

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

REPORTS 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)

YEAR ENDED JUNE 30, 2020

# **PARTNERS IN CARE FOUNDATION, INC. AND SUBSIDIARIES**

## **REPORTS 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)**

**YEAR ENDED JUNE 30, 2020**

### **CONTENTS**

	<b>Page</b>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance .....	3
Schedule of Findings and Questioned Costs .....	5
Management's Corrective Action Plan .....	10
Consolidated Financial Statements .....	Appendix



WE ARE AN INDEPENDENT MEMBER OF  
THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

**AUDIT  
AND  
ASSURANCE**

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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Partners in Care Foundation, Inc. and Subsidiaries

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Partners in Care Foundation, Inc. and Subsidiaries (the Foundation), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Foundation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control over financial reporting that we consider to be a material weakness and a significant deficiency.

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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2020-001 to be a material weakness.

To the Board of Directors  
Partners in Care Foundation, Inc. and Subsidiaries

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2020-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Foundation's Response to Findings**

The Foundation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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.

*Green Hasson & Janks LLP*

April 30, 2021  
Los Angeles, California



WE ARE AN INDEPENDENT MEMBER OF  
THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

**AUDIT  
AND  
ASSURANCE**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Partners in Care Foundation, Inc. and Subsidiaries

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

We have audited Partners in Care Foundation, Inc. and Subsidiaries' (the Foundation) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2020. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Foundation'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 (CFR) 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 the Foundation'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 Foundation's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

To the Board of Directors  
Partners in Care Foundation, Inc. and Subsidiaries

### **Report on Internal Control over Compliance**

Management of the Foundation 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 Foundation'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 Foundation's internal control over compliance.

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

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

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

*Green Hasson & Janks LLP*

April 30, 2021  
Los Angeles, California

# **PARTNERS IN CARE FOUNDATION, INC AND SUBSIDIARIES**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** **Year Ended June 30, 2020**

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

#### **Consolidated Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Are any material weaknesses identified? ☒ Yes ☐ No
- Are any significant deficiencies identified? ☒ Yes ☐ None reported

Is any noncompliance material to consolidated financial statements noted? ☐ Yes ☒ No

#### **Federal Awards**

Internal control over major federal programs:

- Are any material weaknesses identified? ☐ Yes ☒ No
- Are any significant deficiencies identified? ☐ Yes ☒ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

# **PARTNERS IN CARE FOUNDATION, INC AND SUBSIDIARIES**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** **Year Ended June 30, 2020**

### **SECTION I - SUMMARY OF AUDITOR'S RESULTS** (continued)

#### **Federal Awards** (continued)

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.778	U.S. Department of Health and Human Services: Pass-through, State of California - Department of Aging Medicaid Cluster: Medical Assistance Program HCBA - Medi-Cal Waiver
93.043	U.S. Department of Health and Human Services: Pass-through, City of Los Angeles - Department of Aging Special Programs for the Aging - Title III - Part D Disease Prevention and Health Promotion Services  Pass-through, County of Los Angeles - Department of Aging Title III - D Disease Prevention and Health Promotion

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

Auditee qualified as a low-risk auditee? ☐ Yes ☒ No



# **PARTNERS IN CARE FOUNDATION, INC AND SUBSIDIARIES**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2020**

### **SECTION II - CONSOLIDATED FINANCIAL STATEMENT FINDINGS**

#### **FINDING 2020-001: YEAR-END CLOSING AND REPORTING (REPEAT FINDING OF 2019-001)**

*Criteria:* Regular and consistent account balance reconciliations and timely closing of the accounting records are important controls that ensure the Foundation's management and those charged with governance have access to complete and accurate information on a timely basis in order to make informed operational and financial decisions. In addition, reconciled balances help ensure accurate reporting of costs incurred for federal and state-funded programs and appropriately calculated requests for federal funds. Finally, timely year-end closing is critical for meeting the federal and state reporting deadlines.

*Condition:* General ledger account balances were not reconciled and the accounting records for the year ended June 30, 2020 were not closed for several months after year-end. Multiple adjustments were posted to the trial balance to reconcile the accounts, specifically adjustments were posted to adjust the accounts receivable, deferred revenues and revenues by a total of \$425,000, as well as several other account balances, such as deferred compensation plan assets and liabilities and accrued liabilities. Furthermore, we noted that bank reconciliations and month-end closing are not performed until 4-5 months after the month-end.

*Cause:* Account reconciliations were not performed until well after year-end, or, if performed, did not lead to identification of adjustments.

*Effect:* The year-end close process was delayed, which impacted the completion of the audit. Additionally, management and those charged with governance did not have access to complete and accurate internal financial reports for several months after year-end.

*Recommendation:* We recommend management establish appropriate policies and procedures to ensure all major general ledger accounts are reconciled on a monthly basis, and any variances and discrepancies are researched and corrected as soon as possible. This will help streamline the year-end reconciliation and closing process. Additionally, we recommend management establish controls to ensure federal reporting deadlines are met.

