

Via Care Community Health Center, Inc.

Financial Statements

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Via Care Community Health Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Via Care Community Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Via Care Community Health Center, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived

from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020 on our consideration of Via Care Community Health Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Via Care Community Health Center, Inc.'s 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 Via Care Community Health Center, Inc.'s internal control over financial reporting and compliance.



Irvine, CA
December 7, 2020

Via Care Community Health Center, Inc.

Statement of Financial Position

As of June 30, 2020

	Note	
Assets		
Current Assets		
Cash	3	\$ 1,704,359
Accounts receivable, net of allowance for bad debts	4	1,372,518
Inventory		4,135
Prepaid expenses & other current assets		43,226
Total Current Assets		3,124,238
Noncurrent Assets		
Furniture, leaseholds and equipment, net of accumulated depreciation	5	322,915
Intangible assets, net of accumulated amortization	6	407,639
Goodwill	7	236,472
Other long term assets		35,757
Total Noncurrent Assets		1,002,783
Total Assets		\$ 4,127,021
Liabilities and Net Assets		
Current Liabilities		
Accounts payable & accrued expenses		\$ 513,506
Accrued payroll & incentives		164,076
Accrued paid time off		223,324
Current portion of long term liabilities	9	714,742
Total Current Liabilities		1,615,648
Noncurrent Liabilities		
Long term debt, net of current portion	9	680,399
Total Liabilities		2,296,047
Net Assets		
Net assets without donor restrictions		1,830,974
Total Liabilities and Net Assets		\$ 4,127,021

The accompanying notes are an integral part of the financial statements.

Via Care Community Health Center, Inc.

Statement of Activities

For the Year Ended June 30, 2020

	Note	
Revenue & Support		
Medical services		\$ 6,733,960
Grants		3,932,960
Capitations		1,895,039
Gifts-in-kind	10	70,037
Contributions		15,891
Other income		7,193
Total revenue and support		12,655,080
Expenses		
Program services		9,241,384
Management and general		2,786,337
Fundraising		278,893
Total expenses		12,306,614
Change in net assets		348,466
Net assets without donor restrictions, beginning of the year		1,482,508
Net assets without donor restrictions, end of the year		\$ 1,830,974

The accompanying notes are an integral part of the financial statements.

Via Care Community Health Center, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 348,466
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	282,139
Allowance for bad debt	(270,000)
(Increase) decrease in:	
Accounts receivable	80,936
Inventories	(1,061)
Prepaid expenses	(19,923)
Deposits	(1,000)
Increase (decrease) in:	
Accounts payable	164,730
Accrued payroll	28,310
Accrued paid time off	3,694
Net cash provided by operating activities	616,291

CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(11,373)
Purchase of dental practice	(120,000)
Net cash used by investing activities	(131,373)

CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from debt borrowings	1,202,375
Repayments of debt borrowings	(222,752)
Net cash provided by financing activities	979,623

NET INCREASE IN CASH	1,464,541
CASH, BEGINNING OF THE YEAR	239,818
CASH, END OF YEAR	\$ 1,704,359

Cash paid for interest	\$ 20,076
Cash paid for income taxes	\$ -
Purchase of equipment through the issuance of long term debt	\$ 31,503

The accompanying notes are an integral part of the financial statements.

Via Care Community Health Center, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 5,628,929	\$ 1,862,110	\$ 170,000	\$ 7,661,039
Payroll taxes and employee benefits	844,339	277,370	25,500	1,147,209
Total personnel costs	6,473,268	2,139,480	195,500	8,808,248
Program supplies	1,012,784	-	-	1,012,784
Rent	485,692	160,526	14,668	660,886
Contract services	121,302	239,010	46,125	406,437
Bad debts	330,000	-	-	330,000
Depreciation and amortization	207,347	68,530	6,262	282,139
Staff related	112,532	37,193	3,399	153,124
Facility	77,257	25,534	2,333	105,124
Communications	72,577	23,987	2,192	98,756
Legal and accounting	56,867	18,795	1,717	77,379
Personal protective equipment	70,037	-	-	70,037
Utilities	45,514	15,043	1,375	61,932
Insurance	31,864	10,531	962	43,357
Bank fees and licenses	28,881	9,546	872	39,299
Office supplies	25,581	8,455	773	34,809
Printing and postage	21,954	7,256	663	29,873
Interest and penalties	21,199	7,007	640	28,846
Travel	17,337	5,730	524	23,591
Dues and subscriptions	14,362	4,747	434	19,543
Meetings and conferences	11,160	3,688	337	15,185
Miscellaneous	2,460	813	74	3,347
Board Related	1,409	466	43	1,918
Total functional expenses	\$ 9,241,384	\$ 2,786,337	\$ 278,893	\$ 12,306,614

The accompanying notes are an integral part of the financial statements.

