SHARE OURSELVES CORPORATION
Consolidated Financial Statements
June 30, 2024
With Summarized Comparative Information
For the Year Ended June 30, 2023
With Independent Auditor's Reports

Share Ourselves Corporation
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June 30, 2024 and 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Share Ourselves Corporation:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Share Ourselves Corporation (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements dated February 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2025, on our consideration of the Organization'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Organization's internal control over financial reporting and compliance.

January 13, 2025

Share Ourselves Corporation
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	$ 1,281,615	$ 1,167,996
Investments	1,766,162	6,945,527
Patient services receivable	1,138,063	815,968
Grants receivable	647,825	958,801
Unconditional promises to give, net	-	25,000
Prepaid expenses and other current assets	196,652	381,087
Total current assets	5,030,317	10,294,379
Other assets		
Due from third-party reimbursement programs	70,988	368,885
Unconditional promises to give, net long-term	-	50,000
Property and equipment, net	6,353,147	3,723,763
Deposits and other assets	195,322	221,294
Right-of-use lease asset - operating, net	2,324,949	3,326,366
Right-of-use lease asset - financing, net	13,499,798	-
Total other assets	22,444,204	7,690,308
Total assets	$ 27,474,521	$ 17,984,687
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 1,078,187	$ 462,912
Accrued expenses and other current liabilities	878,657	927,142
Current portion of lease liability - operating	784,090	1,063,002
Current portion of lease liability - financing	158,421	-
Due to third-party reimbursement programs	517,297	714,512
Total current liabilities	3,416,652	3,167,568
Other liabilities		
Lease liability - operating, net of current portion	1,681,391	2,465,481
Lease liability - financing, net of current portion	13,341,377	-
Deferred revenue	527,198	534,545
Total other liabilities	15,549,966	3,000,026
Total liabilities	18,966,618	6,167,594
Net assets		
Without donor restrictions	7,450,978	10,797,492
With donor restrictions	1,056,925	1,019,601
Total net assets	8,507,903	11,817,093
Total liabilities and net assets	$ 27,474,521	$ 17,984,687

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

Share Ourselves Corporation
Consolidated Statements of Activities
Year Ended June 30, 2024
With Summarized Comparative Information for the Year Ended June 30, 2023

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023 Total
Revenue and support				
Patient service revenue - net	$ 10,053,233	$ -	$ 10,053,233	$ 8,865,097
Capitation	2,397,576	-	2,397,576	2,635,097
Government grants	3,473,045	-	3,473,045	5,924,027
Other grants	1,163,308	1,195,178	2,358,486	2,475,548
Contributions of financial assets	1,553,738	-	1,553,738	1,843,771
Contributions of nonfinancial assets	2,643,021	-	2,643,021	2,172,288
Program income (loss), net	(27,145)	-	(27,145)	4,013
Special events, net	139,707	-	139,707	14,880
Net assets released from restrictions	1,157,854	(1,157,854)	-	-
Total revenue and support	22,554,337	37,324	22,591,661	23,934,721
Expenses				
Program services	21,009,810	-	21,009,810	19,262,872
Management and general	4,125,036	-	4,125,036	3,634,285
Fundraising	1,072,449	-	1,072,449	946,728
Total expenses	26,207,295	-	26,207,295	23,843,885
Operating income (loss)	(3,652,958)	37,324	(3,615,634)	90,836
Other income				
Investment income, net	300,619	-	300,619	178,372
Other income	5,825	-	5,825	6,135
Total other income	306,444	-	306,444	184,507
Change in net assets	(3,346,514)	37,324	(3,309,190)	275,343
Net assets				
Beginning of year	10,797,492	1,019,601	11,817,093	11,541,750
End of year	$ 7,450,978	$ 1,056,925	$ 8,507,903	$ 11,817,093

