

VENICE FAMILY CLINIC
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

VENICE FAMILY CLINIC

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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VENICE FAMILY CLINIC

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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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, 2018, 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, 2018, 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 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 9, 2017. In our opinion, the summarized comparative consolidated information presented herein as of and for the year ended June 30, 2017, 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 8, 2018 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 8, 2018
Los Angeles, California

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2018

With Summarized Totals at June 30, 2017

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 8,672,704	\$ 1,959,503
Short-Term Investments	6,807,724	3,721,600
Third Party Reimbursement Accounts Receivable (Net)	4,372,326	7,566,054
Government Grants	1,235,676	649,605
Grants and Contributions Receivable - Short-Term (Net)	2,567,591	3,480,445
Other Receivables	175,202	271,595
Pharmaceutical Inventories	257,473	295,685
Prepaid Expenses and Other Assets	197,374	133,876
	24,286,070	18,078,363
OTHER ASSETS:		
Long-Term Investments	6,134,964	5,816,199
Third Party Reimbursement Accounts Receivable - Long-Term (Net)	339,509	1,877,573
Grants and Contributions Receivable - Long-Term (Net)	1,847,608	2,771,648
Beneficial Interest in Charitable Remainder Trusts	185,318	228,975
Property and Equipment (Net)	8,057,856	8,512,809
	16,565,255	19,207,204
	\$ 40,851,325	\$ 37,285,567
LIABILITIES AND NET ASSETS		
CURRENT LIABILITY:		
Accounts Payable and Accrued Expenses	\$ 1,101,514	\$ 1,210,695
LONG-TERM LIABILITY:		
Line of Credit	-	250,000
	1,101,514	1,460,695
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	26,288,121	22,163,540
Temporarily Restricted	8,239,633	8,489,275
Permanently Restricted	5,222,057	5,172,057
	39,749,811	35,824,872
	\$ 40,851,325	\$ 37,285,567

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

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

With Summarized Totals for the Year Ended June 30, 2017

	2018			Total	2017 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUE:					
OPERATING REVENUE AND SUPPORT:					
Third Party Reimbursement for Service	\$ 30,426,379	\$ -	\$ -	\$ 30,426,379	\$ 27,868,154
Government Support	10,160,949	-	-	10,160,949	9,457,655
Private and Community Support	1,752,360	3,568,859	50,000	5,371,219	7,668,566
Special Events (Net of Direct Donor Benefit of \$698,344)	1,772,695	-	-	1,772,695	1,745,189
TOTAL OPERATING REVENUE AND SUPPORT	44,112,383	3,568,859	50,000	47,731,242	46,739,564
OTHER REVENUE:					
Interest and Dividend Income	69,222	56,683	-	125,905	104,279
Realized and Unrealized Gains on Investments (Net)	3,012	504,196	-	507,208	719,119
Loss on Disposal of Property and Equipment	(94,705)	-	-	(94,705)	-
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	(43,657)	-	(43,657)	10,892
Net Assets Released from Restrictions	4,239,169	(4,239,169)	-	-	-
TOTAL OTHER REVENUE	4,216,698	(3,721,947)	-	494,751	834,290
TOTAL REVENUE	48,329,081	(153,088)	50,000	48,225,993	47,573,854
EXPENSES:					
Program Services:					
Health Care	28,953,057	-	-	28,953,057	24,208,917
Children First Program	2,924,738	-	-	2,924,738	2,920,766
Education and Outreach	1,804,228	-	-	1,804,228	1,637,581
Common Ground	3,369,697	-	-	3,369,697	2,876,902
TOTAL PROGRAM SERVICES	37,051,720	-	-	37,051,720	31,644,166
Supporting Services:					
Management and General	5,064,833	-	-	5,064,833	5,770,118
Fundraising	2,126,121	-	-	2,126,121	1,793,906
TOTAL SUPPORTING SERVICES	7,190,954	-	-	7,190,954	7,564,024
TOTAL EXPENSES	44,242,674	-	-	44,242,674	39,208,190
IN-KIND CONTRIBUTIONS:					
Revenue	4,816,259	121,864	-	4,938,123	3,560,004
Net Assets Released from Restrictions	180,244	(180,244)	-	-	-
TOTAL IN-KIND CONTRIBUTIONS	4,996,503	(58,380)	-	4,938,123	3,560,004
EXPENSES (IN-KIND):					
Program Services:					
In-Kind Laboratory and X-Ray Services	2,558,967	-	-	2,558,967	1,099,451
Physician and Other Clinical Volunteers	1,736,887	-	-	1,736,887	1,740,878
Children First Program Volunteer	33,444	-	-	33,444	36,471
In-Kind Pharmaceutical and Laboratory Supplies	180,244	-	-	180,244	166,696
Other In-Kind Supplies and Services	208,728	-	-	208,728	220,251
In-Kind Insurance	278,233	-	-	278,233	304,485
TOTAL EXPENSES (IN-KIND)	4,996,503	-	-	4,996,503	3,568,232
NET IN-KIND CONTRIBUTIONS	-	(58,380)	-	(58,380)	(8,228)
Surplus (Deficit) Before Net Assets Released for Capital Expenditure	4,086,407	(211,468)	50,000	3,924,939	8,357,436
Net Assets Released for Capital Expenditure	38,174	(38,174)	-	-	-
CHANGE IN NET ASSETS	4,124,581	(249,642)	50,000	3,924,939	8,357,436
Net Assets - Beginning of Year	22,163,540	8,489,275	5,172,057	35,824,872	27,467,436
NET ASSETS - END OF YEAR	\$ 26,288,121	\$ 8,239,633	\$ 5,222,057	\$ 39,749,811	\$ 35,824,872

