Released from Restrictions	210,985	(210,985)	-	-	-
TOTAL IN-KIND CONTRIBUTIONS	3,612,521	(52,517)	-	3,560,004	5,963,030
EXPENSES (IN-KIND):					
Program Services:					
In-Kind Laboratory and X-Ray Services	1,099,451	-	-	1,099,451	1,920,578
Physician and Other Clinical Volunteers	1,740,878	-	-	1,740,878	1,800,406
Children First Program Volunteer	36,471	-	-	36,471	29,403
In-Kind Pharmaceutical and Laboratory Supplies	166,696	-	-	166,696	2,248,575
Other In-Kind Supplies and Services	220,251	-	-	220,251	185,392
In-Kind Insurance	304,485	-	-	304,485	306,292
TOTAL EXPENSES (IN-KIND)	3,568,232	-	-	3,568,232	6,490,646
NET IN-KIND CONTRIBUTIONS	44,289	(52,517)	-	(8,228)	(527,616)
Surplus Before Net Assets					
Released for Capital Expenditure	5,901,388	2,406,048	50,000	8,357,436	7,699,427
Net Assets Released for Capital Expenditure	2,278,897	(2,278,897)	-	-	-
CHANGE IN NET ASSETS	8,180,285	127,151	50,000	8,357,436	7,699,427
Net Assets - Beginning of Year	13,983,255	8,362,124	5,122,057	27,467,436	19,768,009
NET ASSETS - END OF YEAR	\$ 22,163,540	\$ 8,489,275	\$ 5,172,057	\$ 35,824,872	\$ 27,467,436

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

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

With Summarized Totals for the Year Ended June 30, 2016

	2017								2016 Total	
	Health Care	Children First Program	Education and Outreach	Common Ground	Total Program	Management and General	Fundraising	Total Supporting Services		Total
Salaries	\$ 13,758,087	\$ 1,549,439	\$ 969,280	\$ 645,342	\$ 16,922,148	\$ 2,514,344	\$ 1,098,981	\$ 3,613,325	\$ 20,535,473	\$ 17,961,609
Employee Benefits	6,073,797	764,430	503,289	312,307	7,653,823	833,886	443,963	1,277,849	8,931,672	7,786,233
TOTAL PERSONNEL COSTS	19,831,884	2,313,869	1,472,569	957,649	24,575,971	3,348,230	1,542,944	4,891,174	29,467,145	25,747,842
Building - Maintenance	280,605	32,590	20,174	14,026	347,395	62,585	12,263	74,848	422,243	381,324
Building - Other	264,112	36,600	19,467	12,924	333,103	54,164	7,604	61,768	394,871	306,348
Building - Rent	411,364	74,423	28,868	104,748	619,403	151,238	257	151,495	770,898	555,465
Child Care	-	180,613	-	-	180,613	-	-	-	180,613	149,438
Equipment	74,753	-	-	4,549	79,302	37,295	-	37,295	116,597	89,186
Insurance	275	-	-	-	275	304,734	7	304,741	305,016	277,526
Interest	-	-	-	-	-	31,945	-	31,945	31,945	61,004
Laboratory and X-Ray Services	11,430	-	-	7,683	19,113	-	-	-	19,113	30,420
Licenses, Fees and Dues	93,356	2,680	254	489	96,779	325,597	59,593	385,190	481,969	485,066
Medical Supplies and Medical Waste Removal	364,003	-	-	12,156	376,159	10,495	-	10,495	386,654	286,170
Miscellaneous	6,184	2,586	1,862	12,437	23,069	47,165	62,036	109,201	132,270	96,578
Office Supplies	34,239	11,397	5,048	3,795	54,479	73,011	1,885	74,896	129,375	117,287
Participant Supplies/Activities/Incentives	40,104	30,761	25,945	4,513	101,323	3,759	319	4,078	105,401	100,881
Pharmaceutical and Pharmacy Supplies	1,180,099	-	3,012	1,675,128	2,858,239	-	-	-	2,858,239	2,087,368
Postage, Printing and Subscriptions	18,313	12,051	1,124	475	31,963	9,123	71,923	81,046	113,009	98,163
Professional and Contractual Fees	549,500	70,755	6,306	33,360	659,921	367,117	17,948	385,065	1,044,986	884,489
Provision for Allowance for Doubtful Accounts	-	-	-	-	-	525,000	-	525,000	525,000	-
Repairs and Maintenance	26,621	9,102	-	-	35,723	28,953	-	28,953	64,676	64,860
Technology Expenses	246,837	-	2,844	9,669	259,350	160,504	12,043	172,547	431,897	476,771
Telephone	147,492	10,370	342	-	158,204	44,891	488	45,379	203,583	194,497
Transportation of Patients/Clients	14,198	1,677	-	1,500	17,375	20	-	20	17,395	14,196
Travel, Training and Workshops	51,574	70,505	13,106	12,433	147,618	41,186	4,596	45,782	193,400	154,051
TOTAL BEFORE DEPRECIATION AND AMORTIZATION	23,646,943	2,859,979	1,600,921	2,867,534	30,975,377	5,627,012	1,793,906	7,420,918	38,396,295	32,658,930
Depreciation and Amortization	561,974	60,787	36,660	9,368	668,789	143,106	-	143,106	811,895	964,554
TOTAL FUNCTIONAL EXPENSES, EXCLUDING IN-KIND	24,208,917	2,920,766	1,637,581	2,876,902	31,644,166	5,770,118	1,793,906	7,564,024	39,208,190	33,623,484
In-Kind Expenses	3,311,511	256,721	-	-	3,568,232	-	-	-	3,568,232	6,490,646
TOTAL FUNCTIONAL EXPENSES	\$ 27,520,428	\$ 3,177,487	\$ 1,637,581	\$ 2,876,902	\$ 35,212,398	\$ 5,770,118	\$ 1,793,906	\$ 7,564,024	\$ 42,776,422	\$ 40,114,130