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

Share Ourselves Corporation
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services							
		Health Centers						
	Social Services	Medical	Dental	Behavioral	Total Program Services	Management and General	Fundraising	2024 Total
Salaries and wages	$ 661,348	$ 6,776,934	$ 2,057,562	$ 744,078	$ 10,239,922	$ 1,650,770	$ 457,877	$ 12,348,569
Payroll taxes and benefits	136,467	1,271,993	420,906	136,317	1,965,683	331,305	89,544	2,386,532
Total salaries and benefits	797,815	8,048,927	2,478,468	880,395	12,205,605	1,982,075	547,421	14,735,101
Ancillary medical	349	644,004	259,090	260	903,703	591	110	904,404
Contributed goods and services	2,290,160	352,861	-	-	2,643,021	-	-	2,643,021
Depreciation expense	20,168	392,649	179,053	43,784	635,654	12,733	131	648,518
Direct costs of donor benefits	190,210				190,210		33,693	223,903
EHR maintenance and hosting	-	271,480	56,214	29,922	357,616	-	-	357,616
Insurance	10,312	86,904	17,105	7,621	121,942	86,209	2,352	210,503
Occupancy	92,504	848,602	174,785	46,327	1,162,218	208,646	88,517	1,459,381
Other expenses	3,472	33,801	7,048	447	44,768	164,586	45,800	255,154
Outside services/consultants	115,872	1,148,060	217,417	123,064	1,604,413	991,400	274,149	2,869,962
Property and equipment	9,114	211,950	87,795	9,303	318,162	127,088	17,147	462,397
Relief and aid	398,997	-	-	-	398,997	-	-	398,997
Staff development	6,133	69,580	11,603	9,732	97,048	95,444	5,101	197,593
Supplies and office expense	22,306	186,246	29,588	16,220	254,360	198,356	81,198	533,914
Utilities	28,650	169,165	41,969	22,519	262,303	257,908	10,523	530,734
	3,986,062	12,464,229	3,560,135	1,189,594	21,200,020	4,125,036	1,106,142	26,431,198
Less: Expenses included with revenues on the consolidated statement of activities								
Direct cost of donor benefits	(190,210)	-	-	-	(190,210)	-	(33,693)	(223,903)
	$ 3,795,852	$ 12,464,229	$ 3,560,135	$ 1,189,594	$ 21,009,810	$ 4,125,036	$ 1,072,449	$ 26,207,295

The Notes to Consolidated Financial Statements are an integral part of this statement.

Share Ourselves Corporation
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services							
		Health Centers						
	Social Services	Medical	Dental	Behavioral	Total Program Services	Management and General	Fundraising	2023 Total
Salaries and wages	$ 750,454	$ 6,405,452	$ 1,872,186	$ 477,824	$ 9,505,916	$ 1,734,357	$ 336,368	$ 11,576,641
Payroll taxes and benefits	144,070	1,128,772	329,601	88,411	1,690,854	292,017	60,187	2,043,058
Total salaries and benefits	894,524	7,534,224	2,201,787	566,235	11,196,770	2,026,374	396,555	13,619,699
Ancillary medical	464	434,009	201,599	205	636,277	2,933	34	639,244
Contributed goods and services	1,669,656	478,343	-	-	2,147,999	-	-	2,147,999
Depreciation expense	16,585	274,965	178,546	40,676	510,772	14,157	223	525,152
Direct costs of donor benefits	159,000	-	-	-	159,000	-	127,723	286,723
EHR maintenance and hosting	-	306,528	16,265	8,418	331,211	-	-	331,211
Insurance	8,353	69,606	13,631	5,506	97,096	64,852	1,768	163,716
Occupancy	103,467	701,762	155,619	34,490	995,338	128,152	59,893	1,183,383
Other expenses	5,440	27,604	6,265	641	39,950	169,879	30,101	239,930
Outside services/consultants	102,911	1,181,326	175,846	150,178	1,610,261	894,034	374,263	2,878,558
Property and equipment	19,976	219,689	65,838	6,838	312,341	64,736	24,112	401,189
Relief and aid	709,961	-	-	-	709,961	-	-	709,961
Staff development	1,704	42,393	13,714	5,917	63,728	82,629	6,478	152,835
Supplies and office expense	40,085	232,124	30,266	15,446	317,921	93,512	42,559	453,992
Utilities	32,918	193,032	42,492	24,805	293,247	93,027	10,742	397,016
	3,765,044	11,695,605	3,101,868	859,355	19,421,872	3,634,285	1,074,451	24,130,608
Less: Expenses included with revenues on the consolidated statement of activities								
Direct cost of donor benefits	(159,000)	-	-	-	(159,000)	-	(127,723)	(286,723)
	$ 3,606,044	$ 11,695,605	$ 3,101,868	$ 859,355	$ 19,262,872	$ 3,634,285	$ 946,728	$ 23,843,885

The Notes to Consolidated Financial Statements are an integral part of this statement.

Share Ourselves Corporation
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Operating activities		
Change in net assets	$ (3,309,190)	$ 275,343
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities		
Depreciation	648,518	525,152
Amortization of right-of-use assets - operating	1,001,417	914,421
Realized and unrealized gain on investments	(177,836)	(147,161)
(Increase) decrease in assets		
Patient services receivable	(322,095)	(29,262)
Due from/to third-party reimbursement programs	100,682	(39,438)
Grants receivable	310,976	(310,369)
Unconditional promises to give	75,000	70,000
Other receivables	-	201,841
Prepaid expenses and other current assets	184,435	(807)
Deposits and other assets	25,972	45,000
Increase (decrease) in liabilities		
Accounts payable	615,275	(465,643)
Accrued expenses and other current liabilities	(48,485)	50,987
Deferred revenue	(7,347)	(354,740)
Lease liabilities - operating	(1,063,002)	(952,758)
Net cash used in operating activities	(1,965,680)	(217,434)
Investing activities		
Purchases of property and equipment	(3,277,902)	(827,813)
Sales of investments	5,357,201	-
Purchases of investments	-	(5,240,190)
Net cash provided by (used in) investing activities	2,079,299	(6,068,003)
Net change in cash and cash equivalents	113,619	(6,285,437)
Cash and cash equivalents		
Beginning of year	1,167,996	7,453,433
End of year	$ 1,281,615	$ 1,167,996
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 2,757	$ 774

Supplemental disclosure of noncash investing and financing activities

During the year ended June 30, 2024, the Organization capitalized a financing lease as right-of-use lease asset and financing lease obligations in the amount of $13,499,798.