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

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

With Summarized Totals for the Year Ended June 30, 2017

	2018								2017 Total	
	Health Care	Children First Program	Education and Outreach	Common Ground	Total Program	Management and General	Fundraising	Total Supporting Services		Total
Salaries	\$ 16,694,067	\$ 1,563,629	\$ 1,067,251	\$ 822,110	\$ 20,147,057	\$ 2,181,598	\$ 1,336,781	\$ 3,518,379	\$ 23,665,436	\$ 20,535,473
Employee Benefits	6,975,032	742,847	549,541	365,267	8,632,687	1,012,136	515,322	1,527,458	10,160,145	8,931,672
TOTAL PERSONNEL COSTS	23,669,099	2,306,476	1,616,792	1,187,377	28,779,744	3,193,734	1,852,103	5,045,837	33,825,581	29,467,145
Building - Maintenance	306,757	29,019	21,148	18,540	375,464	45,147	10,694	55,841	431,305	422,243
Building - Other	255,303	31,653	19,013	11,352	317,321	37,847	10,927	48,774	366,095	394,871
Building - Rent	274,065	58,107	-	75,930	408,102	162,618	-	162,618	570,720	770,898
Child Care	180	171,304	-	-	171,484	-	-	-	171,484	180,613
Equipment	76,896	618	207	24,800	102,521	106,470	7,427	113,897	216,418	116,597
Insurance	301,162	5,329	3,581	191	310,263	47,265	14,848	62,113	372,376	305,016
Interest	-	-	-	-	-	6,569	-	6,569	6,569	31,945
Laboratory and X-Ray Services	7,771	-	-	8,725	16,496	-	-	-	16,496	19,113
Licenses, Fees and Dues	122,256	3,483	1,808	275	127,822	371,950	92,807	464,757	592,579	481,969
Medical Supplies and Medical Waste Removal	496,974	-	3,710	5,334	506,018	1,233	-	1,233	507,251	386,654
Miscellaneous	9,116	2,394	4,831	12,054	28,395	57,323	5,435	62,758	91,153	132,270
Office Supplies	37,774	14,236	14,239	43,270	109,519	180,428	2,358	182,786	292,305	129,375
Participant Supplies/Activities/Incentives	63,954	60,595	46,899	15,735	187,183	1,009	-	1,009	188,192	105,401
Pharmaceutical and Pharmacy Supplies	1,443,262	-	-	1,897,779	3,341,041	-	-	-	3,341,041	2,858,239
Postage, Printing and Subscriptions	23,125	17,254	2,124	85	42,588	9,348	32,249	41,597	84,185	113,009
Professional and Contractual Fees	657,573	64,954	10,725	37,546	770,798	373,838	57,774	431,612	1,202,410	1,044,986
Provision for Allowance for Doubtful Pledges	-	-	-	-	-	-	-	-	-	525,000
Repairs and Maintenance	22,109	9,669	-	-	31,778	19,745	-	19,745	51,523	64,676
Technology Expenses	350,015	1,785	-	240	352,040	148,862	20,074	168,936	520,976	431,897
Telephone	182,882	10,228	418	241	193,769	53,484	22	53,506	247,275	203,583
Transportation of Patients/Clients	23,843	1,466	2,970	3,658	31,937	-	-	-	31,937	17,395
Travel, Training and Workshops	77,928	97,388	23,843	18,546	217,705	37,263	5,114	42,377	260,082	193,400
TOTAL BEFORE DEPRECIATION AND AMORTIZATION	28,402,044	2,885,958	1,772,308	3,361,678	36,421,988	4,854,133	2,111,832	6,965,965	43,387,953	38,396,295
Depreciation and Amortization	551,013	38,780	31,920	8,019	629,732	210,700	14,289	224,989	854,721	811,895
TOTAL FUNCTIONAL EXPENSES, EXCLUDING IN-KIND	28,953,057	2,924,738	1,804,228	3,369,697	37,051,720	5,064,833	2,126,121	7,190,954	44,242,674	39,208,190
In-Kind Expenses	4,754,331	242,172	-	-	4,996,503	-	-	-	4,996,503	3,568,232
TOTAL FUNCTIONAL EXPENSES	\$ 33,707,388	\$ 3,166,910	\$ 1,804,228	\$ 3,369,697	\$ 42,048,223	\$ 5,064,833	\$ 2,126,121	\$ 7,190,954	\$ 49,239,177	\$ 42,776,422

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

VENICE FAMILY CLINIC

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2018

With Summarized Totals for the Year Ended June 30, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 3,924,939	\$ 8,357,436
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	854,721	811,895
Adjustment to Third-Party Reimbursable Contract Receivable Reserve	262,028	13,715
Provision for Allowance for Doubtful Accounts	-	525,000
Loss on Disposal of Property and Equipment	94,705	-
Realized and Unrealized Gains on Investments (Net)	(507,208)	(719,119)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	43,657	(10,892)
Contributions to Endowment Funds	(50,000)	(50,000)
Contributions for Long-Term Purposes	(10,000)	-
Changes in Operating Assets and Liabilities		
Third Party Reimbursement Accounts Receivable	4,469,764	(3,312,248)
Government Grants	(586,071)	146,716
Grants and Contributions Receivable	1,836,894	(2,146,166)
Other Receivables	96,393	(4,238)
Pharmaceutical Inventories	38,212	8,227
Prepaid Expenses and Other Assets	(63,498)	5,934
Accounts Payable and Accrued Expenses	(109,181)	964,221
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,295,355	4,590,481
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(494,473)	(2,923,206)
Purchase of Investments	(3,479,318)	(5,479,521)
Net Proceeds from Sale of Investments	581,637	1,932,054
NET CASH USED IN INVESTING ACTIVITIES	(3,392,154)	(6,470,673)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on Notes Payable	-	(53,976)
Payment on Line of Credit	(250,000)	(587,639)
Contributions to Endowment Funds	50,000	50,000
Contributions for Long-Term Purposes	10,000	1,042,500
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(190,000)	450,885
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,713,201	(1,429,307)
Cash and Cash Equivalents - Beginning of Year	1,959,503	3,388,810
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,672,704	\$ 1,959,503
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	\$ 6,569	\$ 31,945