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

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2017

With Summarized Totals for the Year Ended June 30, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 8,357,436	\$ 7,699,427
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	811,895	964,554
Adjustment to Third-Party Reimbursable Contract Receivable Reserve	13,715	-
Provision for Allowance for Doubtful Accounts	525,000	-
Net Realized and Unrealized (Gains) Losses on Long-Term Investments	(719,119)	311,024
Change in Value of Beneficial Interest in Charitable Remainder Trusts	(10,892)	143,029
Contributions to Endowment Funds	(50,000)	(50,000)
Contributions for Long-Term Purposes	-	(1,382,700)
Changes in Operating Assets and Liabilities		
Accounts Receivable	(3,312,248)	(4,088,672)
Government Grants	146,716	135,389
Grants and Contributions Receivable	(2,146,166)	(1,199,003)
Other Receivables	(4,238)	(6,027)
Pharmaceutical Inventories	8,227	464,888
Prepaid Expenses and Other Assets	5,934	19,305
Accounts Payable and Accrued Expenses	964,221	(434,379)
	4,590,481	2,576,835
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(2,923,206)	(494,658)
Purchase of Investments	(5,479,521)	(358,910)
Net Proceeds from Sale of Investments	1,932,054	404,789
	(6,470,673)	(448,779)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on Notes Payable	(53,976)	(121,391)
Payment on Line of Credit	(587,639)	(1,000,000)
Contributions to Endowment Funds	50,000	50,000
Contributions for Long-Term Purposes	1,042,500	315,200
	450,885	(756,191)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,429,307)	1,371,865
Cash and Cash Equivalents - Beginning of Year	3,388,810	2,016,945
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,959,503	\$ 3,388,810
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	\$ 31,945	\$ 61,004

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - NATURE OF OPERATIONS

Venice Family Clinic and affiliate (the "Clinic") 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. The Clinic's mission is to "provide quality primary health care to people in need."

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

VFC serves as a medical home, providing coordinated and comprehensive medical, dental and mental health services that include pediatrics, general adult medicine, women's, senior, homeless and chronic care services, prenatal care, specialty clinics in cardiology, dermatology, ear, nose and throat, gastroenterology, gynecology, neurology, ophthalmology, optometry, orthopedics, podiatry, behavioral health and substance use services. VFC also provides treatment and counseling services to HIV patients through its Common Ground program. VFC provides health care on six days and four evenings per week. VFC provides services primarily to people of low-income, unemployed and homeless. VFC's primary service area includes Venice, Santa Monica, Palms, Mar Vista, Inglewood, Culver City and West Los Angeles, all in Los Angeles County.

VFC trains medical residents from eleven residency programs. Approximately 1,336 people volunteered in fiscal year 2017 (unaudited), including approximately 243 physicians (unaudited). The Clinic estimates that it received 61,614 (unaudited) total volunteer hours, including 3,493 (unaudited) general and administrative volunteer hours; such general and administrative hours are not represented in the financial statements in accordance with accounting principles generally accepted in the United States of America.

In 1995, VFC applied for and was awarded an Early Head Start grant ("The Children First Program"). The Early Head Start grant is contingent upon the availability of federal funds and satisfactory performance under the terms and conditions of the Head Start grant in the current budget period. The goals of the program are to strengthen the development of the child and promote the social and economic self-sufficiency of the family.

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

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.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Clinic are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Temporarily Restricted.** The Clinic reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. The Clinic has temporarily restricted net assets of \$8,489,275 at June 30, 2017, which are restricted to programs of the Clinic.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Clinic to expend all of the income (or other economic benefits) derived from the donated assets. The Clinic has permanently restricted net assets of \$5,172,057 at June 30, 2017.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

UCLA Health maintains control of a bank account that holds funds on behalf of the Clinic. As of June 30, 2017, the amount held in this account is \$521,041.

The carrying value of cash equivalents approximates its fair value at June 30, 2017.

(d) INVESTMENTS

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

Dividend and interest income are accrued when earned. Dividend and interest income earned from investments in all net asset classifications is allocated based on the individual investment asset as a percentage of total investment assets. Income from permanently restricted investments is recorded as temporarily restricted, except where the instructions of the donor specify otherwise.

(e) ACCOUNTS RECEIVABLE, GOVERNMENT GRANTS AND OTHER RECEIVABLES

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2017, the Clinic has established an allowance for uncollectible accounts receivable in the amount of \$478,273.

(f) GRANTS AND CONTRIBUTIONS RECEIVABLES

Unconditional contributions, including grants recorded at estimated fair value, are recognized as revenues when the grant is received. The Clinic reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. The Clinic evaluated the collectability of contributions and grants receivable at June 30, 2017. At June 30, 2017, the Clinic has established an allowance for uncollectible accounts receivable in the amount of \$25,000.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) PHARMACEUTICAL INVENTORIES

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

(h) BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

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

(i) PROPERTY AND EQUIPMENT

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

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

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

(j) LONG-LIVED ASSETS

The Clinic evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated realizable value. During the year ended June 30, 2017, no impairment loss was recognized.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) ELECTRONIC HEALTH RECORDS INCENTIVE PROGRAM

The Electronic Health Records Incentive Program, enacted as part of the American Recovery and Reinvestment Act of 2009, provides for one-time incentive payments under both the Medicare and Medi-Cal programs to eligible health centers that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medi-Cal program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medi-Cal Services. Payment under both programs are contingent on the health center continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

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

In 2017, the Clinic completed the third-year requirements under the Medi-Cal program and has recorded revenue of \$306,000, which is included in fee for service revenues in the consolidated statement of activities.

(l) THIRD-PARTY REIMBURSEMENT FOR SERVICES

VFC provides primary care services to patients covered under Medi-Cal and Medicare fee for service and managed care programs. Under these programs, VFC is reimbursed a fixed rate per visit regardless of the medical services provided to the member. As a Federally Qualified Health Center ("FQHC") under the Medi-Cal managed care program, VFC is paid at a negotiated fixed fee on a per-member-per-month basis and is entitled to additional reimbursements through a per claim wrap around rate and a reconciliation of the differences between the total of the capitation, fee-for-service 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 Healthcare Services after submission of annual reconciliation reports and audits thereof by the State Financial Audits Branch. VFC's Medi-Cal Managed Care reconciliation reports have been audited and finalized through fiscal year 2014.

VFC is not responsible for services rendered to members outside its clinics. VFC also has agreements with third-party payers that provide for payments to VFC at amounts different from established fee for service rates.