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

1. ORGANIZATION AND PURPOSE

Nature of Operations

Share Ourselves Corporation (the "Organization") was founded in 1970 and incorporated in the State of California as a community-based 501(c)(3) nonprofit corporation. The Organization is the largest Community Health Center in Orange County to combine wrap-around social services with health care. The focus is on providing safety net services to children, adults, and seniors. The Organization provides comprehensive quality healthcare at several clinical sites located in Costa Mesa, Santa Ana, Mission Viejo, and Newport Beach. In June 2012, the Organization received designation as a Federally Qualified Health Center ("FQHC"). FQHCs are community-based health centers that provide high quality, comprehensive medical, dental, and behavioral health services to the Orange County Community. The Organization also secured designation as the Health Care for the Homeless ("HCH") Program, section 330(h) of the Public Health Service Act. The purpose of the HCH is to improve the status and outcome of care for homeless individuals and families by improving access to primary care and substance abuse services.

The consolidated financial statements include the accounts of the Organization and the Share Ourselves Foundation.

The Organization's mission is to provide care and assistance to those in need and act as advocates for systemic change. Its values of dignity, justice, service, and excellence are translated through every service offered at the Organization. For more than 52 years, the Organization has worked to make Orange County a happier, healthier and safer place for vulnerable people and families who call it home. As a nationally recognized, award-winning health center, the Organization provides personalized care and assistance to more than 135,000 individuals each year. The Organization offers a wide range of health and social services, and seasonal programs that focus on the person's mind, body and spirit to ensure at-risk families and homeless neighbors have the opportunity to live well through all of life's stages. The Organization's growing network of care includes centers located in the communities of highest need, in order to provide the right treatment, at the right place, and at the right time. As the Organization continues to grow and expand its services to assure comprehensive care is accessible to all those most at risk, it depends on its community to support its mission.

Share Ourselves Social Services - Safety Net of Care

The Organization's Comprehensive Social Services Center and Food Pantry are located on its flagship Costa Mesa location and offer anyone in need with immediate and direct access to critical safety net services including food, financial aid, benefits enrollment, utilities assistance, case management, patient and client navigation, referrals, education, free legal assistance and tax preparation, homeless services, and much more.

Share Ourselves Seasonal Programs

- Share Ourselves Adopt a Family Christmas Program - In 2023, the 54th Annual Adopt A Family event distributed thousands of Christmas toys, gifts and needed household items to 1,161 families and 5,668 individuals, identified by the local school district and community partners, in greatest need.
- Share Ourselves Thanksgiving Food Distribution Program - With food drive assistance from local businesses, schools and individuals, the Organization was able to offer 1,150 turkey dinners in 2023.
- Share Ourselves School Readiness Program - In 2023, the Organization packed and distributed over 1,249 new backpacks, filled with school supplies, to its most vulnerable student populations, helping them to be prepared and excited for the new school year.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization follows accounting standards contained in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). The ASC is the single source of authoritative accounting principles generally accepted in the United States (“GAAP”) to be applied to nongovernmental entities.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. According to GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions, and net assets without donor restrictions. Net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. These assets may, however, be subject to Board designation.

Net assets with donor restrictions: Net assets that are subject to donor-imposed stipulations. These stipulations either require the Organization to maintain the net asset permanently, generally permitting all or part of the income earned on related investments for general or specific purposes or be met either by the completion of a stipulated action and/or the passage of time.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Measure of Operations

The consolidated statement of activities and changes in net assets reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization’s ongoing purpose. Nonoperating activities are limited to resources that generate returns from investments and activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Receivables

Patient Services Receivable and Credit Policy

Patient services receivable are uncollateralized patient obligations and are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from patients, most of whom are insured under third-party payor agreements. The Organization bills third-party payors on the patient's behalf, or if a patient is uninsured, the patient is billed directly, less any applicable sliding fee discount. Once claims are settled with the primary payor, any secondary insurance is billed, and the patient is billed for copayment and deductible amounts that are the patient's responsibility. Payments on patient services receivable are applied to the specific claim identified on the remittance advice or statement. The Organization does not have a policy to charge interest on past due accounts.