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - NATURE OF OPERATIONS

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

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

VFC serves as a medical home, providing coordinated and comprehensive 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 Acupuncture, Optometry, Retinal Photo, Pharmacy, Physical Therapy, Nephrology, Ophthalmology, Chiropractic, Endocrinology, Rheumatology, Sai Baba Specialty, Dermatology, Orthopedics, Cardiology, Sports Medicine, Neurology, Physical Medicine and Rehabilitation, Podiatry, Plastics, Gastrointestinal, Ear Nose and Throat, Pulmonary, Allergy/Immunology, 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 1,371 people volunteered in fiscal year 2018 (unaudited), including approximately 378 physicians (unaudited). The Clinic estimates that it received 60,386 (unaudited) total volunteer hours, including 3,602 (unaudited) general and administrative volunteer hours; such general and administrative hours are not represented in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

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

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 had temporarily restricted net assets of \$8,239,633 at June 30, 2018, which were 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 had permanently restricted net assets of \$5,222,057 at June 30, 2018.

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.

(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.

The carrying value of cash equivalents approximates its fair value at June 30, 2018.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) THIRD PARTY REIMBURSEMENT 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, 2018, the Clinic has established an allowance for uncollectible third party reimbursement accounts receivable in the amount of \$740,301.

(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, 2018. At June 30, 2018, the Clinic has established an allowance for uncollectible accounts receivable in the amount of \$25,000.

(g) PHARMACEUTICAL INVENTORIES

Purchased inventories are stated at the lower of cost 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.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2018, the Clinic recognized a loss on disposal of \$94,705.

(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.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) ELECTRONIC HEALTH RECORDS INCENTIVE PROGRAM (continued)

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 2018, the Clinic completed the fourth-year requirements under the Medi-Cal program and has recorded revenue of \$488,750, which is included in third party reimbursement 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, third party reimbursement and wrap around payments, and its all-inclusive Medi-Cal rate per visit paid by the State. The final reconciliation settlement is determined by the California Department of 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 2015.

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

BIPA also repeals the phase-out and elimination of the reasonable cost-based reimbursement methodology system under the Balanced Budget Act of 1997 as amended by the 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.

Patient-related revenues are recognized at the date of service. Third-party reimbursement for services, net of contractual allowances and discounts, recognized from third-party payers for the year ended June 30, 2018 amounted to \$30,426,379.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2018, the Clinic provided charity care of \$3,281,008 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.

(p) INCOME TAXES

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

(q) CONCENTRATIONS

VFC 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 83% of its third-party reimbursement revenue from providing services to Medi-Cal patients during the year ended June 30, 2018. Reimbursement for such services is currently based on PPS rates with final settlement after submission of annual reconciliation reports to the state.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) CONCENTRATIONS (continued)

A portion of the Clinic's annual funding, \$10,160,949 or approximately 21%, of total operating revenues is derived from grant agreements with federal and nonfederal government agencies during the year ended June 30, 2018. 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 holders of the securities.

(r) FUNCTIONAL ALLOCATION OF EXPENSES

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

(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, 2017 from which the summarized information was derived.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) NEW ACCOUNTING PRONOUNCEMENTS

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, which is effective for fiscal years beginning after December 15, 2016 for entities other than public business entities. 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. The Clinic implemented this ASU for the year ended June 30, 2018. There is no impact on the net assets at June 30, 2018 and change in net assets for the year ending June 30, 2018 as a result of adoption of this ASU.

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.

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

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

In February 2016, FASB issued ASU No. 2016-02, *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, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) RECLASSIFICATIONS

Certain reclassifications have been made to the 2017 summarized comparative information to conform to the 2018 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, 2018 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 8, 2018, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

The following table presents information about the Clinic's assets that are measured at fair value on a recurring basis at June 30, 2018 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2018	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV) Per Share or Its Equivalent
Fixed Income Securities	\$ 338	\$ 338	\$ -	\$ -	\$ -
EIP	6,134,964	-	-	-	6,134,964
Regent's STIP	6,807,386	-	-	-	6,807,386
TOTAL INVESTMENTS	12,942,688	338	-	-	12,942,350
Beneficial Interest in Charitable Remainder Trusts	185,318	-	-	185,318	-
TOTAL	\$ 13,128,006	\$ 338	\$ -	\$ 185,318	\$ 12,942,350

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

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

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

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

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

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

	Fair Value June 30, 2018	Redemption Frequency	Redemption Notice Period
EIP	\$ 6,134,964	Monthly	10 Days
Regent's STIP	6,807,386	Monthly	N/A

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

	Beneficial Interest in Charitable Remainder Trusts
Beginning - June 30, 2017	\$ 228,975
Decrease in Fair Value	(43,657)
Purchases	-
Sales	-
<i>TOTAL - JUNE 30, 2018</i>	\$ 185,318

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2018

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

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

Instrument	Fair Value June 30, 2018	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial Interest in Charitable Remainder Trusts ^(a)	\$ 185,318	Net Present Value of Expected Cash Flows	N/A	Discount Rates of 1.8%, 1.9%, 2.1% and 4.9%, Donor life expectancies

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

NOTE 4 - INVESTMENTS

The Clinic's investments consisted of the following at June 30, 2018:

Fixed Income Securities	\$ 338
EIP	6,134,964
Regent's STIP	<u>6,807,386</u>
TOTAL	<u><u>\$ 12,942,688</u></u>

The following schedule summarizes the investment return and its classification in the consolidated statement of activities for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Total
Interest and Dividend Income	\$ 69,222	\$ 56,683	\$ 125,905
Net Realized and Unrealized Gains on Investments	<u>3,012</u>	<u>504,196</u>	<u>507,208</u>
INVESTMENT INCOME (NET)	<u><u>\$ 72,234</u></u>	<u><u>\$ 560,879</u></u>	<u><u>\$ 633,113</u></u>

Investment expenses, such as investment management and administrative fees paid to UCLA Foundation, netted against the investment income totaled \$71,230 during the year ended June 30, 2018.

