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**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
(A Non Profit Corporation)

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2019**

**(With comparative totals as of and for the year ended June 30, 2018)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
San Francisco Community Clinic Consortium  
San Francisco, California

I have audited the accompanying financial statements of San Francisco Community Clinic Consortium (a non-profit organization) which comprise the statements of financial position as of June 30, 2019, and the related statements of activities, functional expenses, 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**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Francisco Community Clinic Consortium as of June 30, 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 2(J) to the financial statements, San Francisco Community Clinic Consortium, adopted new accounting guidance, Accounting Standards Update (ASU) No. 2016-14 – Not-for-profits (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. My opinion is not modified with respect to this matter.

## **Other Matters**

### **Report on Summarized Comparative Information**

We have previously audited the San Francisco Community Clinic Consortium 2018 financial statement, and we expressed an unmodified audit opinion on this audited financial statement in our report dated November 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements of San Francisco Community Clinic Consortium as a whole. The 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* (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards referred to above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards referred to above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Report on Comparative Information**

I have previously audited San Francisco Community Clinic Consortium's 2018 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated November 21, 2018. In my opinion, the comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived before the adjustment to adopt 2016-14. As part of my audit of the 2019 financial statements, I also audited the adjustments described in note 2(J) that were applied to adopt ASU 2016-14 retrospectively in the 2018 financial statements. In my opinion, such adjustments are appropriate and have been properly applied.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 29, 2019 on my consideration of San Francisco Community Clinic Consortium's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my 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 the Organization'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 San Francisco Community Clinic Consortium's internal control over financial reporting and compliance.

*Patel & Associates*

**Oakland, California**

**November 29, 2019**

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**  
**(with comparative totals for the year ended June 30, 2018)**

	2019	2018
<b>ASSETS:</b>		
Current assets:		
Cash	\$ 41,192	\$ 84,814
Grants and contracts receivable (Note 5)	2,218,563	1,732,825
Receivables due from member clinics	26,735	21,351
Other receivables	18,109	7,354
Prepaid expenses	122,829	67,838
Security deposit	43,894	43,944
Total current assets	2,471,322	1,958,126
Non-current assets:		
Furniture and equipment, net (Note 6)	257,905	189,199
Total non-current assets	257,905	2,147,325
Total assets	\$ 2,729,227	\$ 2,147,325
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 366,785	\$ 309,155
Grants payable	2,330,425	1,884,942
Trust fund payable	7,669	8,497
Total current liabilities	2,704,879	2,202,594
<b>NET ASSETS:</b>		
Without Donor Restriction	(202,952)	(219,269)
With Donor Restriction	227,300	164,000
Total net assets	24,348	(55,269)
Total liabilities and net assets	\$ 2,729,227	\$ 2,147,325

The accompanying notes are an integral part of these financial statements

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Operating activities</b>			
<b>REVENUES AND SUPPORT:</b>			
Government contracts and grants	\$ 9,044,908	\$ -	\$ 9,044,908
Donations	42,794	706,610	749,404
Donated goods and services	244,710	-	244,710
Clinic revenue	-	-	-
Membership revenue	140,779	-	140,779
Event revenue	124,369	-	124,369
Other revenue	8,720	-	8,720
Net assets released from restrictions	<u>643,310</u>	<u>(643,310)</u>	<u>-</u>
Total revenues and support	<u>10,249,590</u>	<u>63,300</u>	<u>10,312,890</u>
<b>EXPENSES:</b>			
Program services	2,859,300	-	2,859,300
General and administration	173,984	-	173,984
Fundraising	<u>171,034</u>	<u>-</u>	<u>171,034</u>
Total expenses	3,204,318	-	3,204,318
Allocation to sub-recipients	<u>7,029,088</u>	<u>-</u>	<u>7,029,088</u>
Total expenses & allocations to sub- recipients	<u>10,233,406</u>	<u>-</u>	<u>10,233,406</u>
Change in net assets from operating activities	16,184	63,300	79,484
<b>Non operating activities</b>			
Interest income	<u>133</u>	<u>-</u>	<u>133</u>
Change in net assets from non operating activities	<u>133</u>	<u>-</u>	<u>133</u>
Changes in net assets	16,317	63,300	79,617
Net assets, beginning of year	<u>(219,269)</u>	<u>164,000</u>	<u>(55,269)</u>
Net assets, end of year	<u>\$ (202,952)</u>	<u>\$ 227,300</u>	<u>\$ 24,348</u>