Via Care Community Health Center, Inc.

Notes to the Financial Statements

For the Year Ended June 30, 2020

1. Organization

Via Care Community Health Center, Inc. ("Via Care") is a non-profit Federally Qualified Health Center formed to provide exceptional health care to patients in its service and throughout their lives. As a community-based organization, Via Care fulfills its mission by delivering quality health care services throughout the entire life cycle, in a manner that is respectful and conscious of the cultural and linguistic needs of their patients.

Via Care builds on a foundation of empowering patients to take control of their health and lives, offering extensive family planning, health screening, and health education in addition to primary medical and dental care. Behavioral health services additionally provide confidential, accessible counseling and support that mitigates the stigma usually associated with seeking mental health treatment. Collaborative relationships with local hospitals ensure that patients will receive coherent care in all situations.

Headquartered in East Los Angeles, Via Care presently operates nine primary-care clinics, school-based wellness centers at Garfield High School and East Los Angeles College and Behavioral & Dental Health offices. Via Care is moving toward creating a patient-centered medical home model of care, which would ease families out of crisis mode and into the routine maintenance of good health throughout their lives.

The Organization's sources of revenues include payments from other service providers, government and foundation grants, patient donations and payments for services.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Via Care are maintained in accordance with the principles of net asset 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:

Without Donor Restrictions. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

With Donor Restrictions. Via Care reports gifts of cash and other assets as with donor restricted support if they are received with donor-imposed restrictions that limit the use of the donated assets. Via Care has no donor-restricted net assets at June 30, 2020.

Via Care Community Health Center, Inc.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies, (continued)

Cash and Cash Equivalents

Via Care has defined cash and cash equivalents as cash in banks and money market funds in a securities institution and certificates of deposits maturing in less than one year.

Allowance for Doubtful Accounts

Accounts receivable are stated net of an allowance for doubtful accounts. Via Care estimates the allowance based on its historical experience of the relationship between actual bad debts and net credit revenue.

Concentration of Credit Risks

Via Care places most of its temporary cash investments with a high-credit, quality financial institution. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Via Care has not incurred losses related to these investments. The primary receivable balance outstanding at June 30, 2020 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Via Care's receivables consist of earned fees from contract programs granted by governmental agencies.

Inventories

Inventories consist primarily of medications for patients and are stated at the lower of cost or market. Medications are periodically reviewed for expiration dates and if the expiration date has passed, they are disposed of.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property, equipment and improvements are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

Gifts in Kind

Occasionally Via Care receives gifts in kind, such a personal protective equipment. Gifts in kind revenue is recognized in circumstances in which the organization has significant discretion over the use and disposition of the items to recognize a contribution in conformity with FASB ASC 958-605-25. Gifts in kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received.

Via Care Community Health Center, Inc.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies, (continued)

Revenue Recognition

Revenue is recognized when earned. Program service fees and payment under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Government Agencies: Government funding is generally recorded on a reimbursement basis, that is, when qualifying expenses are incurred by the Center, both a receivable from the government funder and revenue are recorded.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Goodwill

Via Care acquires medical practices from time to time. Goodwill in such acquisitions represents the excess of the cost of a business acquired over the net of the amounts assigned to assets acquired, including identifiable intangible assets, and liabilities assumed. Amounts assigned to goodwill and other identifiable intangible assets are based on independent appraisals or internal estimates. Goodwill is evaluated for impairment each year.

Via Care does not amortize goodwill or indefinite-lived intangible assets. Management evaluates the remaining useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, it is amortized prospectively over its estimated remaining useful life. Amortizable intangible assets are amortized on a straight-line basis over 7 years.