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2018

NOTE 5 - THIRD PARTY REIMBURSEMENT ACCOUNTS RECEIVABLE

The Clinic's third party reimbursement accounts receivable consisted of the following at June 30, 2018:

Third-Party Reimbursable Contract Receivable	\$	5,452,136
Less: Allowance for Doubtful Accounts		<u>(740,301)</u>
TOTAL	\$	<u>4,711,835</u>

The third-party reimbursement accounts receivables from Medi-Cal include amounts requested from the state through the completion of the Medi-Cal Reconciliation Request Report. As an FQHC, the Clinic is entitled to additional reimbursements through a reconciliation of the differences between its all-inclusive rate per visit against capitation revenues received from health maintenance organizations. At June 30, 2018, the total unpaid third-party reimbursement accounts receivable was \$5,452,136.

During the fiscal year ended June 30, 2018, the Clinic increased the allowance by \$262,028 to \$740,301 for the estimated disallowed portions from future state audits. At June 30, 2018, the total unpaid FQHC settlement receivable was \$2,172,489. The settlement is for revenue generated from 2016 through 2018, the years for which the state had not yet completed the relevant audit.

NOTE 6 - GRANTS AND CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as grants and contributions receivable. Promises to give due in one year or more are recorded after discounting to the present value of the future cash flows at rates ranging from 1.77% to 2.95% at June 30, 2018.

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

Amounts Due:		
In Less Than One Year	\$	2,567,591
In One to Five Years		1,810,000
In More Than Five Years		<u>100,000</u>
TOTAL CONTRIBUTIONS RECEIVABLE - GROSS		4,477,591
Less: Present Value Discount		(37,392)
Less: Allowance for Doubtful Accounts		<u>(25,000)</u>
TOTAL CONTRIBUTIONS RECEIVABLE - NET		4,415,199
Less: Current Portion of Contributions Receivable - Net		<u>(2,567,591)</u>
CONTRIBUTIONS RECEIVABLE - NET OF CURRENT PORTION	\$	<u>1,847,608</u>

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2018

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 \$185,318 at June 30, 2018, 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, 2018:

Land	\$	1,116,512
Buildings and Improvements		7,941,599
Leasehold Improvements		8,535,521
Furniture and Equipment, Including Software		<u>2,708,401</u>
TOTAL		20,302,033
Less: Accumulated Depreciation and Amortization		<u>(12,244,177)</u>
TOTAL PROPERTY AND EQUIPMENT	\$	<u>8,057,856</u>

Depreciation and amortization expense for the year ended June 30, 2018 amounted to \$854,721.

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, 2018 was 5.0%. 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, 2018. As of June 30, 2018, the total outstanding balance was \$0 with \$4,000,000 available for borrowing.

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets included the following at June 30, 2018:

Drugs and Dispensary Supplies	\$	38,059
Capital Improvement Funds		30,299
Endowment Assets		962,908
Beneficial Interest in Charitable Remainder Trusts		185,318
Operating Program Funds		<u>7,023,049</u>
TOTAL	\$	<u>8,239,633</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, 2018

NOTE 11 - ENDOWMENTS

The balances of the permanently restricted net assets consisted of the following at June 30, 2018:

The Colen Physician Endowment Fund	\$	862,334
The Milken Physician Endowment Fund		637,329
The Lee Physician Endowment Fund		764,207
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	\$	5,222,057

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, 2018

NOTE 11 - ENDOWMENTS (continued)

Changes in endowment net assets for the year ended June 30, 2018 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance - Beginning of Year	\$ 644,142	\$ 5,172,057	\$ 5,816,199
Net Investment Return:			
Interest and Dividends	56,683	-	56,683
Net Realized/Unrealized Gains on Investments	575,426	-	575,426
Bank Fees	(71,230)	-	(71,230)
TOTAL NET INVESTMENT RETURNS	560,879	-	560,879
Contributions	-	50,000	50,000
Net Assets Released from Restrictions	(242,113)	-	(242,113)
BALANCE - END OF YEAR	\$ 962,908	\$ 5,222,057	\$ 6,184,965

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 Accounting Standards Codification (ASC) Topic No. 958, deficiencies of this nature are reported in unrestricted net assets. As of June 30, 2018, 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 \$5,222,057 at June 30, 2018. In accordance with the donors' stipulations and in accordance with the provisions of ASC Topic No. 958, the historic value of \$5,222,057 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, 2018

NOTE 11 - 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 2018.

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

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

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

NOTE 12 - COMMITMENTS AND CONTINGENCIES

(a) INSURANCE

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

(b) OPERATING LEASES

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2018

NOTE 12 - COMMITMENTS AND CONTINGENCIES (continued)

(b) OPERATING LEASES (continued)

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

Future minimum payments under the operating leases are as follows:

Years Ending June 30	Facilities	Equipment	Total
2019	\$ 676,582	\$ 9,085	\$ 685,667
2020	680,511	1,166	681,677
2021	651,882	-	651,882
2022	671,438	-	671,438
2023	471,557	-	471,557
Thereafter	386,980	-	386,980
TOTAL	\$ 3,538,950	\$ 10,251	\$ 3,549,201

Facilities and equipment rent expense under operating leases for the year ended June 30, 2018 was \$679,668.

(c) GOVERNMENT GRANTS AND CONTRACTS

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

(d) LITIGATION

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

NOTE 13 - RELATED PARTY TRANSACTIONS

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

VENICE FAMILY CLINIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE 13 - RELATED PARTY TRANSACTIONS (continued)

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 14.4% of total payroll in accordance with the provisions of the Plan and the affiliation agreement. For the year ended June 30, 2018, the Clinic contributed \$3,376,596 to the Plan.