The accompanying notes are an integral part of these financial statements

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b><i>REVENUES AND SUPPORT:</i></b>			
Government contracts and grants	\$ 8,617,650	\$ -	\$ 8,617,650
Donations	32,913	546,721	579,634
Donated goods and services	177,897	-	177,897
Membership revenue	169,870	-	169,870
Event revenue	90,662	-	90,662
Interest income	125	-	125
Other revenue	20,013	-	20,013
Net assets released from restrictions	<u>757,721</u>	<u>(757,721)</u>	<u>-</u>
Total revenues and support	<u>9,866,851</u>	<u>(211,000)</u>	<u>9,655,851</u>
<b><i>EXPENSES:</i></b>			
Program services	2,741,538	-	2,741,538
General and administration	379,674	-	379,674
Fundraising	<u>99,925</u>	<u>-</u>	<u>99,925</u>
Total expenses	3,221,137	-	3,221,137
Allocation to sub-recipients	<u>6,631,344</u>	<u>-</u>	<u>6,631,344</u>
Total expenses & allocations to sub- recipients	<u>9,852,481</u>	<u>-</u>	<u>9,852,481</u>
Change in net assets	14,370	(211,000)	(196,630)
Net assets, beginning of year	<u>(233,639)</u>	<u>375,000</u>	<u>141,361</u>
Net assets, end of year	<u>\$ (219,269)</u>	<u>\$ 164,000</u>	<u>\$ (55,269)</u>

The accompanying notes are an integral part of these financial statements

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Healthcare for the <u>Homeless</u>	Street Outreach Services (SOS)	HIV/AIDS Program	Work Force Development	Health Policy
Salaries and wages	\$ 703,445	\$ 182,892	\$ 50,481	\$ 103,084	\$195,662
Volunteers	-	96,309	-	-	-
Payroll taxes and employee benefits	126,263	62,890	13,242	29,509	33,643
Consultants	25,017	3,625	426	419	1,511
Rent	97,677	75,850	508	5,991	21,582
Travel	1,946	4,816	758	1,089	16,837
General supplies	3,744	2,553	248	244	877
Program supplies	2,362	59,100	-	-	79
Printing	-	-	-	-	-
Training & recruitment	1,650	1,811	-	195	3,462
Dues and subscriptions	5,581	740	27	26	26,485
Meetings	-	2,801	-	-	231
Depreciation	22,233	6,012	-	-	-
Insurance	3,358	22,125	222	218	787
Bank & payroll fees	1,315	1,599	87	85	308
Direct mail	-	-	-	-	-
Postage and shipping	319	177	21	21	75
Utilities	177	99	12	12	41
Repairs & maintenance	-	11,180	-	-	-
Communications	52,670	31,743	960	3,272	12,090
Miscellaneous expenses	-	-	-	-	-
Total expenses	<u>\$ 1,047,757</u>	<u>\$ 566,322</u>	<u>\$ 66,992</u>	<u>\$ 144,165</u>	<u>\$313,670</u>

The accompanying notes are an integral part of these financial statements

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	MIS / VPN	Community Services	Quality Improvement Program	Patient Services	Total Program Services
Salaries and wages	\$ 44,882	\$ 11,236	\$ 80,777	\$ 178,929	\$ 1,551,388
Volunteers	-	-	-	-	96,309
Payroll taxes and employee benefits	14,295	2,227	24,600	30,496	337,165
Consultants	34,187	75	137,052	1,388	203,700
Rent	3,810	1,725	15,040	19,828	242,011
Travel	3,639	324	1,695	34	31,138
General supplies	8,960	55	9,161	7,055	32,897
Program supplies	4,061	206	458	-	66,266
Printing	-	-	-	-	-
Training & recruitment	2,594	-	2,953	835	13,500
Dues and subscriptions	9,071	6	66	88	42,090
Meetings	-	1,515	228	364	5,139
Depreciation	6,612	-	20,841	-	55,698
Insurance	11,749	43	548	723	39,773
Bank & payroll fees	55	19	215	283	3,966
Direct mail	-	-	-	-	-
Postage and shipping	13	6	52	68	752
Utilities	7	2	29	38	417
Repairs & maintenance	-	-	-	-	11,180
Communications	4,096	805	9,146	10,829	125,611
Miscellaneous expenses	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>
Total expenses	<u>\$ 148,331</u>	<u>\$ 18,244</u>	<u>\$ 302,861</u>	<u>\$ 250,958</u>	<u>\$ 2,859,300</u>

