

SOUTHWEST CARE CENTER
FINANCIAL STATEMENTS AND
SINGLE AUDIT COMPLIANCE REPORTS
YEARS ENDED JUNE 30, 2019 AND 2018

**SOUTHWEST CARE CENTER
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Southwest CARE Center
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of Southwest CARE Center (the Organization), which comprise the balance sheets as of June 30, 2019 and 2018, and the related statements of operations, 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.

Auditors' 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 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 auditors' 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 Southwest CARE Center as of June 30, 2019 and 2018, and the results of its operations, changes in 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 Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, Southwest CARE Center adopted a provision of Financial Accounting Standards Board Accounting Standards Updates 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The new accounting standard changes the presentation of various classifications and disclosures within the financial statements. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019, on our consideration of Southwest CARE 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Southwest CARE Center'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 Southwest CARE Center's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado
December 6, 2019

**SOUTHWEST CARE CENTER
BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 442,919	\$ 1,879,748
Restricted Cash	92,130	259,928
Accounts Receivable:		
Patient Accounts Receivable, Net	1,150,854	684,640
Pharmacy Receivables, Net	2,212,192	2,626,376
Grants Receivable	220,051	471,003
Research and Other Receivables	167,864	154,086
Inventory	729,522	753,509
Prepaid Expenses	499,609	368,753
Total Current Assets	5,515,141	7,198,043
INVESTMENTS	5,137,600	7,119,905
PROPERTY AND EQUIPMENT, NET	5,403,947	5,286,614
OTHER ASSETS	14,269	14,269
Total Assets	\$ 16,070,957	\$ 19,618,831
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,948,892	\$ 1,798,434
Accrued Salaries and Benefits	1,188,677	951,089
Current Portion of Long-Term Debt	45,761	43,969
Total Current Liabilities	3,183,330	2,793,492
LONG-TERM DEBT, NET OF CURRENT PORTION	301,718	347,490
Total Liabilities	3,485,048	3,140,982
NET ASSETS		
Net Assets without Donor Restrictions	12,540,805	16,310,889
Net Assets with Donor Restrictions	45,104	166,960
Total Net Assets	12,585,909	16,477,849
Total Liabilities and Net Assets	\$ 16,070,957	\$ 19,618,831

See accompanying Notes to Financial Statements.

**SOUTHWEST CARE CENTER
STATEMENTS OF OPERATIONS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
SUPPORT AND REVENUES		
Net Patient Service Revenue	\$ 3,507,113	\$ 3,202,278
Pharmacy Revenue	36,677,992	36,396,098
Research Revenue	850,405	975,680
Grant Revenue:		
Federal Grant Funds	1,678,754	1,826,384
State Grants	1,064,432	630,759
Other Grant Revenue	95,542	122,662
Total Grant Revenue	2,838,728	2,579,805
In-Kind Contributions	148,710	148,710
Other Contributions	57,071	14,754
Other Revenue	60,717	67,027
Investment Income, Net	567,695	456,321
Net Assets Released from Restrictions for Operations	174,756	397,881
Total Support and Revenue	44,883,187	44,238,554
EXPENSES		
Salaries and Benefits	18,566,027	15,745,860
Program Expenses	1,132,627	1,096,045
Contractual Services	1,466,057	1,305,270
Supplies	23,235,808	21,499,962
Advertising	263,986	220,571
Repairs and Maintenance	578,354	406,978
Occupancy	500,471	511,710
Utilities	566,889	462,379
General and Administrative	1,380,574	1,342,135
Depreciation	789,570	822,837
Interest	24,198	15,112
In-Kind Expenses	148,710	148,710
Total Expenses	48,653,271	43,577,569
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ (3,770,084)	\$ 660,985

See accompanying Notes to Financial Statements.

**SOUTHWEST CARE CENTER
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Excess (Deficit) of Revenues over Expenses	<u>\$ (3,770,084)</u>	<u>\$ 660,985</u>
Increase (Decrease) in Net Assets without Donor Restrictions	<u>(3,770,084)</u>	<u>660,985</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	52,900	344,886
Net Assets Released from Restrictions for Operations	<u>(174,756)</u>	<u>(397,881)</u>
Decrease in Net Assets with Donor Restrictions	<u>(121,856)</u>	<u>(52,995)</u>
INCREASE (DECREASE) IN NET ASSETS	(3,891,940)	607,990
Net Assets - Beginning of Year	<u>16,477,849</u>	<u>15,869,859</u>
NET ASSETS - END OF YEAR	<u><u>\$ 12,585,909</u></u>	<u><u>\$ 16,477,849</u></u>

See accompanying Notes to Financial Statements.