Patient services receivable is recorded in the accompanying consolidated statements of financial position net of contractual adjustments and allowances for current expected credit losses, which reflect management's best estimate of the amounts that will not be collected which are reviewed on an ongoing basis using historical payments trends, assessment of current and future economic conditions, and write off experience. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient services receivable. As of June 30, 2024 and 2023, all patient service accounts receivable and other receivables were deemed to be collectible, and no allowance for current expected credit losses was established. Patient services receivable as of July 1, 2022 was $786,706.

Grants Receivable
Grants receivable include amounts earned under contracts with various granting agencies and private and government contracts of which funds have not yet been received. Grants receivable are deemed to be fully collectible, and therefore, there is no allowance for doubtful accounts at June 30, 2024 and 2023.

Property and Equipment
Property and equipment is recorded at cost or, if donated, at fair value at the date of donation. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of property and equipment are reflected in change in net assets. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis as follows:

Description	Estimated Life (Years)
Buildings	30
Building improvements	15
Leasehold improvements	10
Vehicles	10
Medical and dental equipment	3-10
Computer equipment	5
Computer software	5-10
Office equipment	5
Furniture and fixtures	10

Impairment of Long-Lived Assets
The Organization evaluates the recoverability of its long-lived assets, which consist primarily of property and equipment with finite useful lives, intangible assets with finite lives, and goodwill, whenever events or changes in circumstance indicate that the carrying value may not be recoverable. In the event that facts and circumstances indicate the carrying value of any long-lived assets may be impaired, an evaluation of the recoverability would be performed. If the sum of the expected cash flows is less than the carrying value of the related asset or group of assets, a loss is recognized for the difference between the fair value and carrying value of the asset or group of assets. During the years ended June 30, 2024 and 2023, no impairment losses were recorded.

Revenue Recognition

The Organization derives revenue from outpatient services provided to patients. The Organization reports revenue from patient services at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, governmental programs (Medicare and Medi-Cal) and private insurers and include variable consideration for retrospective revenue adjustments due to settlements of audits, reviews, and investigations. Generally, the Organization bills the patient and the third-party payors shortly after the services are performed. Revenue for performance obligations is satisfied at a point in time when the goods and services are provided and when the Organization does not believe that it is required to provide additional goods, services, or obligations to the patient. The Organization's ability to collect revenue is affected by a variety of factors, including general economic conditions and each third-party payor's and patient's financial capability.

The Organization determines the transaction price based on standard billing rates for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients, and patient responsibility in accordance with the Organization's policy, and/or implicit price concessions provided to uninsured patients and patient responsibility after insurance. The Organization determines its estimates of contractual adjustments based on contractual agreements, its discount policies, and its historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience for each applicable patient portfolio.

Agreements with third-party payors typically provide for payments at less than standard billing rates. A summary of the payment arrangements with major third-party payors is as follows:

- Medicare - Outpatient services are paid using prospectively determined rates according to payment classifications and for some services, fee schedules. Physician services are paid based upon the Medicare Physician Fee Schedule.
- Medi-Cal - Outpatient services are paid based on a prospective reimbursement methodology. The Organization is reimbursed at negotiated rates, for each clinic site, for all services provided.
- Private insurers - Payment agreements with third-party payors generally provide for payment using prospectively determined rates, discounts from standard billing rates, and prospectively determined daily rates.

Additionally, patients who are covered by third-party payors are responsible for related co-pays and deductibles which vary in amount. The Organization also provides services to uninsured patients and offers those uninsured patients a discount from the Organization's standard billing rates. The Organization estimates the transaction price for patients with co-pays and deductibles and for uninsured patients based on historical collection experience and current market conditions. The initial estimate of the transaction price is determined by reducing the Organization's standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price, if any, are generally recorded as an adjustment to revenue in the period of the change.

Contractual adjustments, or differences in standard billing rates and the payments derived from contractual terms with governmental and private insurers, are recorded based on management's best estimates in the period in which services are performed and a payment methodology is established with the patient. Recorded estimates for past contractual adjustments are subject to change, in large part, due to ongoing contract negotiations and regulation changes, which are typical in the U.S. healthcare industry. Revisions to estimates are recorded as contractual adjustments in the periods in which they become known and may be subject to further revisions. Subsequent changes in estimates for third-party payors that are determined to be the result of an adverse change in a payor's ability to pay are recorded as bad debt expense.

Bad debt expense for the years ended June 30, 2024 and 2023 was not significant.

Laws and regulations governing Medicare and Medi-Cal programs are complex and subject to interpretation as well as significant regulatory action in the normal course of business, the Organization is subject to contractual reviews and audits. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term. In addition, the Organization’s contracts with private insurers may provide for a retroactive audit or review of claims. The Organization believes that it is in compliance with applicable laws and regulations governing the Medicare and Medi-Cal programs and that adequate provisions have been made for any adjustments that may result from final settlements from governmental agencies and private insurers.