The accompanying notes are an integral part of these financial statements

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Support Services</u>	<u>Total</u>
Salaries and wages	\$ 96,070	\$ 91,682	\$ 187,752	\$1,739,140
Volunteers	-	-	-	96,309
Payroll taxes and employee benefits	17,340	21,539	38,879	376,044
Consultants	1,967	3,368	5,335	209,035
Rent	14,062	21,701	35,763	277,774
Travel	40	438	478	31,616
General supplies	3,633	(104)	3,529	36,426
Program supplies	812	-	812	67,078
Printing	-	445	445	445
Training & recruitment	71	370	441	13,941
Dues and subscriptions	941	3,284	4,225	46,315
Meetings	24,877	6,483	31,360	36,499
Depreciation	-	10,140	10,140	65,838
Insurance	513	704	1,217	40,990
Bank & payroll fees	2,534	533	3,067	7,033
Direct mail	200	-	200	200
Postage and shipping	274	76	350	1,102
Utilities	27	37	64	481
Repairs & maintenance	-	13	13	11,193
Communications	7,673	12,453	20,126	145,737
Miscellaneous expenses	-	822	822	1,122
Total expenses	<u>\$ 171,034</u>	<u>\$ 173,984</u>	<u>\$ 345,018</u>	<u>\$3,204,318</u>

The accompanying notes are an integral part of these financial statements

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Healthcare for the Homeless	Street Outreach Services (SOS)	HIV/AIDS Program	Work Force Development	Health Policy
Salaries and wages	\$ 746,817	\$ 252,945	\$ 30,816	\$ 54,720	\$177,214
Volunteers	-	110,477	-	-	-
Payroll taxes and employee benefits	132,465	68,130	6,232	16,384	27,016
Consultants	32,046	3,991	674	467	2,028
Rent	97,053	59,367	5,780	5,795	11,729
Travel	24,879	5,208	423	652	6,234
General supplies	3,260	1,539	188	188	275
Program supplies	1,057	84,114	-	-	4
Printing	83	323	-	-	83
Training & recruitment	9,075	330	-	5,802	1,855
Dues and subscriptions	4,518	1,642	34	786	23,231
Meetings	128	1,166	1	136	3
Depreciation	4,969	8,592	-	-	-
Insurance	7,913	23,772	457	449	609
Bank & payroll fees	1,593	1,958	95	94	186
Direct mail	-	-	-	-	-
Postage and shipping	325	410	20	44	38
Utilities	221	107	13	13	28
Repairs & maintenance	-	11,263	-	-	-
Communications	52,191	30,965	3,050	3,062	5,923
Miscellaneous expenses	-	-	-	-	-
<b>Total expenses</b>	<b><u>\$ 1,118,593</u></b>	<b><u>\$ 666,299</u></b>	<b><u>\$ 47,783</u></b>	<b><u>\$ 88,592</u></b>	<b><u>\$256,456</u></b>

The accompanying notes are an integral part of these financial statements

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	MIS / VPN	Community Services	Quality Improvement Program	Patient Services	Total Program Services
Salaries and wages	\$ 48,141	\$ 11,245	\$ 148,305	\$ 86,589	\$ 1,556,792
Volunteers	-	-	-	-	110,477
Payroll taxes and employee benefits	11,064	2,215	30,580	12,826	306,912
Consultants	32,150	6,627	5,272	1,544	84,799
Rent	3,803	1,867	14,237	19,114	218,745
Travel	4,120	-	1,171	1,390	44,077
General supplies	18,351	50	463	621	24,935
Program supplies	9,081	89	772	-	95,117
Printing	-	-	84	-	573
Training & recruitment	2,790	-	38,489	237	58,578
Dues and subscriptions	6,662	9	82	117	37,081
Meetings	18	1,969	886	3	4,310
Depreciation	5,364	-	9,332	-	28,257
Insurance	286	122	1,128	1,487	36,223
Bank & payroll fees	61	25	234	311	4,557
Direct mail	-	-	-	-	-
Postage and shipping	12	5	48	63	965
Utilities	9	3	33	44	471
Repairs & maintenance	-	-	-	-	11,263
Communications	3,459	813	7,844	10,099	117,406
Miscellaneous expenses	-	-	-	-	-
<b>Total expenses</b>	<b><u>\$ 145,371</u></b>	<b><u>\$ 25,039</u></b>	<b><u>\$ 258,960</u></b>	<b><u>\$134,445</u></b>	<b><u>\$ 2,741,538</u></b>