**SOUTHWEST CARE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (3,891,940)	\$ 607,990
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	789,570	822,837
Realized Gains on Investments	(614,365)	(207,425)
Unrealized (Gains) Losses on Investments	139,594	(167,147)
Restricted Contributions	(52,900)	(344,886)
(Increase) Decrease in Assets:		
Patient and Pharmacy Receivables	(52,030)	(113,821)
Grants Receivable	250,952	(208,504)
Research and Other Receivables	(13,778)	42,089
Inventory	23,987	(57,055)
Prepaid Expenses	(130,856)	(130,032)
Other Assets	-	(1,500)
Increase (Decrease) in Liabilities:		
Accounts Payable	(17,851)	415,778
Accrued Salaries and Benefits	237,588	109,900
Net Cash Provided (Used) by Operating Activities	(3,332,029)	768,224
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(738,594)	(188,099)
Purchase of Investments	(970,894)	(1,013,703)
Sales of Investments	3,427,970	931,954
Net Cash Provided (Used) by Investing Activities	1,718,482	(269,848)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted Contributions	52,900	344,886
Principal Payments on Long-Term Debt	(43,980)	(38,803)
Net Cash Provided by Financing Activities	8,920	306,083
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,604,627)	804,459
Cash and Cash Equivalents - Beginning of Year	2,139,676	1,335,217
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 535,049	\$ 2,139,676
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and Cash Equivalents	\$ 442,919	\$ 1,879,748
Restricted Cash	92,130	259,928
Total Cash and Cash Equivalents	\$ 535,049	\$ 2,139,676
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 24,198	\$ 15,112
In-Kind Contributions	\$ 148,710	\$ 148,710
Construction in Progress Purchases in Accounts Payable	\$ 168,309	\$ -

See accompanying Notes to Financial Statements.

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Southwest CARE Center (the Organization), is a New Mexico nonprofit organization formed to provide a compassionate, patient-centered environment where everyone can feel comfortable and respected while receiving the highest quality health care available. The Organization's mission is to improve the health of people living in the culturally diverse communities of New Mexico through access to the highest quality health care, education, research, and advocacy. The Organization operates facilities in Santa Fe, Albuquerque, Roswell, Espanola, Farmington, and Taos, New Mexico.

In May 2018, the Organization was designated as a Federally Qualified Health Center-Look Alike. This designation enabled the Organization to increase the care provided for uninsured and underinsured patients and expand services to provide care to patients covered by Medicaid, Medicare, and commercial insurance.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis, whereas, revenue is recognized when earned, and expenses are recognized when incurred, which is in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

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

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. At June 30, 2019 and 2018, the governing board has not designated any net assets.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At June 30, 2019 and 2018, there were no donor-imposed restrictions that were perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and short-term investments with an original maturity of three months or less from the date of purchase. As of the balance sheet date, and periodically throughout the year, the Organization maintained balances in deposit accounts in excess of federally insured limits.

Restricted Cash

Restricted cash and cash equivalents are limited in use to HCV tests, women's health services, and the AID and Comfort Program.

Patient and Pharmacy Accounts Receivables

Patient and pharmacy accounts receivable are uncollateralized patient and third-party obligations. Accounts receivable are stated at the net collectible invoice amounts. Payments of accounts receivable are applied to the specific invoices identified on the patient's or third-party's remittance advice, or, if unspecified, to the earliest unpaid invoice. There is no interest charged on unpaid accounts.

The Organization continuously monitors the expected realization of its billings and estimates contractual adjustments to provide for differences, as well as providing for allowances for doubtful accounts.

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient and Pharmacy Accounts Receivables (Continued)

The Organization determined the amount of the allowances by reference to cash collection experiences for its patient fees, Medicaid, Medicare, and other insurances. If there is a deterioration of the patient's creditworthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Organization could be adversely affected. Allowances for doubtful accounts as of June 30, 2019 and 2018 were approximately \$47,000 and \$41,000, respectively.

Inventory

Pharmaceuticals and supply inventories are accounted for using the lower of cost or net realizable value, with cost being determined on a first-in, first-out basis.