*Views of Responsible Officials and Planned Corrective Actions:* Management agrees with the finding. Management continues to implement and review policies that support clear timeline of ongoing reconciliations, year-end closing, and audit preparation. Controls have been updated to ensure timely completion of closing process and federal reporting for audit.

# **PARTNERS IN CARE FOUNDATION, INC AND SUBSIDIARIES**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** **Year Ended June 30, 2020**

### **SECTION II - CONSOLIDATED FINANCIAL STATEMENT FINDINGS (continued)**

#### **FINDING 2020-02: RECOGNITION OF CONTRIBUTION REVENUE (REPEAT FINDING OF 2019-002)**

*Criteria:* Accounting principles generally accepted in the United States of America require unconditional contributions and grants be recorded when received.

*Condition:* We noted that three unconditional donor restricted grants were not recorded in full at the time of receipt and were instead being recognized as related expenditures were incurred or services were provided. The unrecognized portions of these grants were either included in deferred revenues if received or not recorded at all.

*Cause:* Grants were deemed conditional by management and revenue was recognized as related expenses were incurred or services were provided.

*Effect:* Audit adjustments totaling \$192,900 were recorded to recognize the remaining unconditional amounts awarded under these grants as revenue for the year ended June 30, 2020.

*Recommendation:* We recommend management continue reviewing the terms of grant agreements to ensure revenue is recorded in the correct period.

*Views of Responsible Officials and Planned Corrective Actions:* Management agrees with finding and will continue to ensure a thorough review of new grants upon award notice to determine proper accounting.

### **SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no current year audit findings.

# **PARTNERS IN CARE FOUNDATION, INC AND SUBSIDIARIES**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2020**

### **SECTION IV - SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

#### **FINDING 2019-001: YEAR-END CLOSING AND REPORTING**

*Condition:* General ledger account balances were not reconciled and the accounting records for the year ended June 30, 2019 were not closed for several months after year-end. Multiple adjustments were posted to the trial balance to reconcile the accounts, specifically adjustments were posted to adjust the accounts receivable and the related reserve by a total of \$232,000, as well as several other account balances, such as beginning net assets and contract revenues.

*Recommendation:* We recommended management establish appropriate policies and procedures to ensure all major general ledger accounts are reconciled on a monthly basis, and any variances and discrepancies are researched and corrected as soon as possible. This would help streamline the year-end reconciliation and closing process. Additionally, we recommended management establish controls to ensure federal reporting deadlines are met.

*Current Status:* A material weakness was noted in the year ended June 30, 2020 related to the year-end closing and has been reported as finding 2020-001.

#### **FINDING 2019-02: RECOGNITION OF CONTRIBUTION REVENUE**

*Condition:* We noted that a portion of a \$200,000 unconditional general operating support grant totaling \$118,691 was not recognized as revenue for the year ended June 30, 2019, and instead was deferred.

*Recommendation:* We recommended management review the terms of grant agreements to ensure revenue was recorded in the correct period.

*Current Status:* A significant deficiency was noted in the year ended June 30, 2020 related to the recognition of contribution revenue and has been reported as finding 2020-002.

# **APPENDIX**

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

**CONTENTS**

	<b>Page</b>
Independent Auditor's Report.....	1
Consolidated Statement of Financial Position .....	3
Consolidated Statement of Activities .....	4
Consolidated Statement of Functional Expenses.....	5
Consolidated Statement of Cash Flows .....	6
Notes to Consolidated Financial Statements .....	7
Supplementary Information .....	26
Consolidated Schedule of Expenditures of Federal Awards.....	27



WE ARE AN INDEPENDENT MEMBER OF  
THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

**AUDIT  
AND  
ASSURANCE**

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Partners in Care Foundation, Inc. and Subsidiaries

### **Report on Consolidated Financial Statements**

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

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those 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 consolidated financial statements are free from material misstatement.

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

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

We have previously audited the Foundation's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Other Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 the Foundation's internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