Retroactive adjustments are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements, if applicable, are estimated and accrued based on settlement agreements and historical settlement experience in the period in which the related services are rendered and adjusted in future periods as final settlements are determined. No adjustment has been recorded as the Organization does not expect there to be any retrospective adjustments for services performed prior to June 30, 2024.

The summary of patient services by revenue by payor source consisted of the following for the years ended June 30:

	2024		2023	
	Amount	**% of Total**	**Amount**	**% of Total**
Medi-Cal	$ 8,796,069	87%	$ 7,344,937	83%
Medicare	77,353	1%	82,452	1%
Self-pay	303,252	3%	348,912	4%
Miscellaneous	876,559	9%	1,088,796	12%
Total patient services revenue	$ 10,053,233	100%	$ 8,865,097	100%

In addition to patient service revenue as described above, the following describes the Organization’s other substantial revenue streams and revenue recognition policies:

Capitation
Capitation revenue is recognized on a per-member, per-month (“PMPM”) basis in the periods that beneficiaries are entitled to healthcare services, subject to retroactive adjustment based on retroactive changes in assigned beneficiaries.

Grant and Contract Revenue
Grants and similar contracts are either recorded as contributions or exchange transactions based on criteria contained in the grant award or contract.

Grant Awards That Are Contributions - Grant awards that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are included in deferred revenue in the accompanying consolidated statements of financial position.

Grant Awards That Are Exchange Transactions - Grant awards and contracts that are exchange transactions are typically reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed. Amounts received prior to services being performed are reported as deferred revenue in the accompanying consolidated statements of financial position.

Contributed Services and Contributed Nonfinancial Assets
Donated materials and other nonfinancial contributions are reflected in the accompanying consolidated financial statements at their estimated market values at date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the consolidated financial statements as there is no objective basis of deriving their value.

The Organization received donations of various non-cash items of $2,643,021 and $2,172,288 for the years ended June 30, 2024 and 2023, respectively, which consisted of goods, supplies, and laboratory and other services. These items are recorded in the consolidated financial statements at their estimated values based on current market rates for similar items and are only utilized for program use. A substantial number of volunteers have donated significant amounts of their time to the Organization. The services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

Compensated Absences
The Organization accrues for employees' earned but unused time off.

Functional Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization uses full-time equivalent employees to allocate all expenses.

Income Taxes
The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(c)(3) and Section 23701(d) of the Code. The Organization is also exempt from state income taxes on related income.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in consolidated financial statements, and the amounts recognized are affected by income tax positions taken by the Organization in its tax returns. The Organization's status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Organization in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Organization has any material uncertain tax positions as of June 30, 2024 or 2023.

In the event interest and penalties are due relating to an unsustainable tax position, they would be treated as a component of income tax expense. During the years ended June 30, 2024 and 2023, there were no interest or penalties relating to unsustainable tax positions that were recognized in these consolidated financial statements.

Leases
The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the consolidated statements of financial position.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Organization accounts for these other services as a component of the lease. For all other leases, the services are accounted for separately and the Organization allocate payments to the lease and other services components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on similarly secured borrowings available to the Organization. Right of use (“ROU”) assets are recognized based on the initial present value of the fixed lease payments plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease. Finance lease assets are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term. The interest component of a finance lease is included in interest expense and recognized using the effective interest method over the lease term.

Comparative Data
The consolidated financial statements include 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 Organization’s consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Recent Accounting Pronouncements - Adopted
In June 2016, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standards Update (“ASU”) amending the accounting for credit losses on financial instruments. This methodology replaced the incurred loss methodology with the expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposure and other financial instruments recorded at amortized cost.

The Organization adopted the new standard effective July 1, 2023, using the modified retrospective approach. The adoption of the ASU did not have a material impact to the consolidated financial statements.

Reclassifications
Certain prior year amounts have been reclassified to conform to the current year presentation. These changes have no effect on previously reported change in net assets.

Subsequent Events

The Organization's management has evaluated subsequent events through January 13, 2025, the date which the consolidated financial statements were available to be issued. Management has determined no subsequent events occurred which require adjustment to or disclosure in the consolidated financial statements.

3. REIMBURSEMENT ARRANGEMENTS WITH THIRD-PARTY PAYORS

Agreements are maintained with third-party payors that provide for reimbursement at amounts which vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

- Medicare - The Organization qualifies for the Medicare FQHC program and is reimbursed using a prospectively based payment system ("PPS") under which FQHCs are paid 80% of the lesser of charges based on FQHC payment codes or the PPS rate, a national encounter-based rate with geographic and other adjustments. The FQHC PPS base rate is updated annually based on a FQHC market basket index. The Organization contracts with Medicare managed care plans that provide for reimbursement at rates that are typically less than the Medicare PPS per encounter rate. Federal law requires the Medicare Administrative Contractor ("MAC") to reimburse the Organization with supplementary payments (also referred to as a "wraparound" or a "519 rate") for the difference between the payments received from the Medicare managed care plans and the Medicare PPS rate. In order to obtain the supplementary payments, the Organization must apply for a supplementary rate for each contracted Medicare managed care plan. The Organization has been notified by Medicare that its proposed rates have been accepted for the year ended June 30, 2024.
- Medi-Cal - Federal law requires the State of California to pay FQHC services (on a per-encounter basis) under a PPS or alternative payment methodology. Medi-Cal reimburses clinics under a PPS methodology that is increased annually by the change in the Medicare Economic Index ("MEI"), adjusted for any change in scope of services.
- Other payors - The Organization has entered into payment agreements with commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per visits, discounts from established charges, and fee schedules.