The Clinic has no plans to withdraw from the Plan as of June 30, 2018. 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 90% funded on market value basis at June 30, 2018. 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, 2018

VENICE FAMILY CLINIC

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2018

	Venice Family Clinic	Venice Family Clinic Foundation	Eliminations	Total
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 6,762,168	\$ 1,910,536	\$ -	\$ 8,672,704
Short-Term Investments	6,807,724	-	-	6,807,724
Third Party Reimbursement				
Accounts Receivable (Net)	4,372,326	-	-	4,372,326
Government Grants	1,235,676	-	-	1,235,676
Grants and Contributions				
Receivable - Short-Term (Net)	2,520,240	47,351	-	2,567,591
Other Receivables	175,202	-	-	175,202
Accounts Receivable - Intercompany	-	667,731	(667,731)	-
Pharmaceutical Inventories	257,473	-	-	257,473
Prepaid Expenses and Other Assets	196,849	525	-	197,374
TOTAL CURRENT ASSETS	22,327,658	2,626,143	(667,731)	24,286,070
OTHER ASSETS:				
Long-Term Investments	6,134,964	-	-	6,134,964
Third Party Reimbursement				
Accounts Receivable - Long-Term (Net)	339,509	-	-	339,509
Grants and Contributions				
Receivable - Long-Term (Net)	1,847,608	-	-	1,847,608
Beneficial Interest in Charitable Remainder Trusts	185,318	-	-	185,318
Property and Equipment (Net)	8,057,856	-	-	8,057,856
TOTAL OTHER ASSETS	16,565,255	-	-	16,565,255
TOTAL ASSETS	\$ 38,892,913	\$ 2,626,143	\$ (667,731)	\$ 40,851,325
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Expenses	\$ 1,036,902	\$ 64,612	\$ -	\$ 1,101,514
Accounts Payable - Intercompany	667,731	-	(667,731)	-
TOTAL CURRENT LIABILITIES	1,704,633	64,612	(667,731)	1,101,514
NET ASSETS:				
Unrestricted	23,726,590	2,561,531	-	26,288,121
Temporarily Restricted	8,239,633	-	-	8,239,633
Permanently Restricted	5,222,057	-	-	5,222,057
TOTAL NET ASSETS	37,188,280	2,561,531	-	39,749,811
TOTAL LIABILITIES AND NET ASSETS	\$ 38,892,913	\$ 2,626,143	\$ (667,731)	\$ 40,851,325

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

VENICE FAMILY CLINIC

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Venice Family Clinic	Venice Family Clinic Foundation	Eliminations	Total
REVENUE:				
OPERATING REVENUE AND SUPPORT:				
Third Party Reimbursement for Service	\$ 30,426,379	\$ -	\$ -	\$ 30,426,379
Government Support	10,160,949	-	-	10,160,949
Private and Community Support	5,288,489	82,730	-	5,371,219
Special Events (Net of Direct Donor Benefit of \$698,344)	-	1,772,695	-	1,772,695
TOTAL OPERATING REVENUE AND SUPPORT	45,875,817	1,855,425	-	47,731,242
OTHER REVENUE:				
Interest and Dividend Income	125,905	-	-	125,905
Realized and Unrealized Gains on Investments (Net)	507,208	-	-	507,208
Loss on Disposal of Property and Equipment	(94,705)	-	-	(94,705)
Change in Value in Beneficial Interest in Charitable Remainder Trusts	(43,657)	-	-	(43,657)
TOTAL OTHER REVENUE	494,751	-	-	494,751
TOTAL REVENUE	46,370,568	1,855,425	-	48,225,993
EXPENSES:				
Program Services:				
Health Care	28,953,057	-	-	28,953,057
Children First Program	2,924,738	-	-	2,924,738
Education and Outreach	1,804,228	-	-	1,804,228
Common Ground	3,369,697	-	-	3,369,697
TOTAL PROGRAM SERVICES	37,051,720	-	-	37,051,720
Supporting Services:				
Management and General	5,026,055	38,778	-	5,064,833
Fundraising	2,126,121	-	-	2,126,121
TOTAL SUPPORTING SERVICES	7,152,176	38,778	-	7,190,954
TOTAL EXPENSES	44,203,896	38,778	-	44,242,674
IN-KIND CONTRIBUTIONS				
Revenue	4,938,123	-	-	4,938,123
EXPENSES (IN-KIND)				
Program Services:				
In-Kind Laboratory and X-Ray Services	2,558,967	-	-	2,558,967
Physician and Other Clinical Volunteers	1,736,887	-	-	1,736,887
Children First Program Volunteer	33,444	-	-	33,444
In-Kind Pharmaceutical and Laboratory Supplies	180,244	-	-	180,244
Other In-Kind Supplies and Services	208,728	-	-	208,728
In-Kind Insurance	278,233	-	-	278,233
TOTAL EXPENSES (IN-KIND)	4,996,503	-	-	4,996,503
NET IN-KIND CONTRIBUTIONS	(58,380)	-	-	(58,380)
CHANGE IN NET ASSETS	2,108,292	1,816,647	-	3,924,939
Net Assets - Beginning of Year	35,079,988	744,884	-	35,824,872
NET ASSETS - END OF YEAR	\$ 37,188,280	\$ 2,561,531	\$ -	\$ 39,749,811

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

VENICE FAMILY CLINIC

SUPPLEMENTARY INFORMATION -
SINGLE AUDIT

YEAR ENDED JUNE 30, 2018

**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, 2018, 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 8, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Directors
Venice Family Clinic

Purpose of This Report

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

Green Hasson & Janks LLP

December 8, 2018
Los Angeles, California

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Venice Family Clinic

Report on Compliance for Each Major Federal Program

We have audited Venice Family Clinic and affiliate (the "Clinic") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Clinic's major federal programs for the year ended June 30, 2018. The Clinic's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