April 30, 2021  
Los Angeles, California



**PARTNERS IN CARE FOUNDATION, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

June 30, 2020

With Summarized Totals at June 30, 2019

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
Cash and Cash Equivalents	\$ 4,484,943	\$ 230,832
Investments	945,661	887,669
Accounts Receivable (Net)	3,780,033	2,467,165
Grants Receivable	107,400	-
Deferred Compensation Plan Assets	645,398	738,255
Beneficial Interest in Charitable Remainder Trust	135,046	150,033
Prepaid Expenses and Other Assets	110,813	79,880
Property and Equipment (Net)	423,273	470,454
<b>TOTAL ASSETS</b>	<b>\$ 10,632,567</b>	<b>\$ 5,024,288</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable	\$ 384,243	\$ 524,334
Accrued Liabilities	1,540,275	1,103,583
Paycheck Protection Program Loan	1,581,500	-
Refundable Advances	940,930	246,249
Deferred Compensation Plan Liability	645,398	738,255
<b>TOTAL LIABILITIES</b>	<b>5,092,346</b>	<b>2,612,421</b>
<b>NET ASSETS:</b>		
Without Donor Restrictions	5,028,265	2,040,424
With Donor Restrictions	511,956	371,443
<b>TOTAL NET ASSETS</b>	<b>5,540,221</b>	<b>2,411,867</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,632,567</b>	<b>\$ 5,024,288</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**PARTNERS IN CARE FOUNDATION, INC. AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020  
With Summarized Totals for the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
<b>REVENUE AND SUPPORT:</b>				
Government Contracts	\$ 8,436,165	\$ -	\$ 8,436,165	\$ 7,352,315
Direct Service Contracts Revenues	9,476,600	-	9,476,600	4,970,825
Grants	440,047	155,500	595,547	491,364
Special Events (Net of Direct Special Event Expenses)	-	-	-	309,829
Contributions	98,913	-	98,913	67,630
Investment Return (Net)	53,791	-	53,791	88,497
Change in Value of Beneficial Interest in Charitable Remainder Trust	-	(14,987)	(14,987)	(5,666)
<b>TOTAL REVENUE AND SUPPORT</b>	<b>18,505,516</b>	<b>140,513</b>	<b>18,646,029</b>	<b>13,274,794</b>
<b>EXPENSES:</b>				
Program Services	12,173,628	-	12,173,628	8,983,974
Management and General	3,002,721	-	3,002,721	3,425,465
Fundraising	341,326	-	341,326	362,162
<b>TOTAL EXPENSES</b>	<b>15,517,675</b>	<b>-</b>	<b>15,517,675</b>	<b>12,771,601</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,987,841</b>	<b>140,513</b>	<b>3,128,354</b>	<b>503,193</b>
Net Assets - Beginning of Year	2,040,424	371,443	2,411,867	1,908,674
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,028,265</b>	<b>\$ 511,956</b>	<b>\$ 5,540,221</b>	<b>\$ 2,411,867</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**PARTNERS IN CARE FOUNDATION, INC. AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

With Summarized Totals for the Year Ended June 30, 2019

	Total Program Services				Total Program Services	Management and General	Fundraising	Total Expenses	
	Network Services	Long-Term Support Services	Health Self-Management	Fiscal Intermediary				2020	2019
Salaries and Wages	\$ 1,843,335	\$ 4,358,389	\$ 1,141,385	\$ -	\$ 7,343,109	\$ 1,243,681	\$ 228,834	\$ 8,815,624	\$ 6,958,706
Fringe Benefits	353,920	836,811	216,863	-	1,407,594	196,188	41,190	1,644,972	1,213,268
<b>TOTAL PERSONNEL COSTS</b>	2,197,255	5,195,200	1,358,248	-	8,750,703	1,439,869	270,024	10,460,596	8,171,974
Contract Labor	368,005	534,964	159,872	11,331	1,074,172	321,586	35,627	1,431,385	1,057,882
Purchased Services	20,304	960,967	-	-	981,271	-	-	981,271	884,483
Professional Fees	131,577	-	74,250	149	205,976	326,587	125	532,688	584,609
Office Expense and Program Supplies	48,272	165,533	108,236	6,234	328,275	156,955	18,721	503,951	481,937
Travel and Entertainment	92,887	65,844	71,695	13,197	243,623	72,707	10,637	326,967	343,603
Dues, Licenses, and Subscriptions	1,754	51,820	43,265	1,107	97,946	185,677	4,463	288,086	266,242
Occupancy Costs	-	164,995	29,720	-	194,715	82,698	-	277,413	218,830
Telephone and Internet	43,700	68,186	8,945	708	121,539	59,451	-	180,990	141,531
Bad Debt Expense	-	-	-	-	-	144,203	-	144,203	232,031
Depreciation	-	-	-	-	-	117,638	-	117,638	129,806
Insurance	10,000	28,478	11,932	-	50,410	61,686	-	112,096	107,823
Other Expenses	74,106	-	1,065	-	75,171	11,818	110	87,099	79,322
Public Relations and Recruitment	19,546	26,807	3,474	-	49,827	3,257	1,619	54,703	33,551
Bank Charges	-	-	-	-	-	18,589	-	18,589	37,977
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<u>\$ 3,007,406</u>	<u>\$ 7,262,794</u>	<u>\$ 1,870,702</u>	<u>\$ 32,726</u>	<u>\$ 12,173,628</u>	<u>\$ 3,002,721</u>	<u>\$ 341,326</u>	<u>\$ 15,517,675</u>	
					79%	19%	2%	100%	
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<u>\$ 2,777,172</u>	<u>\$ 4,553,460</u>	<u>\$ 1,547,818</u>	<u>\$ 105,524</u>	<u>\$ 8,983,974</u>	<u>\$ 3,425,465</u>	<u>\$ 362,162</u>		<u>\$ 12,771,601</u>
					70%	27%	3%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