Accounting for Medi-Cal Contractual Arrangements

Under State of California Department of Health Care Services ("DHCS") Medi-Cal Code 18, FQHCs are reimbursed on an interim basis for certain visits insured under Medi-Cal managed care plans. An annual reconciliation is required for Medi-Cal taking into account total visits, the final PPS rate, and interim payments received. Reconciliations for the years ended June 30, 2019 through 2023, remain open to adjudication and final audit by DHCS. The Organization has recorded estimated payables in long-term liabilities as due to third-party reimbursement programs in the accompanying consolidated statements of financial position.

Due to (from) third party reimbursement programs consisted of the following at June 30:

	2024	2023
Estimated receivables from DHCS	$ 503,315	$ 520,010
Estimated payables to DHCS	(949,624)	(865,637)
Due to third-party reimbursement programs	$ (446,309)	$ (345,627)

Estimated payables to DHCS as of June 30, 2024 and 2023 consist mostly of rate setting adjustments.

Laws and Compliance

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

4. INVESTMENTS RECORDED AT FAIR VALUE MEASUREMENTS

The carrying value of financial instruments in the consolidated financial statements approximates fair value.

For fair value measurements of financial assets and financial liabilities, and for fair value measurements of non-financial items that are recognized and disclosed at fair value in the consolidated financial statements on a recurring basis, the Organization has adopted US GAAP standards that define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

US GAAP establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

Level 1 - Fair values are based on quoted prices in active markets for identical assets and liabilities. The Organization's Level 1 assets include mutual funds, money market funds, U.S. treasury bills and private investment company.

Level 2 - Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the asset. The Organization has no Level 2 assets.

Level 3 - Fair values are calculated using pricing models and/or discounted cash flow methodologies and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data. The Organization has no Level 3 assets.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair values may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result for offering from sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Mutual funds	$ 1,567,880	$ -	$ -	$ 1,567,880
Money market funds	193	-	-	193
Private investment company*	-	-	-	198,089
	$ 1,568,073	$ -	$ -	$ 1,766,162

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Mutual funds	$ 1,459,698	$ -	$ -	$ 1,459,698
Money market funds	502	-	-	502
U.S. Treasury bills	5,287,238	-	-	5,287,238
Private investment company*	-	-	-	198,089
	$ 6,747,438	$ -	$ -	$ 6,945,527

*In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

The following table sets forth additional disclosures of the Organization investments whose fair value is estimated using net asset value as of June 30, 2024 and 2023:

	Fair Value	**Unfunded Commitment**	**Redemption Frequency**	**Redemption Notice Period**
Private investment company	$ 198,089	$ -	Immediate	None

The private investment company invests in asset backed securities in real estate.

5. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. A discount to present value has not been recorded for future collection of the pledges as management does not believe the amount to be material. Management believes that all pledges are fully collectible.

Included in unconditional promises to give as of June 30 are the following unconditional promises to give:

	2024	2023
Amounts due in		
Less than one year	$ -	$ 25,000
One to five years	-	50,000
Total unconditional promises to give	$ -	$ 75,000

6. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets available for general expenditures at June 30:

	2024	2023
Financial assets		
Cash and cash equivalents	$ 1,281,615	$ 1,167,996
Investments	1,766,162	6,945,527
Patient services receivable	1,138,063	815,968
Grants receivable	647,825	958,801
Total financial assets	4,833,665	9,888,292
Less: Financial assets not available for general expenditures within one year		
Investments held in perpetuity	(810,701)	(749,526)
Unconditional promises to give, due after one year, net	-	(50,000)
Financial assets not available to be used within one year	(810,701)	(799,526)
Financial assets available to meet general expenditures within one year	$ 4,022,964	$ 9,088,766

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

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2024	2023
Land	$ 900,000	$ 900,000
Buildings	836,884	836,884
Buildings improvements	1,906,380	1,906,380
Leasehold improvements	2,699,582	1,760,759
Vehicles	134,440	127,441
Medical and dental equipment	965,540	921,656
Computer equipment	366,299	366,299
Computer software	1,552,360	1,552,360
Office equipment	233,205	233,205
Furniture and fixtures	428,344	413,047
Construction in progress	2,903,894	630,994
	12,926,928	9,649,025
Less: Accumulated depreciation	(6,573,781)	(5,925,262)
	$ 6,353,147	$ 3,723,763

Depreciation expense totaled $648,518 and $525,152 for years ended June 30, 2024 and 2023, respectively.