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) **THIRD-PARTY REIMBURSEMENT FOR SERVICES** (continued)

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

Third-party reimbursement for services, net of contractual allowances and discounts, recognized from third-party payers for the year ended June 30, 2017 amounted to \$27,868,154.

(m) **CHARITY CARE**

The Clinic defines “charity care” as services rendered for which the patient shall not be held liable. The Clinic is committed to providing quality health care for certain members of its community, including the poor and underserved who cannot afford health insurance, copays and deductibles. During the year ended June 30, 2017, the Clinic provided charity care of \$2,354,982 to its patients, which has been calculated as the difference between total health care costs less net third party reimbursements for services.

(n) **CONTRACT AND GRANT REVENUE RECOGNITION**

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

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

(o) **IN-KIND CONTRIBUTIONS**

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) INCOME TAXES

The Clinic 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.

(q) CONCENTRATIONS

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

The Clinic received approximately 82% of its third-party reimbursement revenue from providing services to Medi-Cal patients during the year ended June 30, 2017. Reimbursement for such services is currently based on PPS rates with final settlement after submission of annual reconciliation reports to the state.

A portion of the Clinic's annual funding, \$9,457,655 or approximately 19%, of total operating revenues is derived from grant agreements with federal and nonfederal government agencies during the year ended June 30, 2017. The Clinic has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Clinic's ability to finance ongoing operations.

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

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

(r) FUNCTIONAL ALLOCATION OF EXPENSES

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2017

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, 2016 from which the summarized information was derived.

(u) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which establishes a comprehensive revenue recognition standard for virtually all industries following U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) - Deferral of Effective Date*, which deferred the effective date for one year. Accordingly, this ASU will be effective for the Clinic for the year ending June 30, 2019. The Clinic is currently evaluating the effect the provisions of ASU 2014-09 will have on its financial statements.

In May 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. The ASU eliminates the requirement to categorize investments in the fair value hierarchy if the fair value is measured at net asset value (NAV) per share (or its equivalent) using the practical expedient in the FASB's fair value measurement guidance. For the Clinic, the ASU will be effective for the year ending June 30, 2018.

In February 2016, FASB issued ASU No. 2017-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the financial statements. For the Clinic, the ASU will be effective for the year ending June 30, 2021.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. For the Clinic, the ASU will be effective for the year ending June 30, 2019.

(v) RECLASSIFICATIONS

Certain reclassifications have been made to the 2016 summarized comparative information to conform to the 2017 financial statement presentation. These reclassifications had no effect on the previously reported change in net assets.

(w) SUBSEQUENT EVENTS

The Clinic has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2017 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 9, 2017, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2017

NOTE 3 - 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, 2017 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities	\$ 628	\$ 628	\$ -	\$ -
EIP	5,816,199	-	-	5,816,199
Regent's STIP	3,720,972	-	-	3,720,972
TOTAL INVESTMENTS	9,537,799	628	-	9,537,171
Beneficial Interest in Charitable Remainder Trusts	228,975	-	-	228,975
TOTAL	\$ 9,766,774	\$ 628	\$ -	\$ 9,766,146

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

The EIP has a long-term investment horizon and consists principally of equity securities, bonds, mutual funds and alternative investments, which are managed in a unitized investment pool. The alternative instruments include hedge funds, private equity and venture capital. Monthly investment income and realized and unrealized gains and losses are allocated equitably based on the units owned by each participant at the beginning of each month. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. At each month end, a fair value unit price is established based on the value of endowed pool assets (end of month) divided by the total number of pool units at the beginning of the month. Investors who wish to purchase units or sell existing units can only do so at month end at the aforementioned fair value price. The EIP is considered as Level 3 due to unobservable markets. Management established the fair value of Level 3 investments through monitoring of fund activities for the investments held by the UCLA Foundation. There are no restrictions on the redemptions of these investments, but the redemption must be approved by the board of directors.

The current carrying value of investments in the Regent's STIP approximates fair value.

The Clinic has a beneficial interest in two 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.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

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

	EIP Investments	Regent's STIP Investments	Beneficial Interest in Charitable Remainder Trusts	Total
Beginning - June 30, 2016	\$ 5,240,862	\$ 29,369	\$ 218,083	\$ 5,488,314
Increase in Fair Value	775,581	41,603	10,892	828,076
Purchases	50,000	4,700,000	-	4,750,000
Sales	(250,244)	(1,050,000)	-	(1,300,244)
TOTAL - JUNE 30, 2017	\$ 5,816,199	\$ 3,720,972	\$ 228,975	\$ 9,766,146

The following table summarizes the Clinic's financial assets that are valued using the fair value approach described in Note 2.

	Fair Value June 30, 2017	Redemption Frequency	Redemption Notice Period
EIP	\$ 5,816,199	Monthly	10 Days
Regent's STIP	3,720,972	Monthly	N/A

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, 2017	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
EIP ^(a)	\$ 5,816,199	Withdrawal Amount as Calculated by UCLA Foundation	N/A	Underlying investments held by the UCLA Foundation in its EIP pool
Regent's STIP ^(a)	3,720,972	Withdrawal Amount as Calculated by UCLA Foundation	N/A	Underlying investments held by the UCLA Foundation in its STIP pool
Beneficial Interest in Charitable Remainder Trusts ^(b)	228,975	Net present Value of expected cash flows	N/A	Discount Rates of 2.0%, 2.1% and 4.7%, Donor life expectancies

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2017

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

- (a) Investments classified as Level 3 include the Clinic's investments in the UCLA Foundation's EIP and its Regent's STIP (see Note 4).
- (b) Beneficial interest in charitable remainder trusts held by the Clinic (see Note 7).

NOTE 4 - INVESTMENTS

The Clinic's investments consisted of the following at June 30, 2017:

Fixed Income Securities	\$	628
EIP		5,816,199
Regent's STIP		<u>3,720,972</u>
TOTAL	\$	<u>9,537,799</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Total
Interest and Dividend Income	\$ 41,650	\$ 62,629	\$ 104,279
Net Realized and Unrealized Gains on Investments	<u>6,167</u>	<u>712,952</u>	<u>719,119</u>
INVESTMENT INCOME (NET)	<u>\$ 47,817</u>	<u>\$ 775,581</u>	<u>\$ 823,398</u>

Investment expenses, such as investment management and administrative fees, netted against the investment income totaled \$65,400 during the year ended June 30, 2017.

