From: Judith Shaplin <Judith.Shaplin@syhealth.org>
Sent: Wednesday, May 27, 2020 1:51 PM
To: Barry Jantz <bjantz@grossmonthealthcare.org>
Cc: Valori Sharp <Valori.Sharp@syhealth.org>
Subject: GHD Application - Respiratory Care Kits

Good afternoon Barry,

Attached is the grant application we previously discussed. Please let me know if I should submit this some other way. As always, I appreciate your generous support. I look forward to hearing from you soon.

Warm regards,
Judi

*****Effective 4/01/2020, Mountain Health & Community Services, Inc. has Merged with San Ysidro Health. Please update my contact information with the following:***

JUDITH SHAPLIN | VP of Social Services

SAN YSIDRO HEALTH

1620 Alpine Blvd., Suite 227, Alpine, CA 91901
T: 619.445.6200 | X: 132 | E: judith.shaplin@syhealth.org
SYHC is now San Ysidro Health | www.syhealth.org

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GRANT APPLICATION COVER PAGE
(For July 1, 2019-June 30, 2020 Submissions)

LEGAL NAME OF ORGANIZATION: Centro de Salud de la Comunidad de San Ysidro DBA San Ysidro Health

AGENCY DIRECTOR: Kevin Mattosn, President and CEO

ADDRESS: 1601 Precision Park Lane, San Diego, CA 92173

PHONE (& Extension): 619-205-6322 E-Mail Address: kmattson@syhealth.org

Proposed Project Title: Respiratory Care Kits for Rural Residents

Agency Contact Person: Judith Shaplin, Vice President of Social Resources

PHONE (& Extension): 619-972-3843 E-Mail Address: Judith.shaplin@syhealth.org

Amount of Funds Requested: $24,970

Number of Unduplicated GHD Residents to be Served: 227

Ages of Population to be Served: Adults 18 years and older

As described as a High Priority Need (on page 4 above), this program will assist in addressing the following (check only if applicable):

- ☐ Behavioral/Mental Health
- ☐ Obesity
- ☑ Cardiovascular Disease
- ☐ Cancer
- ☐ Diabetes (Type 2)

Brief Program Description (Use only the space provided below): SYHealth is a Federally Qualified Health Center with a 50-year history of serving San Diego County. SYHealth recently merged with Mountain Health and Community Services, an organization that brings leadership and experience in serving the county's rural backcountry communities. In the current COVID-19 pandemic, SYHealth is requesting $24,970 in GHD funding to purchase 227 Respiratory Care Kits consisting of oximeters and nebulizers. These Respiratory Care Kits will be distributed to the health center's patients who reside in the rural areas of East County and live with asthma and other chronic respiratory conditions. The devices included in the care kits will allow SYHealth providers to improve care delivery during telemedicine visits and also enable these patients at high risk of COVID-19 complications to better manage and treat their chronic conditions while abiding by the stay at home guidelines.

I (we) certify that all information included in this application is complete and accurate.

Signature of person authorized by agency to sign	Printed name and title	Date
K Matts	Kevin Mattson, CEO	05/22/2020

Signature of person authorized by agency to sign — Printed name and title — Date

PROJECT BUDGET FORM

Grantee: San Ysidro Health

Personnel	Grossmont Healthcare District Funding	Other Funding Available to Project	Total Project Budget
Salaries (list position)			
1.			
2.			
3.			
4.			
5.			
6.			
Payroll Taxes and Benefits			
Consultant Fees			
Total Personnel			

Other Expenses	Grossmont Healthcare District Funding	Other Funding Available to Project	Total Project Budget
Telephone			
Postage			
Office Supplies			
Equipment			
Printing/Duplicating			
Information/Materials			
Travel			
Professional Services			
Rent			
Utilities			
Insurance			
Miscellaneous (list)			
1. Pulse Oximeter ($89/unit)	$20,203		
2. Nebulizer ($21/unit)	$4,767		
3.			
4.			
Total Other			

TOTAL GRANT EXPENSES	$24,970		

ALL BUDGET SOURCES
San Ysidro Health - Santee CARES
FY2020

Total Organization Budget Current Fiscal Year	$	248,636,176
Total Requested Project Budget (if different from Organization Budget)	$	25,000

	List Major Sources of Revenue (Total Organization Budget)			List Project Sources of Funding (This Request)		
Source of Funds	**$ Amount**	**Percent of Total**	**One-Time Funding?**	**$ Amount**	**Percent of Total**	**One-Time Funding?**
Federal Funds	$ 13,388,912	5.38%	No	$ -	0%	N/A
State Funds	$ 4,067,501	1.64%	No	$ -	0%	N/A
City/County Funds*	$ 3,363,770	1.35%	No	$ -	0%	N/A
Other Government	$ -	0.00%	No	$ -	0%	N/A
Proposed GHD	$ 25,000	0.01%	No	$ 25,000	0%	TBD
Patient Visit Revenue	$ 117,319,430	47.18%	No	$ -	0%	N/A
Non-Profit Organizations (private foundations)	$ 2,060,951	0.83%	TBD	$ -	0%	N/A
Private Donations	$ 1,456,043	0.59%	TBD	$ -	0%	N/A
Other: San Diego PACE	$ 74,709,178	30.04%	No	$ -	0%	N/A
Other: Medi-Cal Waiver and Health Homes Programs	$ 5,230,887	2.10%				
Other: Rent, interest, pharmacy income, asset disposition, etc.	$ 27,039,504	10.87%	No	$ -	0%	N/A
Total Funding	**$ 248,661,176**	**100.00%**		**$ 25,000**	**100%**	

Percentage of the Organization's budget spent on administration	8%
Percentage of the requested Project budget spent on administration	0%