Investments

Investments in mutual funds and equity securities with readily determinable fair values are measured at fair value, based upon quoted market prices.

The Organization classifies their investments as trading securities and accordingly has included realized and unrealized gains and losses on investments in excess (deficit) of revenues over expenses.

Property and Equipment

The Organization provides depreciation of property and equipment using the straight-line method over the following useful lives:

Buildings and Improvements	10 to 39 Years
Leasehold Improvements	Shorter of Life of Lease or Useful Life
Equipment, Furniture, and Fixtures	3 to 15 Years
Computers and Software	3 to 7 Years

Individual and group purchases of property and equipment with a cost (or fair value of contributed items) of \$5,000 or more and a useful life of more than a year when purchased are capitalized.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. There was no impairment of long-lived assets at June 30, 2019 and 2018.

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Patient Service Revenue

The Organization has agreements with third-party payers, including Medicaid and Medicare that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates per encounter, negotiated rates per service provided, and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including retroactive adjustments under reimbursement agreements with third-party payers as final settlements are determined.

For uninsured patients that do not qualify for sliding fee adjustments, the Organization recognizes revenue on the basis of its standard rates for services provided. A significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a provision for bad debts related to uninsured patients in the period the services are provided. The Organization also records an allowance for contractual adjustments related to third-party payers for services provided. The provision for bad debts and contractual adjustments are recorded as a component of net patient service revenue.

Pharmacy Revenue

The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates. Pharmacy revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered.

Grant Revenue

The Organization receives support from various federal, state, and local government agencies. Grant receipts are subject to restrictions on the use of funds placed by the grantor. The Organization administers these funds in accordance with grantor guidelines. Grant revenue under cost reimbursement arrangements is recognized as expenses are incurred. Amounts incurred by not yet reimbursed are reported as grant receivables. Amounts received by not yet earned are reported as deferred grant revenue.

Contributions

The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, then net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations or statements of changes in net assets as net assets released from restrictions.

In-Kind Contributions

Contributions of clinical space, equipment, and services that create or enhance nonfinancial assets or that require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are valued at their estimated fair value as of the date of the contribution.

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2019 and 2018 was approximately \$264,000 and \$221,000, respectively.

Excess (Deficit) of Revenues of Expenses

The statements of operations include excess (deficit) of revenues over expenses. Changes in net assets without donor restrictions, which are excluded from excess (deficit) of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Tax-Exempt Status

The Organization qualifies as a tax-exempt corporation described in Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation, and contributions to the Organization qualify as charitable tax deductions by the contributor.

The Organization follows guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The application of this standard has no effect on the Organization's financial statements.

The Organization is not aware of any activities that would jeopardize its tax-exempt status or aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

Fair Value

The Organization follows accounting standards regarding the fair value measurement of financial assets and liabilities. Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value (Continued)

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Organization has a policy to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value, however, may elect to measure newly acquired financial instruments at fair value in the future.

New Accounting Pronouncements – ASU 2016-14

During the year ended June 30, 2019, the Organization adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions) and additional disclosures around liquidity. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

New Accounting Pronouncements – ASU 2014-09

In May 2014, the FASB issued changes to the accounting requirements for recognizing revenue from contracts with customers. These changes created a comprehensive framework for entities in all industries to apply in the determination of when to recognize revenue and, therefore, supersede virtually all existing revenue recognition requirements and guidance. This framework is expected to provide a consistent and comparable methodology for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this principle, an entity will apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract(s), (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract(s), and (v) recognize revenue when, or as, the entity satisfies a performance obligation. These changes are effective for fiscal years beginning after December 15, 2018. Management is evaluating the potential impact of these changes on the Organization's financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 6, 2019, the date the financial statements were available to be issued.

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2 LIQUIDITY AND AVAILABILITY

As of June 30, 2019 and 2018, the Organization has a working capital balance of \$2,186,571 and \$4,404,551, respectively. The Organization invests cash in excess of short-term requirements in investments. In addition, the Organization has fixed income and equity investments which are liquid within one week to two weeks.