NOTE 5 - ACCOUNTS RECEIVABLE

The Clinic's accounts receivable consisted of the following at June 30, 2017:

Third-Party Reimbursable Contract Receivable	\$	10,125,900
Less: Allowance for Doubtful Accounts		<u>(478,273)</u>
TOTAL	\$	<u>9,647,627</u>

The third-party reimbursement receivables from Medi-Cal include amounts requested from the state through the completion of the Medi-Cal Reconciliation Request Report. As an FQHC, the Clinic is entitled to additional reimbursements through a reconciliation of the differences between its all-inclusive rate per visit against capitation revenues received from health maintenance organizations. At June 30, 2017, the total unpaid third-party reimbursement receivable was \$10,125,900.

During the fiscal year ended June 30, 2017, the Clinic increased the allowance by \$13,715 to \$478,273 for the estimated disallowed portions from future state audits. At June 30, 2017, the total unpaid FQHC settlement receivable was \$4,782,728. The settlement was for revenue generated from 2015 through 2017, the years for which the state had not yet completed the relevant audit.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 6 - GRANTS AND CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as grants and contributions receivable. Promises to give due in one year or more are recorded after discounting to the present value of the future cash flows at rates ranging from 0.84% to 2.73% at June 30, 2017.

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

Amounts Due:	
In Less Than One Year	\$ 3,480,445
In One to Five Years	2,559,040
In More Than Five Years	275,000
TOTAL CONTRIBUTIONS RECEIVABLE - GROSS	6,314,485
Less: Present Value Discount	(37,392)
Less: Allowance for Doubtful Accounts	(25,000)
TOTAL CONTRIBUTION RECEIVABLE - NET	6,252,093
Less: Current Portion of Contributions Receivable - Net	(3,480,445)
CONTRIBUTIONS RECEIVABLE - NET OF CURRENT PORTION	\$ 2,771,648

NOTE 7 - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Clinic is the beneficiary of several charitable remainder trusts administered by other trustees. Assets held in charitable remainder trusts totaled \$228,975 at June 30, 2017, representing the portion of the net present value of the charitable remainder trusts for which the Clinic is the designated beneficiary.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2017:

Land	\$ 1,116,512
Buildings and Improvements	7,739,400
Leasehold Improvements	8,521,149
Furniture and Equipment, Including Software	3,265,010
TOTAL	20,642,071
Less: Accumulated Depreciation and Amortization	(12,129,262)
TOTAL PROPERTY AND EQUIPMENT	\$ 8,512,809

Depreciation and amortization expense for the year ended June 30, 2017 amounted to \$811,895.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2017

NOTE 9 - LINE OF CREDIT

The Clinic has a line of credit with a bank with a limit of \$4,000,000. The line of credit bears interest at the prime reference rate with a maturity date of December 1, 2019. The prime rate at June 30, 2017 was 4.25%. The Clinic's assets serve as collateral on the line of credit. The loan contains certain restrictive covenants with which the Clinic was in compliance at June 30, 2017. As of June 30, 2017, the total outstanding balance was \$250,000 with \$3,750,000 available for borrowing.

NOTE 10 - NOTES PAYABLE

During the year ended June 30, 2012, the Clinic received an interest free loan in the amount of \$269,872 from UCLA. The term of repayment is five years. The balance was fully paid off as of June 30, 2017.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets included the following at June 30, 2017:

Drugs and Dispensary Supplies	\$	96,439
Capital Improvement Funds		89,723
Endowment Assets		644,142
Beneficial Interest in Charitable Remainder Trusts		228,975
Operating Program Funds		<u>7,429,996</u>
TOTAL	\$	<u>8,489,275</u>

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

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2017

NOTE 12 - ENDOWMENTS

The balances of the permanently restricted net assets consisted of the following at June 30, 2017:

The Colen Physician Endowment Fund	\$	862,334
The Milken Physician Endowment Fund		637,329
The Lee Physician Endowment Fund		714,207
The Skirball Physician Endowment Fund		750,000
The Weisman Psychosocial Endowment Fund		745,510
The Karsten Endowment Fund		112,677
The Briskin Endowment Fund		250,000
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>

Permanently restricted net assets include restricted contributions to the following funds:

- The Colen Physician Endowment Fund - established to provide for a permanent family practice physician and receives contributions from various individuals. During the fiscal year of 2007, the Clinic received tribute gifts to continue Irma Colen's legacy; family members established these gifts as additions to the Colen Physician Endowment Fund.
- The Milken Physician Endowment Fund - established to fund the salary of a permanent family practice physician.
- The Lee Physician Endowment Fund - established to fund the salary of a permanent family practice physician.
- The Skirball Physician Endowment Fund - established to fund the salary of the Clinic's medical director.
- The Weisman Psychosocial Endowment Fund - established to provide ongoing support to the mental health programs.
- The Karsten Endowment Fund - established to provide for a domestic violence program.
- The Briskin Endowment Fund - established to provide for the women's health care 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, 2017

NOTE 12 - ENDOWMENTS (continued)

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance - Beginning of Year	\$ 118,805	\$ 5,122,057	\$ 5,240,862
Net Investment Return:			
Interest and Dividends	62,629	-	62,629
Net Realized/Unrealized Gains on Investments	712,952	-	712,952
TOTAL NET INVESTMENT RETURNS	775,581	-	775,581
Contributions	-	50,000	50,000
Net Assets Released from Restrictions	(250,244)	-	(250,244)
BALANCE - END OF YEAR	\$ 644,142	\$ 5,172,057	\$ 5,816,199

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 unrestricted net assets. As of June 30, 2017, there were no deficiencies in the endowment funds.

The permanently restricted net assets consist of several donor-restricted perpetual endowment funds with a total amount of \$5,172,057 at June 30, 2017. In accordance with the donors' stipulations and that of the 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 of the 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 concurrent 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.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 12 - ENDOWMENTS (continued)

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

The UCLA Foundation follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") adopted by the State of California in January 2009. UPMIFA does not set specific expenditure limits; instead, a charity can spend the amount the charity deems prudent after considering the donor's intent that the endowment continue permanently, the purpose of the fund and relevant economic factors. The UCLA Foundation's spending policy governs the rate at which funds are released to fund holders for current spending. The UCLA Foundation's spending policy is based on a target rate set as a percentage of a 36-month rolling average market value. The current rate is 4.5% for fiscal year 2017.