***City/County Funds - Please see following page.**

BOARD OF DIRECTORS

(as of May 2019)

NAME	TITLE/OFFICE	PROFESSION	AFFILIATION	NO. OF YEARS ON BOARD	CURRENT TERM
Kusay Arabo	Member	Optometrist	Kaiser Permanente	1	2019 - 2022
Mercedes Bernal	Member	Retired	N/A	20	2016 - 2019
Ruth Covell, MD	Member	Retired	N/A	24	2016 - 2020
Fred Dorsey, Jr.	Member	Volunteer	Iglesia de Restauracion Tijuana	1	2017 - 2021
Guillermo Gomez	**Secretary**	Educator	San Diego Unified School District	5	2016 - 2020
Macario Gutierrez	**Chairman**	Retired	N/A	40	2017 - 2021
Victor Nieto	**Vice Chair**	Research Consultant	Self-Employed	17	2015 - 2019
Margarita Navarro	Member	Retired	Manchester Grand Hyatt	19	2019 - 2022
Reynaldo Perez	Member	Retired	N/A	21	2019 - 2022
Gloria Ramirez	**2nd Vice Chair**	Administrative Assistant	SER Jobs for Progress	22	2016 - 2020
Yolanda Santana	Member	Retired	N/A	36	2016 - 2020
Tomas Urtasun	**Treasurer**	PR Associate	Focuscom, Inc.	6	2016 - 2019
Catalina Valencia	Member	Lawyer	Advanced Tear Diagnostics, LLC	1	2019 - 2022

Audited Financial Statements

San Ysidro Health, Inc.

For the Years Ended December 31, 2019 and 2018

San Ysidro Health, Inc.

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CHW LLP
7797 N. First Street #15, Fresno, California 93720
Phone: 559.549.5400 Email: info@chwllp.org
Healthcare Audit, Tax & Consulting Services

Independent Auditor's Report

Board of Directors
San Ysidro Health, Inc.
San Ysidro, California

Report on the Financial Statements

We have audited the accompanying financial statements of San Ysidro Health, Inc. (the "Center"), which comprise the balance sheets as of December 31, 2019 and 2018 and the related statements of operations and changes in net assets, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 San Ysidro Health, Inc. as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the Center adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers(Topic 606),* ASU 2018-08, *Not -for-Profit-Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* ASU No. 2016-01, *Financial Instruments,* ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,* and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, - for the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary 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 (CFR) 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 April 15, 2020 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

CHW, LLP

Fresno, California
April 15, 2020

San Ysidro Health, Inc.
Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 27,035,318	$ 17,076,274
Investments	809,486	809,177
Patient accounts receivable, net	13,806,300	10,666,542
Grants, contracts and other receivables	2,330,024	2,468,253
Estimated third-party payor settlements	5,215,640	8,154,595
Inventories	536,526	340,440
Prepaid assets	1,160,025	995,532
Total current assets	50,893,319	40,510,813
Property and equipment, net	83,640,707	79,522,199
Investments	3,192,489	-
Other assets	1,339,969	1,661,553
Total assets	$ 139,066,484	$ 121,694,565
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	$ 7,013,507	$ 5,795,463
Accrued compensation	8,687,035	6,929,674
Line-of-credit	-	2,025,231
Long-term debt, current	1,181,974	991,968
Capital lease payable, current portion	126,246	171,411
Estimated third-party payor settlements	1,768,460	4,987,090
Deferred revenue	-	433,804
Total current liabilities	18,777,222	21,334,641
Long-term debt	51,407,862	48,656,221
Unamortized debt issuance costs	(824,007)	(777,625)
Long-term debt, less unamortized debt issuance costs	50,583,855	47,878,596
Capital lease payable	116,375	235,010
Total liabilities	69,477,452	69,448,247
Net assets without donor restriction	69,194,937	52,246,318
Net assets with donor restrictions	394,095	-
Total net assets	69,589,032	52,246,318
Total liabilities and net assets	$ 139,066,484	$ 121,694,565

See accompanying Notes to the Financial Statements

San Ysidro Health, Inc.
Statements of Operations and Changes in Net Assets
For the years ended December 31, 2019 and 2018

	2019	2018
Change in net assets without donor restrictions:		
Revenue and other support:		
Patient services revenue, net	$ 148,628,019	$ 119,984,217
Capitation revenue	14,355,709	13,221,309
340B revenue	11,275,733	4,355,052
Grant revenue	19,619,318	21,599,022
Other	3,677,146	3,410,404
Interest	133,183	9,744
Net assets released from donor restriction	2,135,800	881,314
Total revenue and other support	199,824,908	163,461,062
Expenses:		
Salaries and benefits	109,209,782	98,030,300
Medical supplies and drugs	12,693,025	13,654,936
Medical contractual services	32,909,980	18,208,615
Purchased services	7,091,079	5,710,821
Space costs	4,235,709	3,749,185
Other	2,734,726	2,188,625
Depreciation and amortization	5,167,611	5,211,648
Office and other consumable supplies	1,741,990	1,516,048
Repairs and maintenance	1,420,400	987,542
Communications	1,095,725	928,030
Travel, conferences and meetings	653,787	617,740
Insurance	708,178	619,538
Minor equipment	1,186,707	525,539
Interest	2,027,590	2,269,861
Total expenses	182,876,289	154,218,428
Change in net assets without donor restrictions	16,948,619	9,242,634
Change in net assets with donor restrictions:		
Contributions	2,529,895	378,075
Net assets released from donor restriction	(2,135,800)	(881,314)
Change in net assets with donor restriction	394,095	(503,239)
Change in net assets	17,342,714	8,739,395
Net Assets:		
Beginning of year	52,246,318	43,506,923
End of year	$ 69,589,032	$ 52,246,318