Income Taxes

Via Care is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all the positions taken by Via Care in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Via Care's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Via Care Community Health Center, Inc.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies, (continued)

Functional Allocation of Expenses

Costs of providing Via Care programs and other activities have been presented in the 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. Via Care uses time studies, number of full-time equivalents or direct salaries to allocate indirect costs. Rent is based on full time equivalents; supplies are allocated to each site based on full time equivalents.

Allocation of Costs Between Program and Support Functions

Readily identifiable costs such as Salaries and Wages; Clinical and Dental Supplies; Medications; Laboratory Fees; Health Fair costs, etc. are charged to one of four cost centers (Medical, Dental, Behavioral Health or Outreach & Enrollment) and then allocated to a specific grant budget or to programs based on estimates of time spent. The estimates of time spent are corroborated by semi-annual time studies. Administrative and undesignated costs are first bundled under Administration and then allocated to the cost centers on the percentage relationship of salaries and wages.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required 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. Actual results could differ from those estimates.

Via Care Community Health Center, Inc.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2020

3. Liquidity and Availability of Resources

Via Care's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 1,704,359
Accounts receivable, net of allowance for bad debts	<u>1,372,518</u>
	<u>\$ 3,076,877</u>

None of the financial assets are subject to donor, board or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

Via Care has capitation contracts in place for approximately 6,000 patient lives which generate between \$100,000 to \$150,000 cash, per month.

4. Accounts receivable

The components of accounts receivable are as follows:

Trade accounts receivable	\$ 1,037,443
Capitation - Annual reconciliation	59,622
Grants receivable	605,453
Allowance for doubtful accounts	<u>(330,000)</u>
Total	<u>\$ 1,372,518</u>

All grants are receivable in less than one year.

Bad debt expense for the period was \$330,000.

5. Property and Equipment

Property and equipment are depreciated over its estimated useful lives, ranging from 4 to 10 years. The basis for depreciation is cost if purchased and fair value if contributed.

Cost less accumulated depreciation

	Cost	Accumulated Depreciation	Net Book Value
Furniture and fixtures	\$ 68,011	\$ (68,011)	\$ -
Leasehold improvements	477,813	(231,624)	246,189
Dental, medical & communications equipment	466,088	(389,362)	76,726
Total	<u>\$ 1,011,912</u>	<u>\$ (688,997)</u>	<u>\$ 322,915</u>

Depreciation expense for the year ended June 30, 2020 was \$134,419.

Via Care Community Health Center, Inc.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2020

6. Intangible Assets

Intangible assets are amortized over their estimated useful lives. Software is amortized over 3 years and Contracts & patient files over 7 years.

Cost less accumulated amortization

	Cost	Accumulated Amortization	Net Book Value
Contracts & patient files - Eastside	\$ 309,528	\$ (203,605)	\$ 105,923
Contracts & patient files - Santa Rosa	184,000	(121,033)	62,967
Contracts & patient files - Dr Park	120,000	(13,571)	106,429
Electronic Health Records Software	276,412	(144,092)	132,320
Total	\$ 889,940	\$ (482,301)	\$ 407,639

Amortization expense for the year ended June 30, 2020 was \$147,720.

Future amortization is as follows:

2021	\$ 168,094
2022	139,520
2023	45,025
2024	17,143
2025	17,143
Thereafter	20,714
	\$ 407,639

7. Goodwill

The Organization is carrying goodwill on its Statement of Financial Position as a result of two practice acquisitions. The amounts are as follows:

	Eastside Practice	Santa Rosa Practice	Total
Goodwill	\$ 141,774	\$ 94,698	\$ 236,472

Via Care Community Health Center, Inc.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2020

8. Commitments and Contingencies

Obligations Under Operating Leases

On August 1, 2018, the clinic entered into an operating lease with Ben Massaband for property located at 507 S. Atlantic Blvd., Los Angeles, CA. The lease is for a period of three (3) years expiring on July 31, 2021. The current monthly lease is \$8,425 and subject to 4% annual increase.