The accompanying notes are an integral part of these financial statements

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Support Services</u>	<u>Total</u>
Salaries and wages	\$ 36,821	\$ 216,409	\$ 253,230	\$1,810,022
Volunteers	-	-	-	110,477
Payroll taxes and employee benefits	7,604	45,145	52,749	359,661
Consultants	1,095	43,806	44,901	129,700
Rent	13,340	20,567	33,907	252,652
Travel	2	879	881	44,958
General supplies	2,114	909	3,023	27,958
Program supplies	22	2,603	2,625	97,742
Printing	-	84	84	657
Training & recruitment	661	2,002	2,663	61,241
Dues and subscriptions	1,877	2,088	3,965	41,046
Meetings	27,237	10,622	37,859	42,169
Depreciation	-	10,464	10,464	38,721
Insurance	1,054	1,447	2,501	38,724
Bank & payroll fees	735	654	1,389	5,946
Direct mail	-	100	100	100
Postage and shipping	294	72	366	1,331
Utilities	31	41	72	543
Repairs & maintenance	-	-	-	11,263
Communications	7,038	10,983	18,021	135,427
Miscellaneous expenses	-	10,799	10,799	10,799
Total expenses	<u>\$ 99,925</u>	<u>\$ 379,674</u>	<u>\$ 479,599</u>	<u>\$3,221,137</u>

The accompanying notes are an integral part of these financial statements

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(with comparative totals for the year ended June 30, 2018)**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 79,617	\$ (196,630)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	65,838	38,721
Decrease in operating assets:		
Grants and contracts receivable	(485,738)	691,602
Receivables due from member clinics	(5,384)	(6,924)
Other receivables	(10,755)	1,522
Prepaid expenses and security deposit	(54,941)	(20,432)
Increase (Decrease) in operating liabilities:		
Accounts payable and accrued expenses	57,630	13,761
Grants payable	445,483	(402,840)
Trust fund payable	<u>(828)</u>	<u>(2,311)</u>
Net cash provided by operating activities	<u>90,922</u>	<u>116,469</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	<u>(134,544)</u>	<u>(111,130)</u>
Net cash used in investing activities	<u>(134,544)</u>	<u>(111,130)</u>
Net change in cash and cash equivalents	(43,622)	5,339
Cash and cash equivalents, beginning of year	<u>84,814</u>	<u>79,475</u>
Cash and cash equivalent, end of year	<u><u>\$ 41,192</u></u>	<u><u>\$ 84,814</u></u>

The accompanying notes are an integral part of these financial statements

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - GENERAL AND ORGANIZATIONS**

San Francisco Community Clinic Consortium (SFCCC) was incorporated in 1983 as a non-profit public benefit corporation to promote the provision of health care for everyone on an equal basis in the City and County of San Francisco by working for the common good of non-profit community based health centers. SFCCC is an association of ten partner clinics providing a full range of community-based related services geared to lower income families of the City and County of San Francisco. SFCCC is exempt from Federal and California income taxes under Section 501 (c)(3) of the Internal Revenue Code, and Section 23701(d) of the California Revenue and Taxation Code.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

*A. Basis of Accounting*

SFCCC maintains its books and prepares its financial statements and exempt tax returns using the accrual basis of accounting.

*B. Basis of Presentation*

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

*C. Measure of Operation*

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to SFCCC's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

*E. Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, SFCCC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

*F. Property and Equipment*

Property and equipment with a unit cost of \$5,000 or more is capitalized whether purchased or donated. Property and equipment of SFCCC are recorded at cost and depreciated using the straight-line method. Estimated useful lives for depreciation purposes are as follows: buildings, 40 years; building improvements, 20 years; and furniture and equipment, 5 to 10 years. Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

*G. Restricted and Unrestricted Support and Revenue*

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as "net assets released from restriction".

*H. Functional Expense Allocation*

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated consisted primarily of salaries and wages expense which was allocated based on time and effort.