Construction in progress as of June 30, 2024 consist of improvements on a facility which is being financed with operating funds. Construction in progress as of June 30, 2023 consists of a renovation project and renovation on certain clinics that were completed in May 2024. Funds for such renovations have been generated from operating cash flows, or grants that encourage renovations of FQHCs.

8. LINE OF CREDIT

The Organization had available a line of credit with a local healthcare system for $1,000,000. Borrowings under the line of credit bear interest at 3.50%. All borrowings are collateralized by substantially all assets of the Organization. The Organization fully paid off the line of credit, including unpaid interest, in November 2022 and the line expired during the year ended June 30, 2023. The Organization did not renew the line of credit during the year ended June 30, 2024.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2024	2023
Subject to expenditure for specific purpose		
Community health center programs	$ 12,500	$ 79,546
Social services programs	34,699	-
Subject to passage of time		
Unconditional promises to give	-	50,000
Subject to endowment spending		
Donor-restricted endowment corpus	810,701	749,526
Accumulated endowment earnings	199,025	140,529
	$ 1,056,925	$ 1,019,601

Net assets with donor restrictions were released from restriction for the following purposes or periods at June 30:

	2024	2023
Satisfaction of purpose restrictions		
Community health center programs	$ 1,077,045	$ 1,474,622
Social services programs	30,809	400,714
Passage of time	50,000	70,000
	$ 1,157,854	$ 1,945,336

10. ENDOWMENTS

The Organization’s endowments consist of funds established for a variety of purposes and the Organization has adopted the accounting standard for endowments of not-for-profit organizations. A key component of the accounting standard is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as net assets with donor restrictions in perpetuity as net assets with donor restrictions for purpose or time, until appropriated for expenditure. Adoption of this standard did not affect the financial position or changes in net assets of the Organization.

The accounting standard provides guidance with respect to the accounting for donor-restricted endowment funds subject to the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), which the State of California has enacted. In addition, the accounting standard requires expanded disclosures for all endowment funds. Based on its interpretation of the provisions of UPMIFA and the accounting standard, the Organization has determined that retaining its existing policies regarding net asset classification of its donor-restricted endowment funds is appropriate. The historic dollar value of donor-restricted endowment contributions is reported as net assets with donor restrictions in perpetuity.

Changes in endowment net assets for the year ended June 30, 2024:

	With Donor Restrictions
Endowment net assets, July 1, 2023	$ 890,055
Investment gain	58,496
Contributions	61,175
Endowment net assets, June 30, 2024	$ 1,009,726

Changes in endowment net assets for the year ended June 30, 2023:

	With Donor Restrictions
Endowment net assets, July 1, 2022	$ 842,590
Investment gain	47,465
Endowment net assets, June 30, 2023	$ 890,055

Return Objectives and Risk Parameters
The Organization has adopted an endowment investment policy, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long term. The investment policy establishes an achievable return objective through diversification of asset classes. The objective is to grow the aggregate portfolio value, net of spending, at the rate of inflation over the investment horizon. Actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places an emphasis on equity investments and fixed income securities to achieve its long-term rate of return objectives within prudent risk parameters.

Endowment Spending Policy
The Board has adopted a spending policy that provides for the lesser of the income earned for the preceding twelve-month period or 5% of the average corpus balance during that 12-month period.

In any given year, if total returns, including investment income and gains or losses, are less than the target annual distribution, the distribution may be made from previously accumulated income and gains. Additionally, the Board may authorize distributions beyond this amount if deemed prudent and lawful.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund in perpetuity. In accordance with ASC Topic 958, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2024 and 2023, there were no underwater endowment funds.

11. RETIREMENT PLANS

The Organization has a retirement plan for employees formed under Section 403(b) of the Internal Revenue Code which covers substantially all employees of the Organization. Total discretionary plan contributions made by the Organization for the years ended June 30, 2024 and 2023 were $276,007 and $219,403, respectively.

12. COMMITMENTS AND CONTINGENCIES

Operating Leases
The Organization leases real property for clinic sites and the administrative office under separate noncancelable operating lease arrangements expiring through May 2028 and leases certain storage and parking facilities on an as-needed basis.

The Organization also leases transportation equipment and copiers under operating lease agreements with five-year terms and monthly payments ranging from $5,000 to $17,600.