To the Board of Directors
Venice Family Clinic

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

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

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

Green Hasson & Janks LLP

December 8, 2018
Los Angeles, California

VENICE FAMILY CLINIC

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2018**

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
MAJOR AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Health Resources and Services Administration					
Health Center Cluster	93.224, 93.527	6 H80CS04217	May 1, 2017 - April 30, 2018	\$ 4,192,375	\$ 3,303,587
	93.224, 93.527	6 H80CS04217	May 1, 2018 - April 30, 2019	3,098,943	673,388
Pass-through Northeast Valley Health Corporation					
Health Care for the Homeless	93.224	H80-CS-00139	Jan 1, 2017 - Dec 31, 2017	544,420	285,018
	93.224	H80-CS-00139	Jan 1, 2018 - Dec 31, 2018	541,960	289,506
Total 93.224, 93.527, Health Center Cluster				<u>8,377,698</u>	<u>4,551,499</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Substance Abuse and Mental Health Services Administration					
SUD/COD Treatment for Racial/Ethnic Minority Populations at High Risk for HIV/AIDS					
	93.243	1 H79TI080688-01	Sep 30, 2017 - Sep 29, 2018	500,000	354,218
Pass-through The People Concern					
Primary and Behavioral Health Care Integration	93.243	N/A	Oct 01, 2017 - Sep 30, 2018	70,000	70,000
Total 93.243				<u>570,000</u>	<u>424,218</u>
TOTAL MAJOR AWARDS				<u>8,947,698</u>	<u>4,975,717</u>
NON-MAJOR AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Administration for Children and Families - Early Head Start					
Comprehensive Child Development Program					
	93.600	09CH9135	Jan 01, 2017 - Dec 31, 2017	2,561,529	1,438,518
	93.600	09CH9135	Jan 01, 2018 - Dec 31, 2018	2,561,529	1,137,967
Total 93.600				<u>5,123,058</u>	<u>2,576,485</u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2018**

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
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, 2017 - April 30, 2018	335,717	279,717
	93.918	6 H76HA00207	May 1, 2018 - April 30, 2019	325,897	52,948
Total 93.918				<u>661,614</u>	<u>332,665</u>
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, 2017 - Aug 31, 2018	30,839	11,562
Mental Health Services for Ryan White Program Clients	93.914	PH003366	Aug 01, 2017 - Feb 28, 2018	68,463	16,228
Medical Care Coordination	93.914	PH002357	Mar 01, 2017 - Feb 28, 2018	265,443	176,959
	93.914	PH002357	Mar 01, 2018 - Feb 28, 2019	265,443	93,397
Ambulatory/Outpatient Medical	93.914	PH002356	Mar 01, 2017 - Feb 28, 2018	46,433	26,514
	93.914	PH002356	Mar 01, 2018 - Feb 28, 2019	42,212	11,091
HIV/AIDS Benefits Specialty	93.914	PH002680	Apr 01, 2017 - Mar 31, 2018	50,823	38,602
	93.914	PH002680	Apr 01, 2018 - Mar 31, 2019	50,823	12,706
Total 93.914				<u>820,479</u>	<u>387,059</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, 2017 - Dec 31, 2017	60,000	36,878
	93.940	PH000810	Jan 01, 2018 - Dec 31, 2018	60,000	29,801
Storefront HIV Counseling and Testing (Pay for Performance)	93.940	PH000810	Jan 01, 2017 - Dec 31, 2017	40,000	27,318
	93.940	PH000810	Jan 01, 2018 - Dec 31, 2018	40,000	14,511
HIV/AIDS Health Education and Risk Reduction	93.940	PH001034	Jul 01, 2017 - Dec 31, 2017	36,000	36,000
	93.940	PH001034	Jan 01, 2018 - June 30, 2018	36,000	36,000
Total 93.940				<u>272,000</u>	<u>180,508</u>

See Independent Auditor's Report

VENICE FAMILY CLINIC

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2018**

Agency - Program Grant Title	Federal CFDA Number	Contract Number	Grant Period	Contract Amount	Total Expenditures
FEDERAL AWARDS					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Office of Population Affairs					
Pass-through Essential Access Health					
Family Planning Services - Basic Contraceptives/Male Services	93.217	2858-5320-71209	Apr 1, 2017 - Mar 31, 2018	139,320	106,564
	93.217	2858-5320-71209	Apr 1, 2018 - Aug 31, 2018	72,920	42,453
Total 93.217				212,240	149,017
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Substance Abuse and Mental Health Services Administration					
Pass-through Single State Agency MATRIX Institute of Addictions	93.788	17-94470	Aug 1, 2017 - June 30, 2018	175,000	175,000
Total 93.788				175,000	175,000
U.S. DEPARTMENT OF EDUCATION					
Pass-through State of California - Department of Education					
General Child Care and Development Program	93.596	CCTR-7129	July 1, 2017 - June 30, 2018	61,233	56,902
General Child Care and Development Program	93.575	CCTR-7129	July 1, 2017 - June 30, 2018	28,146	26,155
Total Child Care and Development Fund Cluster				89,379	83,057
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Pass-through City of L.A. - Department on Disability					
Syringe Collection	14.218	C125551	July 1, 2017 - June 30, 2018	55,000	55,000
Total 14.218, CDBG-Entitlement Grants Cluster				55,000	55,000

See Independent Auditor's Report

VENICE FAMILY CLINIC

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2018**

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, 2017 - June 30, 2018	190,000	190,000
Total Pass-through Los Angeles County - Public Health				190,000	190,000
Pass-through County of L.A. Department of Mental Health/St. Joseph Center Integrated Mobile Health Team	N.A.	MH120959	July 1, 2017 - June 30, 2018	95,295	95,295
Medical Services Integrated Service Model (ANIMO)	N.A.	MH120959	July 1, 2017 - June 30, 2018	45,000	37,752
Total Pass-through County of L.A. Department of Mental Health/St. Joseph Center				140,295	133,047
STATE OF CALIFORNIA, DEPARTMENT OF EDUCATION					
Child Development Services - General Child Care & Development Programs	N.A.	CCTR-7129	July 1, 2017 - June 30, 2018	149,726	139,137
Total Child Development Services - General Child Care & Development Programs				149,726	139,137
TOTAL NON-MAJOR AWARDS				7,888,791	4,400,975
TOTAL FEDERAL AND NONFEDERAL AWARDS				<u>\$ 16,836,489</u>	<u>\$ 9,376,692</u>