*I. Taxation*

The Organization is not classified as a private foundation and is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c) (3) and California Revenue and Taxation Code Section 23701d respectively. The Organization is considered a publicly supported organization. The Financial Accounting Standards Board (FASB) interpretation No. 48, Accounting for Uncertainty in Income Taxes, subsequently included in the FASB codification as ASC 740 prescribes a recognition threshold and a measurement attribute for financial statement recognition of tax positions taken or expected to be taken on a tax return.

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*I. Taxation - Cont'd*

Management has considered its tax position and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three and four years respectively after they are filed

*J. New Accounting Pronouncements*

**Adopted**

For the year ended June 30, 2019, the organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-profits (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in formation about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied accordingly. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions.

**Not yet adopted**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The adoption of ASU 2016-02 is effective for the Organization for the year ending June 30, 2020. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), 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 satisfies a performance obligation.

In August 2015, the FASB issued ASU No. 2015-14, Deferral of the Effective Date ("ASU 2015-14"), 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) ("ASU 2016-08"), 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 ("ASU 2016-10"), 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.

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

In May 2016, the FASB issued ASU No. 2016-12, Narrow-Scope Improvements and Practical Expedients ("ASU 2016-12"), which provides narrow-scope improvements and practical expedients to ASU 2014-09. ASU 2014-09, ASU 2015-14, ASU 2016-08, ASU 2016-10, and ASU 2016-12 are effective for the Organization for the year ending June 30, 2020. Management is currently evaluating the impact of the provisions of ASU No. 2014-09, ASU 2015-14, ASU 2016-08, ASU 2016-10, and ASU 2016-12 on the financial statements.

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 Made. 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 adoption of ASU 2018-08 is effective for the Organization for the year ending June 30, 2020. Management is currently evaluating the impact of the provisions of ASU 2018-08 on the financial statements.

**NOTE 3 - CONCENTRATION OF CREDIT RISK**

Certain financial instruments potentially subject SFCCC to concentrations of credit risk. These financial instruments consist primarily of cash, cash equivalents and receivables. SFCCC places its cash and cash equivalents with high credit and quality financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balance for the year ended June 30, 2019 and 2018, were \$0 and \$45,656, respectively. SFCCC is not significantly exposed to credit risk on the grant accounts receivable as those receivables are collectible from the Federal Agencies against reimbursement claims from the sub-recipients and SFCCC maintains counter grant accounts payable to sub-grantees. SFCCC has not experienced significant write-downs in its accounts receivable balances.

**NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

San Francisco Community Clinic Consortium monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. San Francisco Community Clinic Consortium had the following financial assets that could readily be made available within one year to fund expenses without limitations:

<u>Financial Assets</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 41,192	\$ 84,814
Grants and contracts receivable	2,218,563	1,732,825
Receivables due from member clinics	26,735	21,351
Other receivables	<u>18,109</u>	<u>7,354</u>
Total financial assets available for general expenditures within one year	<u>\$ 2,304,599</u>	<u>\$ 1,846,344</u>

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 - GRANTS AND CONTRACTS RECEIVABLE**

Contracts and grants receivable at June 30, were as follows:

	<u>2019</u>	<u>2018</u>
Healthcare for the Homeless	\$ 1,705,657	\$ 1,203,209
Ryan White Part C	111,202	116,792
Kaiser Permanente	-	290,000
SFHP ER Diversion	150,000	-
The California Endowment	122,500	-
AFL Enterprises, LLC	10,000	-
San Francisco Health Plan	62,534	70,454
UCSF - AHEC	31,670	27,370
UCSF - SFCAN	<u>25,000</u>	<u>25,000</u>
Total contracts and grants receivable	<u>\$ 2,218,563</u>	<u>\$ 1,732,825</u>

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletion</u>	<u>June 30, 2019</u>
Furniture, fixtures & equipments	\$ 1,185,448	\$ 134,544	\$ 753,965)	\$ 566,027
Accumulated depreciation	<u>(996,249)</u>	<u>(65,838)</u>	<u>753,965</u>	<u>(308,122)</u>
Total property and equipments- net	<u>\$ 189,199</u>	<u>\$ 68,706</u>	<u>\$ -</u>	<u>\$ 257,905</u>

During the years ended June 30, 2019 and 2018, total additions to property and equipment were \$134,544 and \$111,130 respectively.

Total depreciation expense for the years ended June 30, 2019 and 2018 were \$65,838 and \$38,721 respectively.