The following is a maturity analysis of the annual undiscounted cash flows for the operating lease liability as of June 30:

2025	$ 846,703
2026	705,390
2027	596,469
2028	447,415
	2,595,977
Less: Imputed interest	(130,496)
	$ 2,465,481

As of June 30, 2024 and 2023, the weighted average discount rate associated with the operating leases is 3.08% and 3.06%, respectively and the weighted average remaining lease term associated with operating leases is 3.37 years and 3.94 years, respectively. Lease expense for the years ended June 30, 2024 and 2023 was $1,153,287 and $1,054,228, respectively. Lease expense is reported in occupancy expense for the years ended June 30, 2024 and 2023. Cash paid for operating leases was $1,153,287 and $1,056,465 for the years ended June 30, 2024 and 2023, respectively.

Financing Lease
The Organization leases a building under a finance lease agreement entered into in July 2023 expiring in 2045 with rental payments beginning in 2025. The finance lease agreement includes a purchase price option which expires in November 2026. The Organization is reasonably certain to exercise the purchase price option.

The following is a maturity analysis of the annual undiscounted cash flows for financing lease liability as of June 30:

2025	$ 464,622
2026	965,544
2027	13,172,926
	14,603,092
Less: Imputed interest	(1,103,294)
	$ 13,499,798

As of June 30, 2024, the weighted average discount rate associated with the financing lease is 4.59% and weighted average remaining lease term associated with the financing lease is 1.92 years. There was no cash paid for the financing lease for the year ended June 30, 2024.

Contingencies

Government Grants

The Organization's government grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. Such audits could generate expenditure disallowances under terms of the grants or contracts.

Litigation

During the normal course of business, the Organization may be involved in litigation. The Organization has accrued liabilities within accrued expenses and other current liabilities in the accompanying consolidated statements of financial position for legal claims in which information has become available to indicate that it is probable that a loss has been incurred and the amount of the loss is known or can be reasonably estimated.

Medical Malpractice Claims

Effective February 2015, the U.S. Department of Health and Human Services has deemed the Organization and its practicing providers covered under the Federal Tort Claims Act ("FTCA") for damage for personal injury, including death, resulting from the performance of medical, surgical, dental and related functions.

The Organization purchases primary and excess liability malpractice insurance under claims-made policies. Adjustments of estimated to actual expense, if any, after the policy terms, are included in the period such adjustments are determined.

US GAAP requires a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Organization's claim experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

13. CHARITY CARE

As a part of the Organization's mission and requirement under government grant program, it provides discounted services to patients who are financially unable to pay for the health-care services they receive. The Organization's policy is to utilize a sliding fee scale, where based on the patient's income in relation to federal poverty guidelines. Accordingly, the Organization does not report these amounts in net operating revenues nor in the allowance for doubtful accounts. The Organization determines the costs associated with providing discounted services by aggregating the applicable direct and indirect costs, including salaries, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of serving charity care patients for the years ended June 30, 2024 and 2023 approximated $2,262,054 and $2,577,676, respectively.

14. CONCENTRATION OF CREDIT RISK

Credit Risks

Financial instruments that potentially subject the Organization to credit risk consist principally of cash deposits in excess of insured limits and accounts receivable.

Bank Deposits

The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows.

Accounts Receivable

The Organization grants credit without collateral to its patients, most of whom are local residents and insured under third-party payor agreements.

SUPPLEMENTARY INFORMATION

Share Ourselves Corporation
Schedule of Expenditures of Federal Awards
June 30, 2024

Federal Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Contract/Grant Number	Federal Expenditures
U.S. Department of Health and Human Services, Public Health Service (HHS-PHS)			
Direct Programs:			
Health Center Program	93.224	H80CS24199	$ 2,670,275
Health Center Program	93.224	H8H45021	108,771
		Total	2,779,046
Health Center Program	93.527	H8G47556	129,384
Health Center Program	93.527	H8L50973	28,634
		Total	158,018
Total Health Center Program Cluster			2,937,064
Health Center Infrastructure Support	93.526	C8E43942	267,624
SAMHSA Substance Abuse and Mental Health Services Administration	93.243	1H79TI080472-01	208,357
Total U.S. Department of Health and Human Services			3,413,045
U.S. Department of Homeland Security			
Passed through from the Orange County EFSP Board Emergency Food & Shelter Program 40 Funds	97.024	LRO ID:078600-025	60,000
Total expenditures of federal awards			$ 3,473,045

See Notes to Schedule of Expenditures of Federal Awards.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Share Ourselves Corporation (the "Organization") under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, 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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS

There were no federal awards provided to subrecipients.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Share Ourselves Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Share Ourselves Corporation (the "Organization") (a nonprofit Health Center), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated January 13, 2025.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

January 13, 2025

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Share Ourselves Corporation:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Share Ourselves Corporation's (the "Organization") (a nonprofit Health Center) 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 Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("Government Auditing Standards") and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

January 13, 2025

Share Ourselves Corporation
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards Programs

Internal control over major federal programs:				
Material weakness(es) identified?		Yes	X	No
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 2CFR 200.516(a)?		Yes	X	No

Identification of major programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
93.224, 93.527	Health Center Program

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

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

SECTION IV – PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN

No findings noted.