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 - SPECIAL EVENTS REVENUE

Special events revenue for the year ended June 30, 2017 consists of the following:

	VFC	Foundation	Total
Gross Revenue	\$ 1,700,014	\$ 772,906	\$ 2,472,920
Less: Direct Donor Benefit Expenses	(286,748)	(440,983)	(727,731)
<i>SPECIAL EVENTS (NET)</i>	\$ 1,413,266	\$ 331,923	\$ 1,745,189

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 14 - COMMITMENTS AND CONTINGENCIES

(a) INSURANCE

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

(b) OPERATING LEASES

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

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

Future minimum payments under the operating leases are as follows:

Years Ending June 30	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2018	\$ 710,131	\$ 47,574	\$ 757,705
2019	675,163	9,085	684,248
2020	668,639	1,166	669,805
2021	662,065	-	662,065
2022	448,823	-	448,823
Thereafter	877,389	-	877,389
<i>TOTAL</i>	<u>\$ 4,042,210</u>	<u>\$ 57,825</u>	<u>\$ 4,100,035</u>

Facilities and equipment rent expense under operating leases for the year ended June 30, 2017 was \$855,776.

(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.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 14 - COMMITMENTS AND CONTINGENCIES (continued)

(d) LITIGATION

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

NOTE 15 - RELATED PARTY TRANSACTIONS

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

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 the University of California Retirement Plan ("UCRP" or the "Plan"). 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 14.6% of total payroll in accordance with the provisions of the Plan and the affiliation agreement. For the year ended June 30, 2017, the Clinic contributed \$2,890,579 to the Plan.

The Clinic has no plans to withdraw from the Plan as of June 30, 2017. 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 84% funded at June 30, 2017. It is therefore possible that Plan premiums could increase in the future so as to reduce this underfunded situation.

VENICE FAMILY CLINIC

SUPPLEMENTARY INFORMATION -
CONSOLIDATING SCHEDULES

YEAR ENDED JUNE 30, 2017

VENICE FAMILY CLINIC

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2017

	Venice Family Clinic	Venice Family Clinic Foundation	Eliminations	Total
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 1,392,897	\$ 566,606	\$ -	\$ 1,959,503
Short-Term Investments	3,721,600	-	-	3,721,600
Accounts Receivable (Net)	7,770,054	-	-	7,770,054
Government Grants	649,605	-	-	649,605
Grants and Contributions				
Receivable - Short-Term (Net)	3,413,620	66,825	-	3,480,445
Other Receivables	67,595	-	-	67,595
Accounts Receivable - Intercompany	-	123,194	(123,194)	-
Pharmaceutical Inventories	295,685	-	-	295,685
Prepaid Expenses and Other Assets	133,876	-	-	133,876
TOTAL CURRENT ASSETS	17,444,932	756,625	(123,194)	18,078,363
OTHER ASSETS:				
Long-Term Investments	5,816,199	-	-	5,816,199
Accounts Receivable - Long Term (Net)	1,877,573	-	-	1,877,573
Grants and Contributions				
Receivable - Long-Term (Net)	2,771,648	-	-	2,771,648
Beneficial Interest in Charitable Remainder Trusts	228,975	-	-	228,975
Property and Equipment (Net)	8,512,809	-	-	8,512,809
TOTAL OTHER ASSETS	19,207,204	-	-	19,207,204
TOTAL ASSETS	\$ 36,652,136	\$ 756,625	\$ (123,194)	\$ 37,285,567
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Expenses	\$ 1,198,954	\$ 11,741	\$ -	\$ 1,210,695
Accounts Payable - Intercompany	123,194	-	(123,194)	-
TOTAL CURRENT LIABILITIES	1,322,148	11,741	(123,194)	1,210,695
LONG-TERM LIABILITY:				
Line of Credit	250,000	-	-	250,000
TOTAL LIABILITIES	1,572,148	11,741	(123,194)	1,460,695
NET ASSETS:				
Unrestricted	21,418,656	744,884	-	22,163,540
Temporarily Restricted	8,489,275	-	-	8,489,275
Permanently Restricted	5,172,057	-	-	5,172,057
TOTAL NET ASSETS	35,079,988	744,884	-	35,824,872
TOTAL LIABILITIES AND NET ASSETS	\$ 36,652,136	\$ 756,625	\$ (123,194)	\$ 37,285,567

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

VENICE FAMILY CLINIC

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

	Venice Family Clinic	Venice Family Clinic Foundation	Eliminations	Total
REVENUE , GAINS AND OTHER SUPPORT:				
Third Party Reimbursement for Service	\$ 27,868,154	\$ -	\$ -	\$ 27,868,154
Government Support	9,457,655	-	-	9,457,655
Private and Community Support	7,653,656	14,910	-	7,668,566
Special Events (Net of Direct Donor Benefit of \$727,731)	1,413,266	331,923	-	1,745,189
TOTAL REVENUE AND OTHER SUPPORT	46,392,731	346,833	-	46,739,564
OTHER REVENUE:				
Interest and Dividend Income	104,279	-	-	104,279
Realized and Unrealized Gain on Investments (Net)	719,119	-	-	719,119
Change in Value on Beneficial Interest in Charitable Remainder Trusts	10,892	-	-	10,892
TOTAL OTHER REVENUE	834,290	-	-	834,290
TOTAL REVENUE, GAINS AND OTHER SUPPORT	47,227,021	346,833	-	47,573,854
EXPENSES:				
Program Services:				
Health Care	24,208,917	-	-	24,208,917
Children First Program	2,920,766	-	-	2,920,766
Education and Outreach	1,637,581	-	-	1,637,581
Common Ground	2,876,902	-	-	2,876,902
TOTAL PROGRAM SERVICES	31,644,166	-	-	31,644,166
Supporting Services:				
Management and General	5,758,523	11,595	-	5,770,118
Fundraising	1,793,906	-	-	1,793,906
TOTAL SUPPORTING SERVICES	7,552,429	11,595	-	7,564,024
TOTAL EXPENSES	39,196,595	11,595	-	39,208,190
IN-KIND CONTRIBUTIONS				
Revenue	3,560,004	-	-	3,560,004
EXPENSES (IN-KIND)				
Program Services:				
In-Kind Laboratory and X-Ray Services	1,099,451	-	-	1,099,451
Physician and Other Clinical Volunteers	1,740,878	-	-	1,740,878
Children First Program Volunteer	36,471	-	-	36,471
In-Kind Pharmaceutical and Laboratory Supplies	166,696	-	-	166,696
Other In-Kind Supplies and Services	220,251	-	-	220,251
In-Kind Insurance	304,485	-	-	304,485
TOTAL EXPENSES (IN-KIND)	3,568,232	-	-	3,568,232
NET IN-KIND CONTRIBUTIONS	(8,228)	-	-	(8,228)
CHANGE IN NET ASSETS	8,022,198	335,238	-	8,357,436
Net Assets - Beginning of Year	27,057,790	409,646	-	27,467,436
NET ASSETS - END OF YEAR	\$ 35,079,988	\$ 744,884	\$ -	\$ 35,824,872