**NOTE 7 - DONATED GOODS AND SERVICES**

SFCCC recognizes the estimated fair value of donated goods and certain services received both as revenue and an offsetting expense item. Donated goods and services totaled \$244,710 and \$177,897 for the years ended June 30, 2019 and 2018, respectively. Donated goods and services were mainly medical staff volunteer services and medical supplies used to support SFCCC's Street Outreach program.

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 8 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES**

*Healthcare for the Homeless* -- Funded by the Federal Bureau of Primary Health Care, SFCCC provides medical care, dental services health education, outreach and referral, and substance abuse and mental health services to more than 24,000 homeless clients annually. In addition to its partner clinics, SFCCC also works with the San Francisco Department of Public Health and its in-house Street Outreach Services to provide this service.

*Street Outreach Services (SOS)* -- Working under the funding of the Healthcare for the Homeless program and through the volunteer efforts of UCSF Internal Medicine residents and others, SOS is instrumental in meeting the health needs of homeless people in San Francisco. The SOS team, in addition to providing needed medical services for the homeless population, is also active in the creation of new clinics in previously undeserved areas of San Francisco.

*HIV/AIDS* -- Funded through Part C of the Ryan White C.A.R.E. Act, SFCCC provides medical care, medication adherence support, HIV counseling and testing, and treatment advocacy to approximately 850 HIV/AIDS clients annually. With additional public support, SFCCC provides additional resources such as bus tokens, grocery vouchers and nutritional supplements to these same clients.

*Work Force Development* -- Since 2004, SFCCC has served as the U.S. Health Resources and Services Administration (HRSA)-designated SF Area Health Education Center (AHEC). SFCCC is dedicated to promoting workforce development in its member CHCs and Street Outreach Services (SOS) mobile clinic, through training of future health care professionals and continuing education for current CHC staff. SFCCC partners with other community leaders to develop pathways to careers in community health care.

*Health Policy and Planning* -- Funded in part by the California Endowment, SFCCC researches and develops solutions related to community health care delivery issues at the local, state and national level.

*Information Technology* -- Seeks to improve the quality and access to care delivered to SFCCC uninsured and underinsured patients, through the installation of access to the San Francisco Department of Public Health's electronic medical records application via a wide area network.

*Community Services* -- Activities under this category includes SFCCC efforts for Emergency Preparedness and supporting the agency's Consumer Advisory Panel.

*Continuous Quality Improvement* -- Funded primarily by the Kaiser Foundation, the program interprets health outcome data across consortium sites, shares effective strategies for improving health care, and collaborates in identifying best practices for treating patients with specific health conditions such as diabetes and cardiovascular disease.

*Patient Services* -- Funded in part by the San Francisco Health Plan's Healthy San Francisco Program, SFCCC staff work with its partner clinics to train support staff with determining patients' eligibility for health care coverages and enrolling patients into these plans. Additional activities include working with partner clinics to development methods of communications to patients for follow up health care services.

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9 - VULNERABILITY DUE TO CONCENTRATION**

SFCCC receives a substantial portion of its support from government agencies. A significant reduction in the level of this support may have an adverse effect on its ability to continue those programs and activities, which are funded by these government agencies. In addition, the related grants/contracts are subject to audit by funding agencies; and disallowed costs, if any, found as a result of the audits must be repaid to the grantor.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

I- SFCCC has entered into various non-cancelable office space and equipment operating leases that expire at various dates through April 2022. For the years ended June 30, 2019 and 2018, occupancy expense including utilities totaled \$273,461 and \$247,562 respectively. For the years ended June 30, 2019 and 2018 equipment lease expense was \$4,794 and \$5,633, respectively.

The future determinable minimum lease payments required under these leases are as follows:

<u>Year ended June 30,</u>	
2020	237,089
2021	247,662
2022	<u>107,235</u>
Total	<u>\$ 591,986</u>

II- SFCCC receives funding from governmental agencies and foundations in the form of grants and contracts. Significant amounts of these grants and contracts are passed through to its partner clinics. As a pass-through entity, SFCCC is responsible for monitoring the sub-recipient's use of federal awards to provide reasonable assurance that the sub-recipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. SFCCC and the partner clinics are subject to review or audit by these agencies regarding compliance with terms and conditions of the grants, contracts and specific program performances and requirements. Management believes that SFCCC has complied with all aspects of the grant and contract provisions and those adjustments, if any, would be insignificant to the financial position of SFCCC.