# PARTNERS IN CARE FOUNDATION, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

With Summarized Totals for the Year Ended June 30, 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 3,128,354	\$ 503,193
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities:		
Realized and Unrealized Gains on Investments	(31,911)	(72,126)
Bad Debt Expense	144,203	232,031
Depreciation	117,638	129,806
Change in Value of Beneficial Interest in		
Charitable Remainder Trust	14,987	5,666
(Increase) Decrease in:		
Accounts Receivable	(1,457,071)	(783,635)
Grants Receivable	(107,400)	-
Prepaid Expenses and Other Assets	(30,933)	(16,961)
Increase (Decrease) in:		
Accounts Payable	(140,092)	(48,239)
Accrued Liabilities	436,692	362,509
Refundable Advances	694,681	(3,751)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 2,769,148</b>	<b>\$ 308,493</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Property and Equipment	(70,456)	(26,745)
Purchases of Investments	(949,189)	(16,367)
Proceeds from Sales of Investments	923,108	8,473
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(96,537)</b>	<b>(34,639)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net Principal Payments on Line of Credit	-	(450,000)
Proceeds from Paycheck Protection Program Loan	1,581,500	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>1,581,500</b>	<b>(450,000)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,254,111</b>	<b>(176,146)</b>
Cash and Cash Equivalents - Beginning of Year	230,832	406,978
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 4,484,943</b>	<b>\$ 230,832</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid During the Year for Interest	\$ -	\$ 19,971

The Accompanying Notes are an Integral Part of These Financial Statements

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 - ORGANIZATION**

Partners in Care Foundation, Inc. and Subsidiaries (the Foundation) has been in the business of bringing medicine, families, and community-based services together since its inception in 1997. The Foundation was founded to enhance healthcare by partnering with organizations, families and community leaders to better serve communities and improve quality of life. Its vision is to be both a think-tank and proving ground for shaping a new era of healthcare that integrates medical and social services for adults with chronic and disabling conditions. The Foundation develops, tests and disseminates high-impact, innovative models of home and community-based care that bring efficient and effective health and social services to diverse people and communities. The Foundation is a state and national leader in disseminating evidence-based, health-impacting, self-management programs throughout care systems and community settings. In addition to developing collaborative networks that address comprehensive and continuous quality care to older adults, the Foundation is also at the forefront of reducing hospital readmissions and nursing home placement, a leadership effort that began long before the issue gained national prominence under the Affordable Care Act.

The Foundation's model in-home and community-based programs and services have focused on improving chronic disease self-management, identifying dangerous medication errors, preventing falls, averting costly hospitalizations and readmissions, and preventing premature nursing home placement for diverse low-income populations across the southland. These programs yield high- impact health results, meeting the widely recognized Institute for Healthcare Improvement's Triple Aim model of better population health, better patient experience, and reduced per-capita cost. The Foundation was awarded a National Committee for Quality Assurance (NCQA) accreditation-the second Community Based Organization in the country to have received this prestigious honor.

The Foundation has the following programs:

**(a) PARTNERS AT HOME NETWORK**

Partners at Home is the culmination of years of effort to build a network of community-based organizations with the expertise, local knowledge, and cultural sensitivity to deliver services that enable people to live in the community, streamlining access to these services for health plans, hospitals and physician groups.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 - ORGANIZATION** (continued)

**(a) PARTNERS AT HOME NETWORK** (continued)

Partners at Home provides:

- A single point of access to a large spectrum of services, scalable for regional and state coverage
- Coordination of resources (medication management, home services, meal delivery, etc.) provided at a competitive price
- Continuity of services provided by culturally diverse providers with local expertise to engage patients in their own outcomes
- A quality-accredited provider of a full-continuum of patient centered services

**(b) HOME AND COMMUNITY BASED ALTERNATIVE ("HCBA")**

The Home and Community-Based Alternatives (HCBA) Waiver allows Medi-Cal beneficiaries with high-level care needs to continue to live at home or in the community by identifying and ensuring they receive services that will sustain their health and safety outside of an institution. Services include case management services are provided by a multidisciplinary care team comprised of a nurse and social worker, which coordinates Waiver and State Plan services (e.g., medical, behavioral health, In-Home Supportive Services, etc.), and arranges for other available long-term services and supports available in the local community.

**(c) HEALTH HOMES PROGRAM ("HHP")**

The Foundation as a Community Based Care Management Entity (CB-CME) for the Health Homes Programs is the frontline provider of service for Medi-Cal beneficiaries at high-risk for emergency department visits and those with three or more chronic conditions. Services include care coordination activities, engagement, and person- center health action planning.