See accompanying Notes to the Financial Statements

San Ysidro Health, Inc.
Statements of Cash Flows
For the years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 17,342,714	$ 8,739,395
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,167,611	5,211,648
Amortization of debt issuance costs	102,446	165,597
Changes in operating assets and liabilities:		
Patient accounts receivable	(3,139,758)	(3,340,643)
Grants, contracts, and other receivables	138,229	(684,031)
Inventories	(196,086)	(136,312)
Prepaid assets	(164,493)	(49,382)
Other assets	321,584	418,030
Accounts payable and accrued expenses	1,218,044	1,313,038
Accrued compensation	1,757,361	460,902
Estimated third-party payor settlements	(279,675)	3,077,144
Deferred revenue	(433,804)	(124,596)
Net cash provided by operating activities	21,834,173	15,050,790
Cash flows from investing activities:		
Acquisition of property and equipment	(9,286,119)	(4,809,648)
Sales/maturities of investments	404,902	-
Purchase of investments	(3,597,700)	(7,650)
Net cash used in investing activities	(12,478,917)	(4,817,298)
Cash flows from financing activities:		
Change in line-of-credit	(2,025,231)	(999,769)
Proceeds from new debt borrowings	3,947,503	1,770,241
Payments on capital lease obligations	(163,800)	(147,313)
Principal payments on long-term debt	(1,154,684)	(5,552,393)
Net cash provided by (used in) financing activities	603,788	(4,929,234)
Net increase in cash and cash equivalents	9,959,044	5,304,258
Cash and cash equivalents:		
Cash at beginning of year:	17,076,274	11,772,016
Cash at end of year:	$ 27,035,318	$ 17,076,274
Supplemental disclosure of cash flow information:		
Interest paid	$ 2,027,590	$ 2,269,861
Property and equipment acquired under capital leases	$ -	$ 147,311

See accompanying Notes to the Financial Statements

Note A: Summary of Significant Accounting Policies

Organization and Operations:
Centro De Salud De La Comunidad De San Ysidro, Inc. (d/b/a San Ysidro Health, Inc.) (the "Center"), a not-for-profit organization, was organized as a volunteer program in August 1968 by local area residents and incorporated in 1971, for the purpose of providing low-cost, high quality, comprehensive primary care services to residents of San Diego County's South Bay Region. The Center provides a variety of medical, dental, mental health, health education and enabling services at 37 clinic locations throughout southern San Diego County. The Center derives its support through grants and contracts with the U.S. Department of Health and Human Services ("DHHS"), the State of California, the County of San Diego, and various other entities. Additionally, revenues are derived from patient fees and third party charges.

Cash and Cash Equivalents:
For purposes of the statement of cash flows, the Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The checking and investments are on deposit with various financial institutions. As of December 31, 2019, and 2018 cash and cash equivalents were $27,035,318 and $17,076,274, respectively. Of the bank balances, per the various financial institutions as of December 31, 2019 and 2018, $500,000 and $500,000, respectively was covered by federal depository insurance and $ 26,535,318 and $16,576,274, respectively, was uninsured.

Patient Accounts Receivable:
Accounts receivable are recorded at amounts that reflect the consideration to which the Center expects to be entitled in exchange for providing patient care. In evaluating the collectability of patient accounts receivable, the Center regularly analyzes its history and identifies and reviews trends for each of its major payor sources of revenue to estimate appropriate and sufficient implicit and explicit price concessions reflected in patient accounts receivable.

For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides additional implicit and explicit price concessions, if necessary, based upon historical collection history for deductibles and copayments on accounts for which the third-party payer had not yet paid, or for remaining payer balances.

For receivables associated with self-pay patients, which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Center records a significant implicit price concession in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is reflected as a reduction in patient accounts receivable.

Property, Building and Equipment:
Land, building and equipment are carried at cost or estimated fair value at date of acquisition. The Center capitalizes all acquisitions greater than $5,000. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets ranging from three to forty years. Leasehold improvements are amortized on a straight-line method over the estimated useful life of the improvement or the term of the lease, whichever is less. Construction-in-progress is recorded at cost and is capitalized upon completion. Depreciation is recorded when construction is substantially complete and the assets are placed in service.

Note A: Summary of Significant Accounting Policies (continued)

Inventories:
Inventories consist of pharmaceutical, medical and office supplies and are stated at cost. Due to rapid turnover of supplies, cost approximates market value.

Income Taxes:
San Ysidro Health, Inc. is a private not-for-profit corporation organized under the laws of the State of California. The Center has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Taxation Code by the IRS and Franchise Tax Board, respectively. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Center has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions and believes that all of the positions taken by the Center in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Center's returns are subject to examination by federal and state taxing authorities generally for three years after they are filed.

Revenue Recognition:
Net patient service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Center bills the patients and third-party payers several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

The Center provides medical, dental, mental health, health education and enabling services to eligible patients at a discounted rate or for a nominal fee, based on eligibility determined by the patient's household size and income.

The Center has agreements with various plans to provide medical services to subscribing MediCal participants. Under the agreements, the Center received monthly capitation payments based on the number of participants, regardless of the services actually performed by the Center. Capitation payments are recognized as capitation revenue during the period in which the Center is obligated to provide services to participants. The Center also receives interim payments from the Medi-Cal program. These payments are reconciled on an annual basis to insure the Center ultimately receives the established Medi-Cal payment rate for all visits under these contracts.