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

VENICE FAMILY CLINIC

SUPPLEMENTARY INFORMATION -
SINGLE AUDIT

YEAR ENDED JUNE 30, 2017

**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, 2017, 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 9, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Directors
Venice Family Clinic

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Clinic's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Green Hasson & Janks LLP

December 9, 2017
Los Angeles, California

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Venice Family Clinic

Report on Compliance for Each Major Federal Program

We have audited Venice Family Clinic and affiliate (the "Clinic") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (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, 2017. The Clinic's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

To the Board of Directors
Venice Family Clinic

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

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

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

Green Hasson & Janks LLP

December 9, 2017
Los Angeles, California

VENICE FAMILY CLINIC

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2017**

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
MAJOR AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Administration for Children and Families - Early Head Start					
Comprehensive Child Development Program					
	93.600	09CH9135-03	Jan 1, 2016 - Dec 31, 2016	\$ 2,536,762	\$ 1,306,833
	93.600	09CH9135-04	Jan 1, 2017 - Dec 31, 2017	2,536,762	1,123,011
Total 93.600				<u>5,073,524</u>	<u>2,429,844</u>
TOTAL MAJOR AWARDS				<u>5,073,524</u>	<u>2,429,844</u>
NON-MAJOR AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Health Resources and Services Administration					
Health Center Cluster					
	93.224, 93.527	6 H80CS04217	May 1, 2016 - April 30, 2017	3,976,667	3,155,819
	93.224, 93.527	6 H80CS04217	May 1, 2017 - April 30, 2018	3,603,599	786,269
Pass-through Northeast Valley Health Corporation					
Health Care for the Homeless					
	93.224	H80-CS-00139	Jan 1, 2016 - Dec 31, 2016	568,170	290,107
	93.224	H80-CS-00139	Jan 1, 2017 - Dec 31, 2017	541,960	259,402
Total 93.224, 93.527, Health Center Cluster				<u>8,690,396</u>	<u>4,491,597</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Health Resources and Services Administration					
Outpatient Early Intervention Service with Respect to HIV Disease					
	93.918	6 H76HA00207	May 1, 2016 - April 30, 2017	343,972	291,679
	93.918	6 H76HA00207	May 1, 2017 - April 30, 2018	335,717	56,000
Total 93.918				<u>679,689</u>	<u>347,679</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Health Resources and Services Administration					
Health Infrastructure Investment Program					
	93.526	6 C8DC29099	Sep 30, 2015 - Sep 28, 2018	369,622	362,157
Total 93.526				<u>369,622</u>	<u>362,157</u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2017**

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Pass-through Los Angeles County - Public Health					
Division of HIV and STD Programs					
HIV/AIDS Mental Health Counseling	93.914	H210819	Mar 01, 2016 - Feb 28, 2017	61,678	38,908
	93.914	H210819	Mar 01, 2017 - Aug 31, 2018	30,839	19,276
Medical Care Coordination	93.914	PH002357	Mar 01, 2016 - Feb 28, 2017	265,443	177,937
	93.914	PH002357	Mar 01, 2017 - Feb 28, 2018	265,443	88,484
Ambulatory/Outpatient Medical	93.914	PH002356	Mar 01, 2016 - Feb 28, 2017	52,765	28,547
	93.914	PH002356	Mar 01, 2017 - Feb 28, 2018	42,212	19,919
HIV/AIDS Benefits Specialty	93.914	PH002680	Apr 01, 2016 - Mar 31, 2017	50,823	36,178
	93.914	PH002680	Apr 01, 2017 - Mar 31, 2018	50,823	12,221
Total 93.914				<u>820,026</u>	<u>421,470</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Centers for Disease Control and Prevention					
Pass-through Los Angeles County - Public Health					
Division of HIV and STD Programs					
Storefront HIV Counseling and Testing	93.940	PH000810	Jan 01, 2016 - Dec 31, 2016	60,000	33,993
	93.940	PH000810	Jan 01, 2017 - Dec 31, 2017	60,000	23,122
Storefront HIV Counseling and Testing (Pay for Performance)	93.940	PH000810	Jan 01, 2016 - Dec 31, 2016	40,000	16,133
	93.940	PH000810	Jan 01, 2017 - Dec 31, 2017	40,000	11,557
HIV/AIDS Health Education and Risk Reduction	93.940	PH001034	July 01, 2016 - Dec 31, 2016	36,000	35,918
	93.940	PH001034	Jan 01, 2017 - June 30, 2017	36,000	34,258
Total 93.940				<u>272,000</u>	<u>154,981</u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2017