Notes to the Consolidated Schedule of Expenditures of Federal and Nonfederal Awards for the Year Ended June 30, 2018

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, 2018. 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.
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, 2018**

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 x No
- Are any significant deficiencies identified? ___ Yes x None reported

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

Federal Awards

Internal control over major federal programs:

- Are any material weaknesses identified? ___ Yes x No
- Are any significant deficiencies identified? ___ Yes x 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 x No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.224, 93.527	U.S. Department of Health and Human Services, Health Resources and Services Administration Health Center Cluster
93.224	U.S. Department of Health and Human Services, Pass-Through Northeast Valley Health Corporation - Health Care for the Homeless
93.243	U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration - SUD/COD Treatment for Racial/Ethnic Minority Populations at High Risk for HIV/AIDS
93.243	U.S. Department of Health and Human Services, Pass-through The People Concern Primary and Behavioral Health Care Integration

VENICE FAMILY CLINIC

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

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

Federal Awards (continued)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000		
Auditee qualified as a low-risk auditee?	<u> x </u> Yes	<u> </u> No	

SECTION II - CONSOLIDATED FINANCIAL STATEMENT FINDINGS

There were no current year audit findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year audit findings.

VENICE FAMILY CLINIC

SUPPLEMENTARY INFORMATION -
CHILD DEVELOPMENT PROGRAM

YEAR ENDED JUNE 30, 2018

VENICE FAMILY CLINIC

GENERAL INFORMATION

June 30, 2018

- | | |
|--|--|
| 1. Full Official Name of the Agency | Venice Family Clinic |
| 2. Provider Names and Contract Numbers:
General Child Care | CCTR-7129 |
| 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, 2017 through June 30, 2018 |
| 8. Number of Days of Agency's Operation | 257 |

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE
 AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 1 of 10 (11/18)

Fiscal Year Ending June 30, 2018

Contract Number CCTR-7129

Vendor Code V419

Full Name of Contractor VENICE FAMILY CLINIC

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Infants (up to 18 months) Full-time-plus				2.006	0
Infants (up to 18 months) Full-time	996		996	1.700	1,693.2
Infants (up to 18 months) Three-quarters-time				1.275	0
Infants (up to 18 months) One-half-time				0.935	0
FCCH Infants (up to 18 months) Full-time-plus				1.652	0
FCCH Infants (up to 18 months) Full-time				1.400	0
FCCH Infants (up to 18 months) Three-quarters-time				1.050	0
FCCH Infants (up to 18 months) One-half-time				0.770	0
Toddlers (18 up to 36 months) Full-time-plus				1.652	0
Toddlers (18 up to 36 months) Full-time	2,560		2,560	1.400	3,584
Toddlers (18 up to 36 months) Three-quarters-time				1.050	0
Toddlers (18 up to 36 months) One-half-time	55		55	0.770	42.35
Three Years and Older Full-time-plus				1.180	0
Three Years and Older Full-time	140		140	1.000	140
Three Years and Older Three-quarters-time				0.750	0
Three Years and Older One-half-time				0.550	0

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CALIFORNIA DEPARTMENT OF EDUCATION
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 CHILD DEVELOPMENT PROGRAMS
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Fiscal Year Ending June 30, 2018
 Contract Number CCTR-7129
 Vendor Code V419

Full Name of Contractor VENICE FAMILY CLINIC

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus				1.416	0
Exceptional Needs Full-time				1.200	0
Exceptional Needs Three-quarters-time				0.900	0
Exceptional Needs One-half-time				0.660	0
Limited and Non-English Proficient Full-time-plus				1.298	0
Limited and Non-English Proficient Full-time				1.100	0
Limited and Non-English Proficient Three-quarters-time				0.825	0
Limited and Non-English Proficient One-half-time				0.605	0
At Risk of Abuse or Neglect Full-time-plus				1.298	0
At Risk of Abuse or Neglect Full-time				1.100	0
At Risk of Abuse or Neglect Three-quarters-time				0.825	0
At Risk of Abuse or Neglect One-half-time				0.605	0

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Fiscal Year Ending June 30, 2018
 Contract Number CCTR-7129
 Vendor Code V419

Full Name of Contractor VENICE FAMILY CLINIC

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				1.770	0
Severely Disabled Full-time				1.500	0
Severely Disabled Three-quarters-time				1.125	0
Severely Disabled One-half-time				0.825	0

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
TOTAL DAYS OF ENROLLMENT	3,751		3,751	N/A	5,459.55
DAYS OF OPERATION	257		257	N/A	N/A
DAYS OF ATTENDANCE	3,376		3,376	N/A	N/A

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

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 CHILD DEVELOPMENT PROGRAMS
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 Vendor Code

Full Name of Contractor

Section 3 - Revenue	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal			
Transfer From Reserve			
Family Fees for Certified Children	13,491		13,491
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			
Unrestricted Income - Other Private and Community Support	18,921		18,921
Total Revenue	32,412		32,412

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 CHILD DEVELOPMENT PROGRAMS
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Fiscal Year Ending
 Contract Number
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Full Name of Contractor

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)	170,860		170,860
1000 Certificated Salaries			
2000 Classified Salaries	39,811		39,811
3000 Employee Benefits	15,541		15,541
4000 Books and Supplies			
5000 Services and Other Operating Expenses	9,535		9,535
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)	18,859		18,859
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	254,606		254,606
Total Administrative Cost (included in Section 4)	31,416		31,416

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 9.