**(d) COMMUNITY-BASED ADULT SERVICES ASSESSMENTS ("CBAS")**

Partners is the largest provider of eligibility evaluations in California, serving four major managed care plans and more than 200 CBAS centers throughout the state. Partner's team of multi-lingual and culturally competent registered nurses is highly experienced in undertaking "face-to-face" screening evaluations via the CBAS Eligibility Determination Tool, either at a CBAS center or at a member's home.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 - ORGANIZATION** (continued)

**(e) HOMEMEDS<sup>SM</sup> AND HOMEMEDS PLUS**

Data shows that 40-50% of elders using home or community-based care are using medications inappropriately, leading to a range of preventable issues including falls, 911 calls, ER visits, and hospitalization. HomeMeds<sup>SM</sup> utilizes an evidenced-based computerized risk assessment and alert process. A social worker gathers the information in the home and a pharmacist reviews medication to identify problems and follows through with the patient, their family, and the prescriber. HomeMeds<sup>SM</sup> was awarded with the Highest Evidence Level rating by the U.S. Administration for Community Living and it is now being implemented across 45 sites in 18 states.

HomeMeds Plus adds psychosocial, functional needs and safety assessments to the evaluation. Performed by highly skilled health coaches competent in cultural and linguistic diversity, adept at patient engagement and knowledgeable about community resources, these evaluations are carried out in the home to create an individualized service plan.

**(f) MULTIPURPOSE SENIOR SERVICES PROGRAM ("MSSP")**

This program empowers the low-income frail elderly on Medi-Cal to live independently in the community for as long as possible, thus delaying or avoiding entirely the need for nursing home placement. Trained coaches visit the person at home to conduct a health and psychosocial assessment, enabling them to determine the best range of services for each individual's needs. Services may include home delivered meals, transportation, chore and personal assistance, emergency response system, home safety modifications, medical equipment, protective supervision, counseling, and caregiver respite.

**(g) CHRONIC DISEASE SELF-MANAGEMENT EDUCATION**

The Foundation offers a range of powerful consumer empowerment tools including the Stanford University developed and licensed Chronic Disease, Diabetes, and Chronic Pain Self-Management Programs. Each workshop is six weeks long, and guides participants through peer led sessions to develop skills and learn new tools to help them manage their conditions on a daily basis. Topics covered include healthy eating, symptom and medications management, physical activity, and communicating with medical providers. The overall Chronic Disease Self-Management Program is a cross-cutting program for any chronic condition, such as high blood pressure, arthritis, diabetes, and heart disease, while the others have specific focus for individuals with diabetes or chronic pain. Participants who attend workshops are better able to manage symptoms, exercise more, are better able to communicate with physicians, and have better self-reported health and improved exercise. They typically also spend fewer days in the hospital or have fewer outpatient visits and hospitalizations. The workshop is also available in Spanish as "Tomando Control de su Salud."

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 - ORGANIZATION** (continued)

**(h) EVIDENCE-BASED LEADERSHIP COUNCIL ("EBLC")**

EBLC is a collaboration among twelve national partner organizations, offering 19 highly recognized evidence-based, health promotion programs delivered via a network of more than 2,000 community-based organizations. Programs include: Healthy IDEAS - designed to detect and reduce the severity of depressive symptoms in older adults with chronic conditions; Fit and Strong! - an eight-week physical activity and behavior change program for older adults with mobility and balance challenges; and A Matter of Balance - a program designed to reduce the fear of falling and increase activity levels among older adults. The team helps scale this work statewide and leads a coalition in partnership with state Department of Aging to train, share license and coordinate statewide strategies for outreach and support.

**(i) GERIATRIC SOCIAL WORK EDUCATION CONSORTIUM ("GSWEC")**

As one of ten Centers of Excellence, the Foundation is a founding partner in the collaboration of universities and agencies facilitating the GSWEC program - the nation's first integrated network to improve social work education and field training among those working in older adult services and care.

**IMPACT OF COVID-19**

During the year ended June 30, 2020, an outbreak of a novel strain of coronavirus (COVID-19) surfaced in the United States and throughout the world. This COVID-19 outbreak has caused business disruption which may negatively impact the Foundation's operations and program services delivery. The disruption is expected to be temporary, however there is considerable uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. While the Foundation is closely monitoring its operations, liquidity and capital resources, it is also actively working to minimize the current and future impact of this unprecedented situation.

The Foundation undertook significant steps to virtualize the operations in an efficient and cost-effective manner. The Foundation, previously partially remote, moved seamlessly to virtual services due to COVID-19. The Foundation continued to invest in property and equipment for its 179 employees and timely evaluated new systems to transition work to telephonic and/or virtual services. The Foundation's services are provided to vulnerable populations and deemed as essential during the pandemic. As a result, it further increased the support it could provide to its providers enhancing their capacity. The direct services capacity increased by 4% (unaudited) from prior year and outreach capacity almost doubled with an increase of 93% (unaudited) from prior year. The Foundation's staffing also increased by 37% from prior year.