Revenue from government grants and contracts restricted for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Capital grants and contributions consist of grants and contributions or resources that are restricted by the grantors or donors for capital asset purposes-to acquire, construct or renovate capital assets associated with the restricted purpose. Capital grants and contributions are recorded as increases to net assets with donor restrictions when cash is received in advance of acquisition of capital assets. In absence of donor stipulations to the contrary, capital grants and contributions are recorded as revenue during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as deferred revenue.

Note A: Summary of Significant Accounting Policies (continued)

Contributions are recognized as revenue when they are received or unconditionally pledged. Donor stipulations that limit the use of the donation are recognized as contributions with donor restrictions. When the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions. Absent donor-imposed restrictions, the Center records donated services, materials, and facilities as support without donor restrictions. It is the policy of the Center to encourage contributions. Donated services and facilities are valued at prevailing market rates. Certain immaterial services and facilities contributed to the Center have not been valued or recorded.

Reclassification
Certain financial statement amounts have been reclassified in these financial statements to conform to the current year presentation. These reclassifications have no effect on previously reported net income.

Other Assets:
Other assets consist of deposits and intangible assets related to the purchase of medical practices.

Use of Estimates:
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events:
The Center has evaluated events and transactions that occurred after December 31, 2019, and through April 15, 2020, the date the financial statements were available to be issued. In recent days, the COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closures and social distancing requirements. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on patients, employees, and vendors all of which are uncertain and cannot be predicted. While the Center expects this matter to negatively impact its operating results, that impact can not be reasonably estimated at this time.

New Accounting Pronouncement:
In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments, which requires an entity to: (i) measure equity investments at fair value through net income, with certain exceptions; (ii) present in OCI the changes in instrument-specific credit risk for financial liabilities measured using the fair value option; (iii) present financial assets and financial liabilities by measurement category and form of financial asset; (iv) calculate the fair value of financial instruments for disclosure purposes based on an exit price; and (v) assess a valuation allowance on deferred tax assets related to unrealized losses of available-for-sale debt securities in combination with other deferred tax assets. The update provides an election to subsequently measure certain nonmarketable equity investments at cost less any impairment and adjusted for certain observable price changes. The update also requires a qualitative impairment assessment of such equity investments and amends certain fair value disclosure requirements. The adoption of ASU 2016-01 is effective for the Center beginning January 1, 2019. As a result of the implementation, unrealized gains and losses in equities and trading debt securities are included in other revenue. Net assets were not affected by the implementation.

Note A: Summary of Significant Accounting Policies (continued)

In May 2014, the FASB issued Accounting Standards Update "ASU" No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by identifying the contract(s) with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract, and recognizing revenue when (or as) the entity satisfied a performance obligation. In August 2015, the FASB issued ASU No. 2015-14, Deferral of the Effective Date, which deferred the effective date of ASU 2014-09 for all entities by one year. In March 2016, the FASB issued ASU No. 2016-08, Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which clarifies the implementation guidance on principal versus agent considerations in ASU 2014-09. In April 2016, the FASB issued ASU No. 2016-10, Identifying Performance Obligations and Licensing, which clarifies the implementation guidance on identifying performance obligations and the licensing implementation guidance in ASU 2014-09, while retaining the related principles for those areas. In May 2016, the FASB issued ASU No. 2016-12, Narrow-Scope Improvements and Practical Expedients, which provides narrow scope improvements and practical expedients to ASU 2014-09.

The Center adopted the provisions of ASU 2014-09, ASU 2015-14, ASU 2016-08, ASU 2016-10, and ASU 2016-12 using the modified retrospective method applied to all contracts existing as of January 1, 2019. Prior to the adoption of ASU 2014-09, a significant portion of the provision and allowance for uncollectible accounts was related to uninsured patients and expected uncollectible deductibles and copayments on accounts which the third- party payor had not yet paid. Under ASU 2014-09, the estimated uncollectible amounts due from these patients are generally considered implicit price concessions that represent a direct reduction to net patient service revenue and a corresponding reduction to patient accounts receivable. The adoption of ASU 2014-09 also implemented additional disclosure requirements.

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit-Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions. ASU 2018-08 assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit-Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Center adopted ASU 2018-08 during the year ended December 31, 2019, using the modified prospective basis. Upon adoption, many of the Center’s grant contracts that had previously been recorded as deferred revenue were recognized as contributions with donor restrictions.

In August 2016, the FASS issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which provides guidance on eight specific cash-flow issues including: debt repayment or debt extinguishment costs, settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, contingent consideration payments made after a business combination, proceeds from settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. The adoption of ASU 2016-15 is effective for the Center beginning January 1, 2019.

Note A: Summary of Significant Accounting Policies (continued)

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires the statement of cash flows to explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of ASU 2016-18 is effective for the Center beginning January 1, 2019.

Note B: Grants, Contracts and Other Receivables

Grants, contracts, and other receivables are comprised of the following at December 31, 2019 and 2018:

	2019	2018
County of San Diego - Mental Health Program	$ 232,573	$ 185,794
Women, Infants and Children program	1,036,242	1,396,518
AIDS program	405,341	325,801
Research Projects	396,081	240,273
Miscellaneous grants and other receivables	259,787	319,867
Total	$ 2,330,024	$ 2,468,253

Note C: Property and Equipment

Property and equipment at December 31, 2019 and 2018 was comprised of the following:

	2019	2018
Land	$ 8,089,054	$ 7,589,054
Construction-in-progress	855,466	3,048,300
Building	84,524,906	77,711,713
Leasehold improvements	4,214,696	2,844,310
Equipment	25,744,843	23,636,021
Subtotal	123,428,965	114,829,398
Accumulated depreciation	(39,788,258)	(35,307,199)
Total	$ 83,640,707	$ 79,552,199

Construction-in-progress at December 31, 2019 and 2018 consisted primarily of various site renovations. Depreciation expense for the year ended December 31, 2019 and 2018 was $5,167,611and $5,211,648, respectively. As of December 31, 2019, the remaining commitments related to ongoing construction contracts totaled $2,374,014.