The following table represents financial assets available for general expenditure within one year on June 30:

	2019	2018
Cash and Cash Equivalents	\$ 442,919	\$ 1,879,748
Restricted Cash	92,130	259,928
Accounts Receivable:		
Patient Accounts Receivable, Net	1,150,854	684,640
Pharmacy Receivables, Net	2,212,192	2,626,376
Grants Receivable	220,051	471,003
Research and Other Receivables	167,864	154,086
Investments	5,137,600	7,119,905
Total Financial Assets	<u>\$ 9,423,610</u>	<u>\$ 13,195,686</u>

The Organization has certain donor-restricted assets limited as to use which are available for general expenditure within one year in the normal course of operations. Accordingly, the assets have been included in the qualitative information above for financial assets to meet general expenditures within one year.

NOTE 3 INVESTMENTS

Investments at June 30 consisted of the following:

	2019	2018
Cash and Cash Equivalents	\$ 220,573	\$ 397,787
Fixed Income Mutual Funds	632,082	1,031,995
Equity Mutual Funds	259,911	461,022
Equities	3,743,072	4,794,617
Publicly Traded Partnerships	281,962	434,484
Total Investments	<u>\$ 5,137,600</u>	<u>\$ 7,119,905</u>

Investment income for the years ended June 30 consisted of the following:

	2019	2018
Interest and Dividends	\$ 151,696	\$ 142,129
Realized Gains	614,365	207,425
Unrealized Gains (Losses)	(139,594)	167,147
Investment Fees	(58,772)	(60,380)
Total Investment Income	<u>\$ 567,695</u>	<u>\$ 456,321</u>

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 4 PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 100,000	\$ 100,000
Building and Improvements	6,038,422	5,856,538
Equipment, Furniture, and Fixtures	846,788	752,298
Computers and Software	1,587,249	1,364,798
Construction in Progress	408,078	-
Total	<u>8,980,537</u>	<u>8,073,634</u>
Less: Accumulated Depreciation	<u>(3,576,590)</u>	<u>(2,787,020)</u>
Total Property and Equipment, Net	<u>\$ 5,403,947</u>	<u>\$ 5,286,614</u>

Construction in progress as of June 30, 2019 consists primarily of costs related to the new general ledger system implementation. The project is expected to be completed in January 2020 at an approximate total cost of \$850,000. The project is being funded internally.

NOTE 5 LONG-TERM DEBT

The following is a summary of long-term debt obligations at June 30:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Mortgage payable, due in monthly installments of \$4,902, including annual interest of 4.00%, secured by real property and improvements, due March 2026.	\$ 347,479	\$ 391,459
Total Long-Term Debt	347,479	391,459
Less: Current Portion of Long-Term Debt	<u>(45,761)</u>	<u>(43,969)</u>
Total Long-Term Debt, Net of Current Portion	<u>\$ 301,718</u>	<u>\$ 347,490</u>

Scheduled principal repayments on long-term debt obligations through maturity are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 45,761
2021	47,625
2022	49,565
2023	51,585
2024	53,686
Thereafter	99,257
Total	<u>\$ 347,479</u>

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 6 LINE OF CREDIT

On May 1, 2019, the Organization entered into a revolving line of credit with a financial institution in the amount of \$1,000,000. The revolving line of credit accrues interest at the Wall Street Journal Prime rate, which was 5.50% at June 30, 2019 and is collateralized by the Organization's assets. The revolving line of credit expires on April 29, 2020. There was no balance outstanding as of June 30, 2019.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

At June 30, the Organization had net assets with donor restrictions for the following purposes:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specific Purpose:		
Women's Health Services	\$ 902	\$ 6,014
HCV Testing	39,543	155,634
Aid & Comfort Fund	<u>4,659</u>	<u>5,312</u>
Total Net Assets Subject to Expenditure for Specific Purpose	<u>\$ 45,104</u>	<u>\$ 166,960</u>

NOTE 8 UNCOMPENSATED CARE

The Organization has a policy of providing care to uninsured patients who meet certain criteria under its policy at amounts less than its established rates, or without charge. However, all patients are requested to pay a minimum fee for each visit, although no patient is denied services because of inability to pay. Since management does not expect payment for this care, the services that are discounted from the established rates are excluded from revenue. During the years ended June 30, 2019 and 2018, the Organization provided approximately \$402,000 and \$335,000, respectively, of discounted services under this policy based on gross charges.

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 9 SIGNIFICANT CONCENTRATIONS AND CREDIT RISK

Government Funding

Approximately 62% and 48% of the Organization's revenues for the years ending June 30, 2019 and 2018, respectively, were generated from either government sponsored health programs or government funded grant programs. The programs are dependent upon continued funding from these government agencies and the legislative acts that impact the programs.