**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) BASIS OF ACCOUNTING**

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

**(b) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the accounts of Partners in Care Foundation, Inc. as well as those of its subsidiaries California Health Innovation Center (CHIC), Inc., Visiting Nurse Community Services (VNCS), Partners at Home, LLC, and a fiscal sponsorship project Evidence-Based Leadership Council (EBLC). All significant inter-company transactions and balances have been eliminated on consolidation.

**(c) NET ASSETS**

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.** Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for emergency needs.
- **Net Assets With Donor Restrictions.** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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 in the consolidated statement of activities as net assets released from donor restrictions.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(d) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2020 approximates its fair value.

The Foundation maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

**(e) INVESTMENTS**

Investments in marketable securities with readily determinable values are reported at fair value, based on quoted market prices, in the consolidated statement of financial position. Securities are generally held in custodial investment accounts administered by financial institutions.

Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the consolidated statement of activities and represent the difference between the cost and fair value of investments held at the end of the fiscal year. Investments received through gifts are recorded at estimated fair value at the date of donation.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(f) ACCOUNTS RECEIVABLE AND REVENUE RECOGNITION**

The Foundation receives funding under Per Participant Per Month ("PMPM") rates, and through contract rates for direct services. Accounts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2020, the allowance for doubtful accounts was \$409,120.

Revenue from direct service contracts are recognized when contract obligations are satisfied either by serving eligible members or other service requirements. A portion of the Foundation's revenue is derived from fee-for-service and cost reimbursement grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Such grants are generally considered nonreciprocal transactions restricted by the awarding agencies for certain purposes. Amounts received are recognized as revenue when the Foundation has satisfied the specific performance requirements or incurred expenditures in compliance with specific contract or grant provisions. The Foundation has elected to adopt a policy whereby donor-restricted grants and contributions that were initially conditional and whose conditions and restrictions are met in the same reporting period are recognized as revenue without donor restrictions. Amounts received prior to incurring qualifying expenditures or fulfilling the specific performance obligations are reported as refundable contract advances in the consolidated statement of financial position.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(g) CONTRIBUTION REVENUE**

The Foundation recognizes contributions and grants when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. The Foundation treats unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions receivable are discounted to their present value when payments are expected in future periods exceeding one year. These discounts are recorded as reductions to contribution revenue and contributions receivable, and are adjusted annually.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Intentions to give are not included as support until payments are made or enforceable promises to give are executed.

**(h) BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST**

The Foundation has been designated as the beneficiary of assets held in a charitable remainder trust administered by a financial institution. The Foundation recognizes contribution revenue with donor restrictions and, as a receivable, the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the receivable to reflect the revaluation of the present value of the estimated future payments to The Foundation are recognized in the consolidated statement of activities as a change in value of beneficial interest in charitable remainder trust.

**(i) PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost at the date of acquisition if purchased or at estimated fair value at the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Furniture and Equipment	5 Years
Computers and Software	5 Years
Vehicles	5 Years
Leasehold Improvements	Shorter of Estimated Life or Term of the Lease

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(i) PROPERTY AND EQUIPMENT** (continued)

Expenditures for repairs and maintenance are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year.

**(j) LONG-LIVED ASSETS**

The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated realizable value. During the year ended June 30, 2020, no impairment losses were recognized.

**(k) PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

Management has elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Foundation has been legally released or (2) the Foundation repays the loan to the lender.

**(l) REFUNDABLE ADVANCES**

Grants and contracts are recognized as revenue in accordance with the terms of the related agreements. Payments received in advance of earnings recognition are deferred. In addition, the Foundation holds special events on an annual basis. Sponsorship amounts received for such special events in advance of the event are also deferred.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(m) INCOME TAXES**

The Foundation and VNCS are exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. EBLC is a 501(c)(3) Supporting Organization.

CHIC and Partners at Home, LLC, a for-profit subsidiary, account for income taxes in accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 740. These principles require an asset and liability approach to the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method deferred tax liabilities and assets are determined based on the difference between the consolidated financial statements carrying amounts and the tax basis of assets and liabilities using enacted laws and rates currently in effect. For the year ended June 30, 2020, the Foundation has not recorded any tax asset or liability in the consolidated financial statements in the belief that these amounts would be immaterial.

In accordance with the FASB ASC 740 *Uncertainty in Income Taxes*, the Foundation recognizes the impact of tax positions in the consolidated financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2020, The Foundation performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the consolidated financial statements or which might have an effect on its tax-exempt status.

**(n) CONCENTRATION OF RISK**

Accounts receivable balance outstanding at June 30, 2020 consists primarily of government and other funders' grants and contracts receivables due from county, state, and federal granting agencies. Credit risk with respect to these receivables is limited, as the majority of the Foundation's receivables consist of earned fees from contract programs granted by governmental agencies and grants awarded for the performance of services.