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CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT
 FOR CHILD DEVELOPMENT PROGRAMS
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Fiscal Year Ending	June 30, 2018
Contract Number	CCTR-7129
Vendor Code	V419

Full Name of Contractor VENICE FAMILY CLINIC

Section 5 - Supplemental Revenue	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding			
Other: EHS Development Fund	90,623		90,623
Other:			
Total Supplemental Revenue	90,623		90,623

Section 6 - Supplemental Expenses	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries			
2000 Classified Salaries	61,908		61,908
3000 Employee Benefits	22,002		22,002
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment/Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs	6,713		6,713
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			
Total Supplemental Expenses	90,623		90,623

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CALIFORNIA DEPARTMENT OF EDUCATION
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 CHILD DEVELOPMENT PROGRAMS
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Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 7 - Summary	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Adjusted Days of Enrollment	3,751		3,751
Days of Operation	257		257
Days of Attendance	3,376		3,376
Total Non-Certified Days of Enrollment			
Restricted Program Income			
Transfer from Reserve			
Family Fees for Certified Children	13,491		13,491
Interest Earned on Apportionment Payments			
Direct Payments to Providers	170,860		170,860
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	254,606		254,606
Total Administrative Cost	31,416		31,416

Total Certified Adjusted
Days of Enrollment

Total Non-Certified
Adjusted
Days of Enrollment

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

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

Yes
 No

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

Yes
 No

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

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VENICE FAMILY CLINIC
COMBINING STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	General Center Child Care CCTR-7129	Other Non-CDE Sponsored Programs	Total
REVENUE:			
OPERATING REVENUE AND SUPPORT:			
Government Support:			
Fees and Grants from Governmental Agencies:			
General Child Care	\$ 222,194	\$ -	\$ 222,194
Other	-	9,938,755	9,938,755
TOTAL GOVERNMENT SUPPORT	222,194	9,938,755	10,160,949
Other Operating Revenue and Support			
Third Party Reimbursement for Service	13,491	30,412,888	30,426,379
Private and Community Support	18,921	5,352,298	5,371,219
Special Events (Net of Direct Donor Benefit of \$698,344)	-	1,772,695	1,772,695
TOTAL OTHER OPERATING REVENUE AND SUPPORT	32,412	37,537,881	37,570,293
TOTAL OPERATING REVENUE AND SUPPORT	254,606	47,476,636	47,731,242
OTHER REVENUE:			
Interest and Dividend Income	-	125,905	125,905
Realized and Unrealized Gains on Investments (Net)	-	507,208	507,208
Loss on Disposal of Property and Equipment	-	(94,705)	(94,705)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	(43,657)	(43,657)
In-Kind Revenue	-	4,938,123	4,938,123
TOTAL OTHER REVENUE	-	5,432,874	5,432,874
TOTAL REVENUE	254,606	52,909,510	53,164,116
EXPENSES:			
Salaries	39,811	23,625,625	23,665,436
Employee Benefits	15,541	10,144,604	10,160,145
Building - Maintenance	-	431,305	431,305
Building - Other	-	366,095	366,095
Building - Rent	-	570,720	570,720
Child Care	170,860	624	171,484
Equipment	-	216,418	216,418
In-Kind Expense	-	4,996,503	4,996,503
Insurance	-	372,376	372,376
Interest	-	6,569	6,569
Laboratory and X-Ray Services	-	16,496	16,496
Licenses, Fees and Dues	675	591,904	592,579
Medical Supplies and Medical Waste Removal	-	507,251	507,251
Miscellaneous	-	91,153	91,153
Office Supplies	-	292,305	292,305
Participant Supplies/Activities/Incentives	-	188,192	188,192
Pharmaceutical and Pharmacy Supplies	-	3,341,041	3,341,041
Postage, Printing and Subscriptions	1	84,184	84,185
Professional and Contractual Fees	6,000	1,196,410	1,202,410
Repairs and Maintenance	-	51,523	51,523
Technology Expenses	1,785	519,191	520,976
Telephone	-	247,275	247,275
Transportation of Patients/Clients	-	31,937	31,937
Travel, Training and Workshops	1,074	259,008	260,082
TOTAL BEFORE INDIRECT EXPENSES	235,747	48,148,709	48,384,456
Allocation of Indirect Expenses	18,859	(18,859)	-
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	254,606	48,129,850	48,384,456
Depreciation and Amortization	-	854,721	854,721
TOTAL EXPENSES	254,606	48,984,571	49,239,177
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ 3,924,939	\$ 3,924,939

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VENICE FAMILY CLINIC

SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES
Year Ended June 30, 2018

Expenditures	General Center Child Care CCTR-7129
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>

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VENICE FAMILY CLINIC

SCHEDULE OF EQUIPMENT EXPENDITURES
Year Ended June 30, 2018

Expenditures	General Center Child Care CCTR-7129
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>

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VENICE FAMILY CLINIC

SCHEDULE OF ADMINISTRATIVE COSTS
Year Ended June 30, 2018

Expenditures	General Center Child Care CCTR-7129
Classified Personnel Salaries	\$ 9,000
Employee Benefits	3,557
Services and Other Operating Expenses	<u>-</u>
Total	12,557
Indirect Costs:	
Indirect Services @ 8%	<u>18,859</u>
TOTAL ADMINISTRATIVE COSTS	<u><u>\$ 31,416</u></u>

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VENICE FAMILY CLINIC

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
Year Ended June 30, 2018

Expenditures		General Center Child Care CCTR-7129
-	Direct Payments to Providers	\$ 170,860
2000	Classified Salaries	39,811
3000	Employee Benefits	15,541
4000	Books, Supplies, and Equipment	-
5000	Services and Other Operating Expenses	9,535
-	Indirect Costs	<u>18,859</u>
<i>TOTAL EXPENDITURES BY STATE CATEGORIES</i>		<u>\$ 254,606</u>

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VENICE FAMILY CLINIC
CHILD DEVELOPMENT PROGRAM
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2018

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, 2018

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.