On June 1, 2020, the clinic entered into an operating lease with Ben Massaband for property located at 501 and 503 S. Atlantic Blvd., Los Angeles, CA. The lease is for a period of thirty-six (36) months expiring on May 31, 2023. The current monthly lease is \$12,000 and subject to 5% annual increase

On September 1, 2019, Via Care signed an operating lease for 1,240 square feet of space at 280 S. Atlantic Blvd., Los Angeles, CA. The term of the lease is for three (3) years expiring August 31, 2022. The base monthly rent is \$3,229 which is subject to an annual increase of 5%.

On November 30, 2015, Via Care guaranteed the lease payments of Dr. Enrique Gonzalez, at 4755 E. Cesar Chavez Boulevard, Suites A, B & C, Los Angeles, CA. The lease expires on October 30, 2020; the current base monthly rent is \$4,950 which is subject to an annual increase of 3%.

On February 27, 2019, Via Care signed an operating lease for 850 square feet of space at 4755 E. Cesar Chavez Boulevard, Suite D, Los Angeles, CA. The lease expires on October 30, 2020; the current base monthly rent is \$2,210.

On December 11, 2015, Via Care entered a ten (10) year lease for 6,684 square feet at 607, 611 & 615 S. Atlantic Blvd, Los Angeles, CA. The lease expires December 10, 2025. The current base rate is \$18,738 per month and is subject to an annual increase of 3%

As part of its obligations under the terms of an Asset Purchase Agreement dated January 12, 2018 between the clinic and Santa Rosa Family Care Center, Via Care agreed to sub-let the premises at 5015 E. Whittier Blvd, Los Angeles, CA. The current monthly rent is \$4,250. On December 26th, 2018, a new five (5) year lease was signed in the name of Via Care. The lease expires on December 31, 2023. The first-year monthly cost will be \$4,100 and it will increase by \$50 per month in each succeeding year.

On October 01, 2019, Via Care entered a five (5) year lease at 5017 E. Whittier Blvd, Los Angeles, CA. The lease expires on September 30, 2024. The current base is \$2,500 per month and it will increase by \$50 per month in each succeeding year.

Space is leased at Garfield High School on a month-to-month basis at a rate of \$1,115 per month currently.

Copiers are being leased at a rate of \$4,399 per month, water dispensing units at a rate of \$470 per month.

Via Care Community Health Center, Inc.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2020

8. Commitments and Contingencies (continued)

Obligations Under Operating Leases (continued)

Future rent commitments are:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	671,452
2022	546,386
2023	518,745
2024	340,437
2025	274,020
<u>Total</u>	<u>\$ 2,351,040</u>

Rent expenses for the year was \$660,886.

Contracts and Grants

Via Care's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated. Via Care has no provisions for the possible disallowance of program costs on its financial statement.

Uncertain Tax Positions

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all the positions taken by Via Care in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Via Care's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Via Care Community Health Center, Inc.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2020

9. Long-term debt

Long-term debt consists of the following:

	<u>June 30, 2020</u>	<u>Loan terms</u>
Secured, with a UCC-1 filing, obligation under loan agreement with CPCA Ventures, 3.75% stated interest rate.	\$ 172,971	Monthly payments are \$22,883. The loan terminates on January 1, 2021. CPCA has a UCC-1 filing on record
Loan received under the Small Business Administration Paycheck Protection Program, 1% stated interest rate.	1,190,667	Monthly payments are \$66,975.19. The loan terminates April 5, 2022. The loan is forgivable provided certain payroll obligations are met.
Loan from Tandem Finance for medical equipment, 6.756% interest rate.	26,326	Monthly payments are \$975.75. The loan terminates on November 15, 2022.
Loan from Newlane Finance for medical equipment, 13.79% interest rate.	<u>5,177</u>	Monthly payments are \$551. The loan terminates on April 25, 2021.
Total debt	<u>\$ 1,395,141</u>	

Loan maturities for each of the remaining two years following June 30, 2020 are as follows:

2021	\$ 714,742
2022	<u>680,399</u>
	<u>\$ 1,395,141</u>

Via Care Community Health Center, Inc.

Notes to the Financial Statements (continued)

For the Year Ended June 30, 2020

10. Gifts in Kind

During the year, the organization received donations of personal protective equipment (PPE) valued at \$70,037. This PPE was consumed during the year.