**NOTE 11 - PENSION AND RETIREMENT PLANS**

SFCCC has two 403(b) plans for all eligible employees. One plan is for employee contributions and all employees are eligible. Contributions to this plan are voluntary and 100% vested. The second plan is for employer contributions. Eligibility for this plan is based on 1,000 hours of service and active employment on the last day of the plan year. This plan provides for discretionary contributions by SFCCC, as determined annually by the Board of Directors, and allocated to each participant proportional to their compensation. This plan is also 100% vested. For the years ended June 30, 2019 and 2018 SFCCC made contributions of \$59,734 and \$33,662, respectively.

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 - RELATED PARTY TRANSACTIONS**

SFCCC has significant interactions with its partner clinics. Some are sub-recipients of the federal awards SFCCC receives. Each has representation on the SFCCC's Board of Directors. Some partner clinics have cooperative purchasing arrangements with SFCCC and all pay membership fees to be a part of the consortium. Each clinic that is a sub-recipient of SFCCC and is monitored by SFCCC for quality assurance and contract compliance. The eleven partner clinics comprising SFCCC are:

◆ **Curry Senior Center (CSC):**

CSC provides community-based long term care for people 55 and older.

◆ **Health Right 360 (HR360):**

Provides primary care for low-income and uninsured San Franciscans with linkages to outpatient and residential substance abuse treatment.

◆ **Mission Neighborhood Health Center (MNHC):**

Offers a full range of medical care and preventive services for a predominantly Latino population.

◆ **Native American Health Center (NAHC):**

Provides medical and dental services for a primarily Native American population.

◆ **North East Medical Services (NEMS):**

NEMS provides affordable, comprehensive, compassionate, and quality health care services in a linguistically competent and culturally sensitive manner to improve the health and well-being of the community it serves.

◆ **San Francisco Free Clinic (SFFC):**

Provides routine and preventive care to children, adults and elderly who are uninsured.

◆ **Saint Anthony Medical Clinic (SAMC):**

Provides free medical care and referrals for uninsured adults and children in San Francisco.

◆ **South of Market Health Center (SMHC):**

Serves the multi-cultural South of Market neighborhood, SMHC offers a full range of primary, prevention and dental services.

◆ **San Francisco Community Health Center (SFCHC):**

Provide health care within the Tenderloin Neighborhood to everyone, regardless of immigration status or ability to pay. The clinic specializes in health care for LGBTQ communities and people of color.

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 - RELATED PARTY TRANSACTION (CON'D)**

◆ **BAART Community Health Care (BAART):**

Its mission is to provide people with cost effective, comprehensive primary medical care and other health care services at its clinics or through community linkages, and to make such services available to as many people as possible that seek them. By doing so, BAART can foster the health, happiness and longevity of those individuals and can help them benefit everyone's communities.

◆ **Planned Parenthood, Northern California (PPNC):**

The agency offers friendly and compassionate health care to nearly 100,000 people a year, across a vast area that spans 20 Northern California counties from San Francisco to Del Norte on the Oregon border.

The details of mutual transactions between SFCCC and its partners and the outstanding balances as of June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Sub-grants to partner clinics as sub-recipients of federal and public grants for the years ended June 30,	\$ 7,029,088	\$ 6,631,344
Support received from partner clinics for reimbursement, membership fees, and other services for the years ended June 30,	\$ 140,779	\$ 169,870
Outstanding grants payable to partner clinics as of June 30,	\$ 1,497,592	\$ 1,183,281

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS**

SFCCC received contributions that have donors' restriction on the purpose and the timing of funds use. Net assets with donor restrictions are available for the following purposes for the years ended June 30, 2019 and 2018:

	Balance at Beginning of the Year	Funds Received During the Year	Releases from Restrictions	Balance at End of the Year
Kaiser PHASE	\$ 50,000	\$ -	\$ 50,000	\$ -
Banfield	-	7,000	7,000	-
Kaiser Perrenante	65,000	-	65,000	-
California Endowment	-	245,000	201,000	44,000
San Francisco Health Plan	9,000	300,000	134,000	175,000
Regents of The University of California	40,000	-	40,000	-
Jewish Community Federation	-	20,000	20,000	-
Pet Smart	-	40,000	40,000	-
Norcal Group Foundation	-	20,000	20,000	-
Thelma Doelger Trust For Animals	-	20,000	20,000	-
Metta	-	25,000	25,000	-
AFL Enterprises / DTI	-	12,500	4,200	8,300
NEMS	-	5,000	5,000	-
Others (under \$5,000)	-	12,110	12,110	-
Total	<u>\$ 164,000</u>	<u>\$ 706,610</u>	<u>\$ 643,310</u>	<u>\$ 227,300</u>

**NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS**

SFCCC reviewed the results of operations for the period of time from its year end June 30, 2019 through November 29, 2019, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

## **SUPPLEMENTARY INFORMATION**

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b><u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</u></b>	<b><u>CFDA NUMBER</u></b>	<b><u>AWARD NUMBER</u></b>	<b><u>PROGRAM EXPENDITURE</u></b>
Department of Health and Human Services:			
Health Center Cluster	93.224	6H80CS00049	\$ 3,548,409
Health Center Cluster	93.527	6H80CS00049	<u>3,900,301</u>
Total Health Center Cluster			<u>7,448,710</u>
Ryan White Part C Outpatient EIS Program	93.918	6H76HA00163	751,690
Pass-Through University of California San Francisco:			
Area Health Education Program	93.107	U77HP23071	<u>94,970</u>
Total Department of Health and Human Services			<u>8,295,370</u>
Total Expenditures of Federal Awards			<u>\$ 8,295,370</u>

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2019**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of San Francisco Community Clinic Consortium under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of San Francisco Community Clinic Consortium, it is not intended to and does not present the financial position, changes in net assets or cash flows of San Francisco Community Clinic Consortium in accordance with accounting principles generally accepted in the United States of America.

**Note 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 expenditure are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**Note 3. Subrecipients**

Of the federal expenditures presented in the Schedule, San Francisco Community Clinic Consortium provided federal awards to the Subrecipients as follows:

93.224 & 93.527 - Health Center Cluster	\$ 2,004,167
93.918 - Ryan White Part C Outpatient EIS Program	<u>233,942</u>
Total	<u>\$ 2,238,109</u>

**Note 4. Indirect Cost Rate**

Expenditure reported on the Schedule do not include indirect costs. San Francisco Community Clinic Consortium has elected not to use 10% de minimis indirect cost rate.

## **ADDITIONAL INFORMATION**

**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**

To the Board of Directors  
San Francisco Community Clinic Consortium  
San Francisco, California

I 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 San Francisco Community Clinic Consortium, which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, and cash flows for the year then ended June 30, 2019, and the related notes to the financial statements, which collectively comprise San Francisco Community Clinic Consortium and have issued my report thereon dated November 29, 2019.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered San Francisco Community Clinic Consortium'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 San Francisco Community Clinic Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of San Francisco Community Clinic Consortium'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.

My 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 weakness or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Francisco Community Clinic Consortium's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my 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.

*Patel & Associates*

Oakland, California  
November 29, 2019

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

To the Board of Directors  
San Francisco Community Clinic Consortium  
San Francisco, California

**Report on Compliance for Each Major Federal Program**

I have audited San Francisco Community Clinic Consortium's compliance with the types of compliance requirements described in the Uniform Guidance Compliance Supplement that could have a direct and material effect on each of San Francisco Community Clinic Consortium's major programs for the year ended June 30, 2019. San Francisco Community Clinic Consortium's major 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**

My responsibility is to express an opinion on compliance for each of San Francisco Community Clinic Consortium's major federal programs based on my audit of the compliance requirements referred to above. I 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 I 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 San Francisco Community Clinic Consortium's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of San Francisco Community Clinic Consortium's compliance.

### **Opinion on Each Major Federal Program**

In my opinion, San Francisco Community Clinic Consortium complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of San Francisco Community Clinic Consortium is responsible for establishing and maintaining effective internal control over compliance with the types compliance requirements referred to above. In planning and performing my audit of compliance, I considered San Francisco Community Clinic Consortium'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, I do not express an opinion on the effectiveness of San Francisco Community Clinic Consortium'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 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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.

*Patel & Associates*

Oakland, California  
November 29, 2019

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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)	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.224	Health Center Cluster
93.527	Health Center Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee	No

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None Reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None Reported

**SAN FRANCISCO COMMUNITY CLINIC CONSORTIUM  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

The following summarizes the prior year audit finding:

FINDING 2018-001 Reporting - Resolved