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Office of Population Affairs					
Pass-through California Family Health Council, Inc.					
Family Planning Services - Basic Contraceptives/Male Services	93.217	2858-5320-71219	Apr 1, 2016 - Mar 31, 2017	139,320	105,621
	93.217	2858-5320-71219	Apr 1, 2017 - Mar 31, 2018	139,320	32,756
Integration of HIV Services	93.217	2858-5320-71262	Sep 1, 2015 - Aug 31, 2016	<u>73,314</u>	<u>12,675</u>
Total 93.217				<u>351,954</u>	<u>151,052</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
National Institutes of Health					
Pass-through National Institute on Drug Abuse/RAND Corporation					
Integrated Collaborative Care for Substance Use Disorders Project	93.279	R01DA034266	July 1, 2016 - June 30, 2017	<u>33,980</u>	<u>33,980</u>
Total 93.279				<u>33,980</u>	<u>33,980</u>
U.S. DEPARTMENT OF EDUCATION					
Pass-through State of California - Department of Education					
General Child Care and Development Program	93.596	CCTR-6127	July 1, 2016 - June 30, 2017	<u>87,760</u>	<u>87,760</u>
Total 93.596, Child Care and Development Fund Cluster				<u>87,760</u>	<u>87,760</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Pass-through City of L.A. - Department on Disability					
Syringe Collection	14.218	C125551	July 1, 2016 - June 30, 2017	<u>55,000</u>	<u>55,000</u>
Total 14.218				<u>55,000</u>	<u>55,000</u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2017**

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
NONFEDERAL AWARDS					
STATE OF CALIFORNIA, DEPARTMENT OF HEALTH SERVICES					
Pass-through Los Angeles County - Public Health					
Outreach, Enrollment, Utilization, and Retention Services	N.A.	PH-002515	July 1, 2016 - June 30, 2017	90,000	90,000
Outreach, Enrollment DHCS MEDI-CAL	N.A.	PH-002515	July 1, 2016 - June 30, 2017	100,000	100,000
Total Pass-through Los Angeles County - Public Health				<u>190,000</u>	<u>190,000</u>
Pass-through County of L.A. Department of Mental Health/St. Joseph Center					
Integrated Mobile Health Team					
Medical Services Integrated Service Model (ANIMO)	N.A.	MH120959	July 1, 2016 - June 30, 2017	95,295	95,295
	N.A.	MH120959	July 1, 2016 - June 30, 2017	45,000	37,253
Total Pass-through County of L.A. Department of Mental Health/St. Joseph Center				<u>140,295</u>	<u>132,548</u>
STATE OF CALIFORNIA, DEPARTMENT OF EDUCATION					
Child Development Services - General Child Care & Development Programs					
	N.A.	CCTR-6127	July 1, 2016 - June 30, 2017	123,760	123,760
Total Child Development Services - General Child Care & Development Programs				<u>123,760</u>	<u>123,760</u>
TOTAL NON-MAJOR AWARDS				<u>11,814,482</u>	<u>6,551,984</u>
TOTAL FEDERAL AND NONFEDERAL AWARDS				<u>\$16,888,006</u>	<u>\$ 8,981,828</u>

Notes to the Consolidated Schedule of Expenditures of Federal and Nonfederal Awards for the Year Ended June 30, 2017

1. Basis of Presentation - The accompanying consolidated schedule of expenditures of federal and nonfederal awards (Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization.
2. Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The expenditures of federal awards reported on this schedule may in certain instances exceed the amount of awards earned. In these instances, the Organization recognizes revenue only to the extent of the awards earned.
3. The Organization has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
4. The Organization has not provided any federal awards to subrecipients from the federal expenditures presented in this Schedule.

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	U.S. Department of Health and Human Services, Administration for Children and Families - Early Head Start Comprehensive Child Development Program

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

Auditee qualified as a low-risk auditee? Yes No

VENICE FAMILY CLINIC

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

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.

SECTION IV - SUMMARY OF PRIOR YEAR FINDINGS

There were no prior year audit findings

VENICE FAMILY CLINIC

**SUPPLEMENTARY INFORMATION -
CHILD DEVELOPMENT PROGRAM**

YEAR ENDED JUNE 30, 2017

VENICE FAMILY CLINIC

GENERAL INFORMATION

June 30, 2017

- | | |
|--|--|
| 1. Full Official Name of the Agency | Venice Family Clinic |
| 2. Provider Names and Contract Numbers:
General Child Care | CCTR-6127 |
| 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, 2016 through June 30, 2017 |
| 8. Number of Days of Agency's Operation | 258 |

AUDITED ATTENDANCE AND FISCAL REPORT

for General or Migrant Center-Based Programs

Agency Name: VENICE FAMILY CLINIC Vendor No. V419

Fiscal Year Ended: June 30, 2017 Contract No. CCTR-6127

Independent Auditor's Name: GREEN HASSON & JANKS LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus			-	2.006	-
Full-time			-	1.700	-
Three-quarters-time			-	1.275	-
One-half-time			-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus			-	1.652	-
Full-time	675		675	1.400	945.000
Three-quarters-time			-	1.050	-
One-half-time			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus			-	1.652	-
Full-time	3,769		3,769	1.400	5,276.600
Three-quarters-time			-	1.050	-
On-half-time	41		41	0.770	31.570
<i>Three Years and Older</i>					
Full-time-plus			-	1.180	-
Full-time	102		102	1.000	102.000
Three-quarters-time			-	0.750	-
One-half-time			-	0.550	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.416	-
Full-time			-	1.200	-
Three-quarters-time			-	0.900	-
One-half-time			-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.770	-
Full-time			-	1.500	-
Three-quarters-time			-	1.125	-
One-half-time			-	0.825	-
TOTAL DAYS OF ENROLLMENT	4,587	-	4,587		6,355.170
DAYS OF OPERATION	258		258		
DAYS OF ATTENDANCE	4,235		4,235		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: VENICE FAMILY CLINIC Vendor No. V419

Fiscal Year Ended: June 30, 2017 Contract No. CCTR-6127

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DAYS OF ENROLLMENT	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus			-	2.006	-
Full-time			-	1.700	-
Three-quarters-time			-	1.275	-
One-half-time			-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
One-half-time			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
On-half-time			-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus			-	1.180	-
Full-time			-	1.000	-
Three-quarters-time			-	0.750	-
One-half-time			-	0.550	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.416	-
Full-time			-	1.200	-
Three-quarters-time			-	0.900	-
One-half-time			-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.770	-
Full-time			-	1.500	-
Three-quarters-time			-	1.125	-
One-half-time			-	0.825	-
TOTAL DAYS OF ENROLLMENT	-	-	-		-

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: VENICE FAMILY CLINIC Vendor No. V419

Fiscal Year End: June 30, 2017 Contract No. CCTR-6127

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs			\$0
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$0	\$0	\$0
Transfer from Reserve			0
Family Fees for Certified Children	15,159		15,159
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify): Private and Community Support	1,592		1,592
TOTAL REVENUE	\$16,751	\$0	\$16,751

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>	\$163,988		\$163,988
1000 Certificated Salaries			0
2000 Classified Salaries	31,238		31,238
3000 Employee Benefits	12,629		12,629
4000 Books and Supplies	11		11
5000 Services and Other Operating Expenses	3,496		3,496
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 8.00% (Rate is Self-Calculating)	16,909		16,909
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$228,271	\$0	\$228,271
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$18,609		\$18,609

FOR CDE-A&I USE ONLY:

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

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

YES

NO - Explain any discrepancies.