Patient Accounts Receivable

The Organization grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of accounts receivable from patients and third-party payers for medical services as of June 30 was as follows:

	2019	2018
Medicaid	40 %	30 %
Medicare	43	25
Self-Pay	4	8
Other Third-Party Payers	13	37
Total	100 %	100 %

NOTE 10 IN-KIND CONTRIBUTION

In-kind contributions include donated rent. Amounts received for the years ended June 30 were as follows:

	2019	2018
Alameda Rent	\$ 148,710	148710

NOTE 11 RETIREMENT PLAN

The Organization provides a 401(k) plan to eligible employees. Employees who have been with the Organization for six months or more are eligible to participate in the plan. The Organization will match up to 4% of the eligible participant's compensation. For the years ended June 30, 2019 and 2018, contributions to the plan were \$342,766 and \$358,955, respectively.

SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 12 FUNCTIONAL CLASSIFICATION OF EXPENSES

The financial statements report certain expense categories that are attributable to more than one healthcare service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, interest, and other occupancy costs, are allocated to a function based on a square-footage or units-of-service basis. Allocated healthcare services costs not allocated on a units-of service basis are otherwise allocated based on revenue.

Functional expenses consisted of the following for the years ended June 30:

	2019			
	Healthcare Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 15,749,560	\$ 2,816,467	\$ -	\$ 18,566,027
Program Expenses	1,130,902	1,725	-	1,132,627
Contractual Services	346,499	1,119,558	-	1,466,057
Supplies	23,056,053	179,755	-	23,235,808
Advertising	28,050	235,936	-	263,986
Repairs and Maintenance	267,125	311,229	-	578,354
Occupancy	264,766	235,705	-	500,471
Utilities	266,352	300,537	-	566,889
General and Administrative	877,187	435,083	68,304	1,380,574
Depreciation	624,958	164,612	-	789,570
Interest	14,846	9,352	-	24,198
In-Kind Expenses	148,710	-	-	148,710
Total	\$ 42,775,008	\$ 5,809,959	\$ 68,304	\$ 48,653,271

	2018			
	Healthcare Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 12,768,687	\$ 2,977,173	\$ -	\$ 15,745,860
Program Expenses	1,096,045	-	-	1,096,045
Contractual Services	316,692	988,578	-	1,305,270
Supplies	21,349,442	150,520	-	21,499,962
Advertising	20,585	199,986	-	220,571
Repairs and Maintenance	117,274	289,704	-	406,978
Occupancy	279,220	232,490	-	511,710
Utilities	440,587	21,792	-	462,379
General and Administrative	796,304	507,122	38,709	1,342,135
Depreciation	641,813	181,024	-	822,837
Interest	15,112	-	-	15,112
In-Kind Expenses	148,710	-	-	148,710
Total	\$ 37,990,471	\$ 5,548,389	\$ 38,709	\$ 43,577,569

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 13 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2019 and 2018:

2019	Level 1	Level 2	Level 3	Total
Assets:				
Fixed Income Mutual Funds	\$ 632,082	\$ -	\$ -	\$ 632,082
Equity Mutual Funds	259,911	-	-	259,911
Equities	3,743,072	-	-	3,743,072
Publicly Traded Partnerships	281,962	-	-	281,962
Total	<u>\$ 4,917,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,917,027</u>
2018	Level 1	Level 2	Level 3	Total
Assets:				
Fixed Income Mutual Funds	\$ 1,031,995	\$ -	\$ -	\$ 1,031,995
Equity Mutual Funds	461,022	-	-	461,022
Equities	4,794,617	-	-	4,794,617
Publicly Traded Partnerships	434,484	-	-	434,484
Total	<u>\$ 6,722,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,722,118</u>

NOTE 14 COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Organization has entered into operating leases for clinical space and administrative office space, which provide for current monthly base rentals ranging from \$200 to \$12,393, plus the Organization's proportionate share of building expenses and real estate taxes. The Organization has entered into other operating leases for office equipment, which provide for current monthly base rentals ranging from \$49 to \$257.

Rental expense under these operating leases was approximately \$500,000 and \$512,000 for the years ended June 30, 2019 and 2018, respectively. Rental expense is included in occupancy expense on the statements of operations.