Note D – Information Regarding Liquidity and Availability of Resources

The Center regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Center has various sources of liquidity at its disposal, including cash and cash equivalents, investments, various receivables, and a line of credit. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all expenditures related to its ongoing activities of providing healthcare-related services as well as the conduct of services undertaken to support those activities to be general expenditures.

The Center strives to maintain liquid financial assets sufficient to cover 30 days of general expenditures. The Center's policy is that 50% or less of its cash on hand is invested in investment instruments with maturities of 3-6 months and less than 10% in instruments with 9-12 month maturities with minimal risk exposure to principal balances. The following table reflects the Center's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the balance sheet date.

	2019	2018
Cash and cash equivalents	$ 27,035,318	$ 17,076,274
Investments	4,001,975	809,177
Patient accounts receivable	13,806,300	10,666,542
Grant receivable	2,330,024	2,468,253
Total financial assets	47,173,617	31,020,246
Investments with liquidity horizons greater than one year	(3,192,489)	-
Deferred revenue	-	(433,804)
Restricted by donors	(394,095)	-
Financial assets available to meet cash needs for general expenditures within one year	$ 43,587,033	$ 30,586,442

In addition to financial assets available to meet general expenditures over the next 12 months, the Center operates with a balanced budget and anticipates collecting sufficient patient service revenue to cover general expenditures not covered by grants or donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Center's cash and shows positive cash generated by operations for fiscal years 2019 and 2018.

Note E: Accrued Compensation

The balance of accrued compensation at December 31, 2019 and 2018 was comprised of the following:

	2019	2018
Accrued payroll	$ 4,556,968	$ 3,513,684
Accrued vacation	3,518,015	3,187,849
Accrued other liabilities	612,044	228,131
Total	$ 8,687,027	$ 6,929,664

Note F: Deferred Revenue

Deferred revenue consists of the following at December 31, 2019 and 2018:

	2019	2018
Mitre Corporation	$ -	$ 9,988
California Wellness	-	813
CASA Donations	-	52,744
Price Philanthropies	-	28,127
Other	-	342,132
Total	$ -	$ 433,804

Note G - Net Assets With Donor Restrictions

Net assets with donor restrictions were comprised of the following programs at December 31, 2019 and 2018:

	2019	2018
ADAP	$ 74,410	$ -
CASA Donations	61,231	-
Delta Dental	70,000	
Kaiser	75,000	
Other	113,454	-
Total	$ 394,095	$ -

Under the previous guidance these grants were recorded as deferred revenue. Under ASU No. 2018-08, these grants have been determined to be restricted contributions and have been recorded as net assets with donor restrictions. As net assets with donor restrictions are expended, the net assets released from restrictions are recognized as revenue without donor restrictions. As of December 31, 2019, and 2018, net assets released from donor restrictions consist of the following:

	2019	2018
ADAP	$ 142,139	$ -
CASA Donations	27,982	-
Delta Dental	70,428	-
Kaiser	18,271	-
MITRE Corporation	843,664	-
Cardinal	500,060	-
Golf Tournament Donations	-	103,168
Gala Donations	-	595,308
Other	533,256	182,838
Total	$ 2,135,800	$ 881,314

San Ysidro Health, Inc.
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

Note H: Long-term Debt

Long-term debt consists of the following at December 31, 2019 and 2018:

	2019	2018
The Center entered into an agreement with California Bank & Trust for an $8,175,000 tax exempt loan. The loan bears interest 4.25% per annum, amortized over 30 years, resulting in monthly payments of $40,437. The note matures December 1, 2024 and is secured by the Center's assets.	$ 7,414,919	$ 7,578,455
The Center entered into an agreement with California Bank & Trust for an $39,125,500 tax exempt loan. The loan bears interest 3.47% per annum amortized over 10 years, resulting in monthly payments of $176,145. The note matures April 19, 2027 and is secured by the Center's assets.	32,644,475	33,341,307
The Center entered into an agreement with California Bank & Trust for an $10,100,000 tax exempt loan. The loan bears interest 3.76% per annum amortized over 10 years, with interest only payments the first year followed by monthly payments of $47,147. The note matures December 12, 2028 and is secured by the Center's assets.	9,904,046	8,290,241
As part of the purchase of a medical practice, the Center assumed a variety of loan agreements ranging from $15,000 to $250,000 at 0% to 10% annual interest rates. Monthly payments vary between $250 to $3,472 for 60 to 95 months. The notes mature between 2021 and 2024 and are unsecured.	327,803	438,186
The Center entered into an agreement with California Bank & Trust for an $4,900,000 tax exempt loan. The loan bears interest 3.81% per annum amortized over 10 years, with interest only payments until November 1, 2020 followed by monthly payments of principal and interest that are estimated to be approximately $50,783. The note matures November 1, 2030 and is secured by the Center's assets.	2,298,594	-
Total long-term debt	52,589,836	49,648,189
Less: current portion	(1,181,974)	(991,968)
	$ 51,407,862	$48,656,221

The Center is subject to certain financial covenants including but not limited to, a minimum current ratio and a net worth ratio. The Center met all the debt covenants at December 31, 2019 and 2018.

The Center obtained a line-of credit of $4,000,000. The Center had an outstanding balance on the line-of-credit of $0 and $2,025,231 as of December 31, 2019 and 2018, respectively. The line-of-credit matures April 17, 2021.