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

YES

NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: VENICE FAMILY CLINIC Vendor No. V419

Fiscal Year End: June 30, 2017 Contract No. CCTR-6127

	COLUMN A	COLUMN B	COLUMN C
SECTION V - SUPPLEMENTAL REVENUE	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Funding			\$0
Other (Specify): EHS Development Fund	104,707		104,707
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$104,707	\$0	\$104,707

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries			\$0
2000 Classified Salaries	58,555		58,555
3000 Employee Benefits	21,932		21,932
4000 Books and Supplies			0
5000 Services and Other Operating Expenses	16,464		16,464
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	7,756		7,756
Other (Specify):			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$104,707	\$0	\$104,707

COMMENTS - If necessary, attach additional sheets to explain adjustments:

VENICE FAMILY CLINIC
COMBINING STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	General Center Child Care CTTR-6127	Other Non-CDE Sponsored Programs	Total
REVENUE, GAINS AND OTHER SUPPORT:			
Government Support:			
Fees and Grants from Governmental Agencies:			
General Child Care	\$ 211,520	\$ -	\$ 211,520
Other	-	9,246,135	9,246,135
TOTAL FEES AND GRANTS FROM GOVERNMENTAL AGENCIES	211,520	9,246,135	9,457,655
Fee for Service	15,159	27,852,995	27,868,154
Private and Community Support	1,592	7,666,974	7,668,566
Special Events (Net)	-	1,745,189	1,745,189
TOTAL REVENUE AND OTHER SUPPORT	228,271	46,511,293	46,739,564
OTHER REVENUE:			
Interest and Dividend Income	-	104,279	104,279
Realized and Unrealized Gain on Investments (Net)	-	719,119	719,119
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	10,892	10,892
In-Kind Revenue	-	3,560,004	3,560,004
TOTAL OTHER REVENUE	-	4,394,294	4,394,294
TOTAL REVENUE, OTHER REVENUE AND OTHER SUPPORT	228,271	50,905,587	51,133,858
EXPENSES:			
Salaries	31,238	20,504,235	20,535,473
Employee Benefits	12,629	8,919,043	8,931,672
Building - Maintenance	-	422,243	422,243
Building - Other	-	394,871	394,871
Building - Rent	-	770,898	770,898
Child Care	163,988	16,625	180,613
Equipment	-	116,597	116,597
In-Kind Expense	-	3,568,232	3,568,232
Insurance	-	305,016	305,016
Interest	-	31,945	31,945
Laboratory and X-Ray Services	-	19,113	19,113
Licenses, Fees and Dues	735	481,234	481,969
Medical Supplies and Medical Waste Removal	-	386,654	386,654
Miscellaneous	-	657,270	657,270
Office Supplies	-	129,375	129,375
Participant Supplies/Activities/Incentives	11	105,390	105,401
Pharmaceutical and Pharmacy Supplies	-	2,858,239	2,858,239
Postage, Printing and Subscriptions	38	112,971	113,009
Professional and Contractual Fees	2,723	1,042,263	1,044,986
Repairs and Maintenance	-	64,676	64,676
Technology Expenses	-	431,897	431,897
Telephone	-	203,583	203,583
Transportation of Patients/Clients	-	17,395	17,395
Travel, Training and Workshops	-	193,400	193,400
TOTAL BEFORE INDIRECT EXPENSES	211,362	41,753,165	41,964,527
Allocation of Indirect Expenses	16,909	(16,909)	-
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	228,271	41,736,256	41,964,527
Depreciation and Amortization	-	811,895	811,895
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ 8,357,436	\$ 8,357,436

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES
Year Ended June 30, 2017

Expenditures	General Center Child Care CCTR-6127
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>
<i>TOTAL RENOVATION AND REPAIR EXPENDITURES</i>	<u><u>\$ -</u></u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF EQUIPMENT EXPENDITURES
Year Ended June 30, 2017

Expenditures	General Center Child Care CCTR-6127
UNIT COST UNDER \$7,500 PURCHASE:	
<i>Total</i>	\$ -
UNIT COST OVER \$7,500 WITH CDE APPROVAL:	
<i>Total</i>	-
UNIT COST OVER \$7,500 WITHOUT CDE APPROVAL:	
<i>Total</i>	<u>-</u>
<i>TOTAL EQUIPMENT EXPENDITURES</i>	<u><u>\$ -</u></u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF ADMINISTRATIVE COSTS
Year Ended June 30, 2017

Expenditures	General Center Child Care CCTR-6127
Classified Personnel Salaries	\$ 110
Employee Benefits	52
Services and Other Operating Expenses	<u>1,538</u>
<i>Total</i>	1,700
Indirect Costs:	
Indirect Services @ 8% Maximum	<u>16,909</u>
<i>TOTAL ADMINISTRATIVE COSTS</i>	<u><u>\$ 18,609</u></u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
Year Ended June 30, 2017

Expenditures		General Center Child Care CCTR-6127
-	Direct Payments to Providers	\$ 163,988
2000	Classified Salaries	31,238
3000	Employee Benefits	12,629
4000	Books, Supplies, and Equipment	11
5000	Services and Other Operating Expenses	3,496
-	Indirect Costs	<u>16,909</u>
<i>TOTAL EXPENDITURES BY STATE CATEGORIES</i>		<u>\$ 228,271</u>

See Independent Auditor's Report

VENICE FAMILY CLINIC
CHILD DEVELOPMENT PROGRAM
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

VENICE FAMILY CLINIC
CHILD DEVELOPMENT PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

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.