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Approximate future minimum rental payments as of June 30, 2019 under the operating leases, not including any renewal options, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 446,843
2021	188,546
2022	1,400
Total	<u>\$ 636,789</u>

Santa Fe County Lease

The Organization's Alameda Campus is owned by Santa Fe County (the County). The cost of the lease from the County is an annual base rent of \$148,710. The base rent is included in in-kind contributions and in-kind expenses.

Under the lease agreement, the Organization may pay all or a part of the annual rental agreement in cash or the equivalent in the form of services provided to sick and indigent residents of the County that are not otherwise paid for with County money. The services are to be valued at no more than the maximum cost per encounter for each type of services as contained in the most current report issued by the New Mexico Department of Health pursuant to the Rural Primary Healthcare Act.

The Organization is required to provide the County with a quarterly written report that indicates the services provided to the County's indigent residents. In the event that the services provided are in excess of the quarterly rental amount, the Organization may carry forward the excess amount as a credit towards future rental payments. Management anticipates that the services provided to the County's indigent residents will continue to exceed the future rental payments due. As of June 30, 2019 and 2018, the Organization has accumulated \$6,312,333 and \$4,641,109, respectively, in excess services provided to indigent residents over the rental expense due. The excess carryover amount is not included in the financial statements as the carryover amount can only be used in exchange for rent per the agreement with the County.

Medical Malpractice Insurance Coverage and Claims

The Organization insures its medical practice risks under an occurrence-based insurance policy. Coverage limits are \$200,000 per occurrence and \$600,000 in aggregate. It is possible that claims may exceed coverage available in any given year.

Grants

The Organization has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a review or audit by the grantor may become a liability of the Organization. Such amounts will be recognized in the period they become known.

**SOUTHWEST CARE CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. This coverage has not changed significantly from the previous year.

Healthcare Legislation and Regulation

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violation of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Organization is in substantial compliance with fraud and abuse as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations is subject to government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Other

In the normal course of business, there could be various outstanding contingent liabilities such as, but not limited to, the following:

- Lawsuits alleging negligence in care.
- Environmental pollution.
- Violation of regulatory body's rules and regulations.
- Violation of federal and/or state laws.

No contingent liabilities such as, but not limited to those described above, are reflected in the accompanying financial statements. No such liabilities have been asserted and therefore, no estimate of loss, if any, is determinable.



**INDEPENDENT AUDITORS' 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***

Board of Directors
Southwest CARE Center
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwest CARE Center (the Organization), which comprise the balance sheet as of June 30, 2019, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free of 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 the 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 reports 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 result of that testing, and not to provide an opinion on the effectiveness of Southwest CARE Center’s internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Southwest CARE Center’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Denver, Colorado
December 6, 2019



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

Board of Directors
Southwest CARE Center
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Southwest CARE Center's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 Organization'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 Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Southwest CARE 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 June 30, 2019.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization'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 Organization'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* 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 over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.



CliftonLarsonAllen LLP

Denver, Colorado
December 6, 2019

**SOUTHWEST CARE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified not considered to be material weakness(es)? _____ 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 not considered to be material weakness(es)? _____ yes X none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 500.516(a)? _____ yes X none reported

Identification of major programs:

CFDA Number(s)

93.918

Name of Federal Program or Cluster

Ryan White HIV/AIDS Program Part C

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X yes _____ no

**SOUTHWEST CARE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

There were no findings noted.

Section III – Federal Award Findings

None reported.

Section IV – Prior Year Findings

None reported.

**SOUTHWEST CARE CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency/ Pass-Through Identifying Number</u>	<u>Federal Disbursements/ Expenditures</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Direct Programs:</u>			
* Ryan White HIV/AIDS Program Part C	93.918	H76HA00612	\$ 454,305
Pass-Through Program From:			
State of New Mexico, Department of Health & Human Services:			
Ryan White HIV/AIDS Program Part B	93.917	19IDBHIV0107	<u>543,192</u>
Total U.S. Department of Health and Human Services			997,497
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	SWC-HOP	<u>681,257</u>
Total U.S. Department of Housing and Urban Development			<u>681,257</u>
Total Federal Awards			<u>\$ 1,678,754</u>

* Major Federal Program

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

This note is included to meet the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requirement that the schedule of expenditures of federal awards (the Schedule) include notes that describe the significant accounting policies used in preparing the Schedule. The accompanying schedule is prepared on the accrual basis of accounting and includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the *Uniform Guidance*. The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.