Note H: Long-term Debt (continued)

Future principal payments are as follows for the years ended December 31:

Year	Principal
2020	$ 1,181,974
2021	1,197,084
2022	1,246,720
2023	1,267,832
2024	1,250,972
Thereafter	46,445,254
Total	$ 52,589,836

Note I: Capital Leases

The Center leases equipment under capital leases expiring at various times through 2023. Equipment with a book value of $892,996 and accumulated depreciation of $572,591 are included with property and equipment, net as of December 31, 2019. Depreciation of the equipment under the capital lease is included in depreciation expense. The future minimum payments required under the lease with their present value as of December 31, 2019 are:

2020	$ 137,798
2021	72,972
2022	51,891
2023	562
Subtotal	263,223
Less: amount representing interest	(20,602)
Present value of net minimum lease payments	242,621
Less: current maturities	(126,246)
Obligations under capital leases – net	$ 116,375

Note J: Commitments and Contingencies

Operating Lease Commitments:
The Center leases certain facilities and equipment under operating leases expiring at various times through 2034. Future minimum lease payments for the succeeding five years under these committed lease arrangements is approximately**:** $2,001,869 in 2020, $1,786,960 in 2021, $1,127,635 in 2022, $820,833 in 2023 and 855,932 in 2024. Total rent expense for the years ended December 31, 2019 and 2018 was $2,309,921 and $2,129,260, respectively.

Note J: Commitments and Contingencies (continued)

Litigation, malpractice, and workers' compensation claims:
The Center is deemed an employee of the federal government and is covered for malpractice insurance under the Federal Tort Claims Act ("FTCA"). The Center also has supplemental Professional Liability coverage for individual claims up to $2,000,000 and aggregate annual claims up to $4,000,000.

The Center has other on-going litigation claims as result of its normal course of operations; however, in the opinion of management, these claims will be fully covered by the Center's insurance coverage and will not have a material adverse effect upon the financial statements.

Retirement Plan:
The Center sponsors a non-ERISA 403(b) plan covering substantially all of its employees. The accounts are held entirely in the names of the participants without direction from the Center for any of their activities. Contributions to the plans are discretionary. The board of directors decided that no contribution would be made for the years ended December 31, 2019 and 2018.

The Center created a non-qualified bonus plan under section 162 of the internal revenue code. This plan went into effect January 1, 2016 for certain employees and was in effect for all employees beginning January 1, 2017. The Center makes a contribution equal to a percentage of the participant's compensation, and can make additional discretionary contributions. All contributions are deposited into a cash value life insurance policy on the participant's life, which the participant can control. The Center made $4,007,004 and $3,817,532 of contributions for the years ended December 31, 2019 and 2018, respectively.

Note K – Investments

Investments include the following at December 31, 2019 and 2018.

	2019	2018
Certificate of deposit	$ 809,486	$ 809,177
Investment in Mountain Health & Community Services	3,192,489	-
	$ 4,001,975	$ 809,177

The Board of Directors for both the Center and Mountain Health & Community Services have adopted resolutions to pursue a combination of the two organizations. The Center has invested in the operations of Mountain Health & Community Services contingent upon the ultimate combination of organizations. Income from investments is primarily comprised of interest and dividend income, which amounted to $133,183 and $9,744 for the years ended December 31, 2019 and 2018, respectively.

Note L: Concentrations

Financial instruments potentially subjecting the Center to concentrations of credit risk consist primarily of bank demand deposits in excess of FDIC limits. Management believes, however, that the risk of loss is minimal due to the high financial quality of the banks. Credit risk related to patient receivables arises from the granting of credit without collateral to patients, most of whom are residents of San Diego County in the State of California. The mix of accounts receivables from patients and third-party payors at December 31, 2019 and 2018 was as follows:

Payor Class	2019	2018
Medicare	9%	6%
Medi-Cal	79%	43%
Other third-party payors	9%	11%
Private pay	3%	40%
Total	100%	100%

For the year ended June 30, 2019 and 2018, the Center received $10,970,401 and $10,192,801, respectively, in Community Health Center grants from the Department of Health and Human Services, which represents 5% and 7% of the total revenue received

Note M: Net Patient Service Revenue

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in FASB ASC Topic 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Center determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Center's sliding fee policy, and implicit price concessions provided to uninsured patients. The Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Effective with the adoption of ASU 2014-09 on January 1, 2019, for changes in credit issues not assessed at the date of service, such as a payor files for bankruptcy or a patient defaults on a payment plan, the Center recognizes these write-offs as bad debt expense, which is presented on the accompanying statements of operations and changes in net assets as a component of other expenses.

Note M: Net Patient Service Revenue (continued)

The Center is approved as a Federally Qualified Health Center ("FQHC") for both Medicare and Medi-Cal reimbursement purposes. The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. These payment arrangements include:

Medicare: Covered services rendered to Medicare program beneficiaries are paid based on a prospective payment system (PPS). Medicare payment under the FQHC PPS are 80% of the lesser of the health center's actual charge or the applicable PPS rate (patient coinsurance will be 20% of the lesser of the health center's actual charge or the applicable PPS rate). Accordingly, to the extent a health center's charge is below the applicable PPS rate, Medicare FQHC reimbursement can be limited.

Medi-Cal: Covered services rendered to Medi-Cal beneficiaries are paid under a Prospective Payment System, using rates established by the Center's "Base Years" - fiscal years ended December 31, 2000 and 1999 cost reports filed under the previous cost-based reimbursement system. These rates are adjusted annually according to changes in the Medicare Economic Index and any approved changes in the Center's scope of service. The Center is required to file a payment reconciliation report with the state. In the opinion of management, any reconciliation settlement of the payment reconciliation will not materially affect the financial statements of the Center.