11. Pension Plan

The Organization maintains a defined contribution pension plan under IRS Code Section 403(b). The organization contributes on a discretionary basis. No contributions were made by the Organization for the year ended June 30, 2020.

12. Concentration of Revenue Sources

Approximately 21% of the Organization's revenue is derived from grants from the Federal government which are renewed annually. The current level of the Organization's operations and program services may be impacted, or segments discontinued if the funding is not renewed.

13. Subsequent Events

Subsequent events were evaluated through November 30, 2020, the date the financial statements were available to be issued. During the year, the clinic was impacted by the COVID19 pandemic. Additionally, the other clinic operations were impacted, but because of PPP, other loans, and implementation of a COVID-19 testing service they have not had to lay any additional staff off.

On August 19, 2019, Via Care expanded its medical and behavioral health services to, East Los Angeles College, a local community college. Via Care is offering services during the Fall, Winter, and Spring semesters. On October 1, 2019, Via Care expanded its dental services by acquiring an additional site on 5017 Whittier Blvd. On September 12, 2019 the clinic received notice of grant award for \$300,000 to expand dental services at 507 S. Atlantic location serving 1,100 patients a year. Via Care has also expanded new lines of services by introducing care management programs emphasizing Whole Person Care and Health Homes program through LA Care and Anthem Blue Cross.

Supplemental Information

Via Care Community Health Center, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

**Via Care Community Health Center
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2020**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identification Number	Name of Grant - Grant ID No.	Federal Expenditures (\$)
Department of Health and Human Services				
Passed -through from Essentail Access Health-Family Planning Services	93.217	115000-5300-21209		\$ 297,252
Direct funding: <i>Health Center Program Cluster</i> -Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		H80CS26617	2,206,250
Direct funding: Ryan White HIV/AIDS Program Part C Capacity Development Program	93.153		P06HA39739	84,000
Total Department of Health and Human Services				2,587,502
Total Expenditures of Federal Awards				\$ 2,587,502

Via Care Community Health Center, Inc.

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

1. Basis of presentation

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Via Care Community Health Center, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *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 Via Care Community Health Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Via Care Community Health Center, Inc.

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

Via Care Community Health Center, Inc. has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Auditor's Other Reports Section

G Rowland CPA & Associates, An Accountancy Corporation

2082 Business Center Dr, Ste 172, Irvine, CA 92612 (949) 752-1040 gerry@rowlandcpa.us

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

The Board of Directors
Via Care Community Health Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Via Care Community Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Via Care Community Health Center, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Via Care Community Health Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Via Care Community Health Center, Inc.'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 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 Via Care Community Health Center, Inc.'s 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 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*.

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.



Irvine, CA

December 7, 2020

G Rowland CPA & Associates, An Accountancy Corporation

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

The Board of Directors
Via Care Community Health Center, Inc.

Report on Compliance for Each Major Federal Program

We have audited Via Care Community Health Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Via Care Community Health Center, Inc.'s major federal programs for the year ended June 30, 2020. Via Care Community Health Center, Inc.'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 Via Care Community Health Center, Inc.'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* 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 Via Care Community Health Center, Inc.'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 Via Care Community Health Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Via Care Community Health Center, Inc. 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, 2020.

Report on Internal Control over Compliance

Management of Via Care Community Health Center, Inc. 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 Via Care Community Health Center, Inc.'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 Via Care Community Health Center, Inc.'s 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 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.



Irvine, CA

December 7, 2020

Findings and Questioned Costs Section

Via Care Community Health Center, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2020

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting

- Material weaknesses identified? No
- Significant deficiencies identified? None
- Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major program:

- Material weakness identified? No
- Significant deficiencies identified? No

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

Any audit findings disclosed that are required to be reported under 2 CFR section 200.516(a). No

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

Auditee qualified as a low-risk auditee? Yes

Major programs are identified as follows:

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

Via Care Community Health Center, Inc.

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2020

Section II—Financial Statements Findings

None

Section III – Federal Award Findings and Questioned Costs

There are neither findings nor questioned costs for Federal awards as defined in the Uniform Guidance.

Section IV – Summary Schedule of Prior Year Findings

There were no prior year findings.