Other: Payments for services rendered to those payors other than Medicare or Medi-Cal are based on established rates or on agreements with certain commercial insurance companies, health maintenance organizations and preferred provider organizations which provide for various discounts from established rates.

As of December 31, the following table reflects the net patient service revenue including capitation by major payor groups:

	2019	2018
Medicare	$ 23,806,745	$ 11,528,609
Medi-Cal	125,807,838	107,838,088
Other third-party payors	11,674,947	11,816,568
Private pay	1,694,198	2,022,261
Net patient service revenue	$ 162,983,728	$ 133,205,526

Laws and regulations concerning government programs, including Medicare and Medi-Cal, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care 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 Center'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 Center. In addition, the contracts the Center has with commercial payors also provide for retroactive audit and review of claims.

Note M: Net Patient Service Revenue (continued)

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Center's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

The Center has recorded an estimated third-party payor receivable of $5,215,640 and $8,154,595 as of December 31, 2019 and 2018, respectively, and estimated third-party payor liabilities of $1,768,460 and $4,987,090 as of December 31, 2019 and 2018, respectively. These balances comprise estimated settlements due to PPS Reconciliation Requests as well as Rate Setting Cost Reports and Change in Scope of Service Requests. Management periodically evaluates estimated third-party payor settlements based on the current information available and believes the final settlements will not materially affect the financial statements of the Center.

Note N: 340B Revenue

The Center participates in the 340B "Drug Discount Program" which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Drug Discount Program is managed by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs. The Center earns revenue under this program by purchasing pharmaceuticals at a reduced cost to fill prescriptions to qualified patients. The Center has a network of participating pharmacies that dispense the pharmaceuticals to its patients under contract arrangement with the Center. The Center changed its method for accounting for costs related to the 340B program in the year ended December 31, 2019. The Center determined costs should more appropriately be included as costs of goods sold and a reduction of revenue rather than expenses. This resulted in a decrease in both revenue and expenses for the year ended December 31, 2018 of $6,967,438. Reported 340B revenue consists of the pharmacy reimbursements, net of the initial purchase price of the drugs.

	2019	2018
Gross receipts	$ 24,129,301	$ 11,322,490
Drug replenishment costs	(5,908,882)	(3,138,243)
Administrative and filling fees	(6,944,686)	(3,829,195)
Net revenue	$ 11,275,733	$ 4,355,052

The net 340B revenue from this program is used in furtherance of the Center's mission.

San Ysidro Health, Inc.
Notes to the Financial Statements
For the years ended December 31, 2019 and 2018

Note O: Functional Expenses

The Center provides healthcare services primarily to residents within its geographic area. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Expenses for the year ended December 31, 2019 include:

2019	Health care services	General and administrative	Fundraising	Total
Salaries and benefits	$ 92,308,514	$ 16,783,706	$ 117,562	$109,209,782
Medical supplies and drugs	12,692,617	408	-	12,693,025
Medical contractual services	32,602,824	307,156	-	32,909,980
Purchased services	4,301,830	2,774,574	14,675	7,091,079
Space costs	2,335,216	1,900,493	-	4,235,709
Other	1,220,678	1,157,611	356,437	2,734,726
Depreciation and amortization	2,534,182	2,633,429	-	5,167,611
Office supplies	1,299,840	436,309	5,841	1,741,990
Repairs and maintenance	743,750	675,958	692	1,420,400
Communications	257,313	837,695	717	1,095,725
Travel, conferences and meetings	393,989	259,522	276	653,787
Insurance	13,898	694,280	-	708,178
Minor equipment	852,082	333,777	848	1,186,707
Interest	14,212	2,013,378	-	2,027,590
Total	$151,570,945	$ 30,808,296	$ 497,048	$182,876,289

2018	Health care services	General and administrative	Fundraising	Total
Salaries and benefits	$ 82,411,507	$ 15,380,046	$ 238,747	$ 98,030,300
Medical supplies and drugs	13,654,406	530	-	13,654,936
Medical contractual services	17,785,930	422,685	-	18,208,615
Purchased services	3,415,735	2,295,086	-	5,710,821
Space costs	2,032,267	1,716,918	-	3,749,185
Other	900,700	1,036,563	251,362	2,188,625
Depreciation and amortization	2,598,458	2,613,190	-	5,211,648
Office supplies	1,187,778	322,989	5,281	1,516,048
Repairs and maintenance	585,609	401,510	423	987,542
Communications	246,231	681,252	547	928,030
Travel, conferences and meetings	369,783	245,968	1,989	617,740
Insurance	12,311	607,227	-	619,538
Minor equipment	356,366	168,633	540	525,539
Interest	13,853	2,256,008	-	2,269,861
Total	$125,570,934	$ 28,148,605	$ 498,889	$154,218,428

Note P: PACE Program

The Center began offering services as part of the Program of All-Inclusive Care for the Elderly (PACE) as of April 1, 2015. As of December 31, 2019, the Center had 387 total PACE participants. The Center provides Adult Day Health Center, Podiatry, Radiology, Dentistry, Mental Health, OB/GYN, Optometry and Primary Care services to its PACE participants, and provides other specialty services through contractual agreements with numerous other third-party providers. In establishing the liability for unpaid claims, the Center uses trending data and historical information to estimate the incurred but not reported ("IBNR") medical claims liability. Estimates of the liability are reviewed and updated continually. Estimated IBNR medical claims liability included in accounts payable and accrued expenses was $2,999,500 and $1,842,858 as of December 31, 2019 and 2018, respectively.

SINGLE AUDIT REPORTS

San Ysidro Health, Inc.
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2019

Federal Grant / Program Title	Federal CFDA Number	Pass-through Identification Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Community Health Custer	*93.224	N/A	$ 10,578,225
Special Projects of National Significance	93.928	N/A	2,940
SAMHSA - MHAT	93.243	N/A	119,199
SAMHSA - BHIE	93.243	N/A	457,530
Ryan White Title III	*93.918	N/A	665,373
HIV Comprehensive High Impact Prevention (CHIP)	93.939	N/A	342,941
Part C Capacity Development (No Wrong Door)	*93.918	N/A	138,923
			$ 12,305,131
Passed Through:			
County of San Diego:			
Ryan White Care Act: Targeted Services POC South	*93.914	557752	75,329
Ryan White Care Act: Targeted Services POC Southeast	*93.914	557752	51,403
Ryan White Care Act: Coordinated Services South	*93.914	557752	692,368
Ryan White Care Act: Coordinated Services Southeast	*93.914	557752	307,003
Ryan White Care Act: MAI SE	93.917	557757	89,213
Ryan White Care Act: Counseling and Testing	*93.940	550560	73,218
Ryan White Care Act: Clinical Quality Management South	*93.914	557752	5,223
Ryan White Care Act: Clinical Quality Management Southeast	*93.914	557752	2,253
HIP South Bay Program	93.940	547307	86,011
HIP South East Program	93.940	547307	75,748
CMSS MHSA Adult	93.778	553070	344,046
YES Program EPSDT	93.778	518754	327,057
California Department of Public Health:			
ADAP'S Access, Adherence and Navigation Program	93.917	17-10633	216,594
University of California San Diego:			
DHFS PREP Study	93.242	115133574 (S9002263)	86,816
Proyecto Compadre	93.855	125283438	3,500
Women's Health Program Part D	93.153	S9001803	24,000
Geriatric Workforce Enhancement Project	93.969	64937712	83,751
Colorectal Cancer Screening Project	93.397	S9001194	5,740
San Diego State University Research Foundation:			
LUNA Project	93.361	57924A P1366 7802 211	25,076
CDC Community Approaches to STD Research	93.978	0000548 A1	74,815

San Ysidro Health, Inc.
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2019

Federal Grant / Program Title	Federal CFDA Number	Pass-through Identification Number	Expenditures
Health Quality Partners:			
CHIPRA Connecting Kids to Coverage	93.767	N/A	25,979
SAMHSA – SoCal Optimization of SBIRT – SOS Project	93.243	N/A	110,069
Essential Access Health:			
Title X Family Planning Program	93.217	89000	322,640
South Bay Community Services:			
Communities Addressing Childhood Trauma (ACT)	93.137	N/A	6,559
Total Department of Health & Human Services			$ 15,419,542
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through:			
California State Department of Health and Human Services Agency:			
Special Supplemental Food Program for Women, Infants and Children	*10.557	15-10113	$ 2,784,347
California Association of Food Banks:			
CMSS CalFresh	10.561	18-7013	23,271
Total U.S. Department of Agriculture			2,807,618
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through:			
University of San Diego			
Community Development Block Grant	97.132	A17-0092-S001	63,591
Total U.S. Department of Homeland Security			63,591
Total federal financial assistance			$ 18,290,751

* Denotes major program

San Ysidro Health, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the year ended December 31, 2019

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of San Ysidro Health, Inc. (the "Center") under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows for the Center.

Note B: 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Center elected not to use the de minimis cost rate because it has a negotiated indirect cost rate in place.

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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

Board of Directors
San Ysidro Health, Inc.
San Ysidro, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Ysidro Health, Inc. (the "Center"), which comprise the balance sheet as of December 31, 2019 and the related statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Center'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 Center'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 San Ysidro Health, 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CHW, LLP

Fresno, California
April 15, 2020

CHW LLP
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Report on Compliance For Each Major Federal Program
And Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

Board of Directors
San Ysidro Health, Inc.
San Ysidro, California

Report on Compliance for Each Major Federal Program

We have audited San Ysidro Health, Inc.'s (the "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 Center's major federal programs for the year ended December 31, 2019. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center'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 the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Center 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 December 31, 2019.

Report on Internal Control Over Compliance

Management of San Ysidro Health, 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 the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center'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 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.

CHW, LLP

Fresno, California
April 15, 2020

San Ysidro Health, Inc.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2019

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal Control over financial reporting: Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified?	______Yes	__X__ None Reported
Noncompliance material to financial statements noted?	______Yes	__X__ No

Federal Awards

Internal control over major programs: Material weakness(es) identified?	______Yes	__X__ No
Significant deficiency(ies) identified?	______Yes	__X__ None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______Yes	__X__ No

Major Programs	CFDA Number
Community Health Cluster	93.224
Special Supplemental Food Program for Women, Infants and Children	10.557
Ryan White Care Act: Targeted Services POC South	93.914
Ryan White Care Act: Targeted Services POC Southeast	93.914
Ryan White Care Act: Coordinated Services South	93.914
Ryan White Care Act: Coordinated Services Southeast	93.914
Ryan White Care Act: Counseling and Testing	93.914
Ryan White Care Act: Clinical Quality Management South	93.914
Ryan White Care Act: Clinical Quality Management Southeast	93.914
Ryan White Title III	93.918
Part C Capacity Development (No Wrong Door)	93.918

Dollar threshold used to distinguish Types A and B programs	$ 750,000	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

San Ysidro Health, Inc.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2019

II. Current Year Audit Findings and Questioned Costs

Financial Statement Findings

None Reported

Federal Award Findings And Questioned Costs

None Reported

III. Prior Year Audit Findings and Questioned Costs

None Reported