Approximately 45% of revenue and support generated by the Foundation during the year ended June 30, 2020 was derived from government contracts. In addition, revenue and support from the Medicaid Cluster programs represented 38% of the total revenue and support during the year ended June 30, 2020.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(o) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the Foundation's programs and other activities have been presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Foundation allocates indirect costs based on the estimated proportionate staff time spent on various activities or other method that best measures the relative degree of benefit.

**(p) USE OF ESTIMATES**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

**(q) NEW ACCOUNTING PRONOUNCEMENTS**

In June 2018, FASB issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in 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. The Foundation implemented the ASU during the year ended June 30, 2020. There was no significant impact to the Foundation's consolidated financial statements as a result of the implementation of the ASU.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(q) NEW ACCOUNTING PRONOUNCEMENTS** (continued)

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. 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. The guidance also requires more detailed disclosures to enable users of consolidated financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For the Foundation, the ASU and related amendments will be effective for the year ending June 30, 2021.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help consolidated financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the consolidated financial statements. For the Foundation, the ASU will be effective for the year ending June 30, 2023.



**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(r) SUBSEQUENT EVENTS**

The Foundation has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2020 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through April 30, 2021, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred.

**NOTE 3 - INVESTMENTS**

At June 30, 2020, investments consist of the following:

Equities	\$ 496,938
Equity Exchange-Traded Funds	238,865
Fixed Income Exchange-Traded Funds	<u>209,858</u>
<b><i>TOTAL INVESTMENTS</i></b>	<b><u>\$ 945,661</u></b>

**NOTE 4 - FAIR VALUE MEASUREMENTS**

The Foundation has implemented the accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 - FAIR VALUE MEASUREMENTS** (continued)

The following table presents information about the Foundation's assets that are measured at fair value on a recurring basis at June 30, 2020 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 496,938	\$ 496,938	\$ -	\$ -
Exchange-Traded Funds:				
Equity	238,865	238,865	-	-
Fixed Income	209,858	209,858	-	-
<b>TOTAL INVESTMENTS</b>	945,661	945,661	-	-
Beneficial Interest in Charitable Remainder Trust	135,046	-	-	135,046
<b>TOTAL</b>	\$ 1,080,707	\$ 945,661	\$ -	\$ 135,046

The fair values of investments within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year. These investments can be redeemed daily.

The fair value of the beneficial interest in charitable remainder trust was determined as described in Note 2(h).

The change in the beneficial interest in charitable remainder trust is as follows for the year ended June 30, 2020:

Balance - Beginning of Year	\$ 150,033
Change in Beneficial Interest	<u>(14,987)</u>
<b>BALANCE - END OF YEAR</b>	<u>\$ 135,046</u>

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST**

In 1995, a donor established an irrevocable charitable remainder trust with a financial institution naming the Foundation as the sole beneficiary. Under the terms of the trust agreement, the donor will receive distributions equal to 9% of the fair market value of the trust for the donor's lifetime. At the end of the trust's term, the remaining assets are available for the Foundation's use. The charitable remainder trust is reported at the market value of the investments of the trust, as reported by the trustee, net of the estimated present value of the benefits payable to the lead beneficiary. Beneficial interest in charitable remainder trust totaled \$135,046 at June 30, 2020.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2020:

Leasehold Improvements	\$ 743,559
Furniture and Equipment	575,350
Computers and Software	661,095
Vehicles	<u>92,877</u>
<b>TOTAL</b>	2,072,881
Less: Accumulated Depreciation	<u>(1,649,608)</u>
<b>TOTAL PROPERTY AND EQUIPMENT (NET)</b>	<u>\$ 423,273</u>

Depreciation expense for the year ended June 30, 2020 was \$117,638.

**NOTE 7 - ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2020 consist of the following:

Accrued Compensation	\$ 603,860
Accrued Vacation	298,003
Other Accrued Liabilities	<u>638,412</u>
<b>TOTAL ACCRUED LIABILITIES</b>	<u>\$ 1,540,275</u>

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8 - PAYCHECK PROTECTION PROGRAM**

In April 2020, the Foundation received a PPP loan in the amount of \$1,581,500. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If the Foundation does not apply for forgiveness within 10 months after the last day of the covered period (defined, at the Foundation's election, as either 8 weeks or 24 weeks), such payments will be due that month.

The Foundation is in the process of applying for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period. To the extent that all or part of the PPP loan is not forgiven, the Foundation will be required to pay interest on the PPP loan at a rate of 1.0% per annum. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

At June 30, 2020 the total outstanding balance of the PPP loan was \$1,581,500.

**NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions consist of undesignated and Board designated amounts for the following purposes at June 30, 2020:

Undesignated	\$ 4,666,197
Board Designated Reserve	<u>362,068</u>
<b>TOTAL</b>	<u><b>\$ 5,028,265</b></u>

The Board designated, from net assets without donor restrictions, certain funds for emergency needs included in the Board Designated reserve fund to provide liquidity for emergency needs.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30, 2020:

Subject to Passage of Time:	
Beneficial Interest in Charitable Remainder Trust	\$ 135,046
Subject to Expenditure for Specified Purpose:	
Partners Caregiver Support	22,027
Care Coordination	274,632
Home and Community Based Alternative Program	70,000
Health Self-Management	<u>10,251</u>
<b>TOTAL SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE</b>	<u>376,910</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<u><u>\$ 511,956</u></u>

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

**(a) OBLIGATIONS UNDER OPERATING LEASES**

The Foundation leases various facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

**Years Ending June 30**

2021	\$ 238,279
2022	213,912
2023	208,153
2024	211,535
2025	194,030
Thereafter	<u>689,439</u>
<b>TOTAL</b>	<u><u>\$ 1,755,348</u></u>

Rental expense totaled \$268,404 for the year ended June 30, 2020.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 - COMMITMENTS AND CONTINGENCIES** (continued)

**(b) CONTRACTS**

The Foundation's grants and contracts are subject to inspection and audits by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated.

**(c) LITIGATION**

In the normal course of business, the Foundation may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a material impact on the consolidated financial statements of the Foundation as of June 30, 2020.

**NOTE 12 - RETIREMENT AND DEFERRED COMPENSATION PLANS**

The Foundation has a 401(k) defined contribution plan covering all eligible employees. Eligible participants may contribute from 1% to 99% of their eligible compensation to the plan, limited to the maximum as determined by the Internal Revenue Service for each year.

The Foundation's contributions to the plan are categorized as safe harbor and are equal to 100% of the first 4% of eligible pay contributed by the participant to the plan on a pay period basis. The participant becomes immediately vested at 100% in the matching contributions. The Foundation contributed \$177,962 during the year ended June 30, 2020.

The Foundation has a nonqualified deferred compensation plan, available to one member of senior management. The plan is a legally separate entity set up as an irrevocable trust invested in annuities and is managed by a former Board member of the Foundation. Deferred compensation plan assets consist primarily of annuity contracts, which are valued based on their cash surrender values using fair value hierarchy Level 3 inputs.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The total financial assets held by the Foundation at June 30, 2020 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the consolidated statement of financial position are summarized in the following table:

Financial Assets at June 30, 2020:	
Cash and Cash Equivalents	\$ 4,215,433
Investments	583,593
Accounts Receivable (Net)	<u>3,780,033</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 8,579,059</u></b>

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation is substantially supported by government grants, direct services contracts, and foundation grants. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and highly liquid investments. In addition, the Foundation has Board designated reserve funds of \$362,068 at June 30, 2020 that could be drawn upon for liquidity needs.

**PARTNERS IN CARE FOUNDATION, INC.  
AND SUBSIDIARIES**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020



**PARTNERS IN CARE FOUNDATION, INC. AND SUBSIDIARIES**

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2020

	Federal CFDA Number	Contract Number	Federal Expenditures
<b>Federal Grantor/Passed Through Grantor/Program or Cluster Title</b>			
<b>MAJOR AWARDS</b>			
U.S. Department of Health and Human Services:			
Pass-through, State of California - Department of Aging			
Medical Assistance Program	93.778	MS-1920-40	\$ 439,301
Medical Assistance Program	93.778	MS-1920-43	1,045,103
Medical Assistance Program	93.778	MS-1920-51	340,243
Medical Assistance Program	93.778	MS-1920-54	302,190
HCBA - Medi-Cal Waiver	93.778	18-95227	<u>2,658,686</u>
Total Medicaid Cluster			<u>4,785,523</u>
Pass-through, City of Los Angeles - Department of Aging:			
Special Programs for the Aging - Title III - Part D			
Disease Prevention and Health Promotion Services	93.043	C-133939	276,676
Pass-through, County of Los Angeles			
Title III - D Disease Prevention and Health Promotion	93.043	DPHP172001	<u>521,918</u>
Total 93.043			<u>798,594</u>
<b>TOTAL MAJOR AWARDS</b>			<u>4,785,523</u>
U.S. Department of Health and Human Services			
Pass-through, State of California - Department of Aging			
Business Acumen ACL grant	93.048	90PPBA0001-03	50,000
Administration for Community Living			
CDSMP- Health Self Management Program	93.734	90CSSG005-01-03	237,551
Falls Prevention - Health Self Management Project	93.761	90FP0018-01-03	117,848
U.S. Department of Housing and Urban Development			
Pass-through, City of Los Angeles - Department of Aging:			
Evidence Based Program CDBG Funds/CDBO Funds/City General Funds:			
Technical Assistance	14.218	C-134212	20,893
Southwestern Service Area	14.218	C-134212	74,603
West Adams	14.218	C-134212	<u>74,402</u>
Total 14.218, CDBG-Entitlement Grants Cluster			<u>169,898</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 6,159,414</u></u>

See Independent Auditor's Report

**PARTNERS IN CARE FOUNDATION, INC. AND SUBSIDIARIES**

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2020**

**Notes to the Consolidated Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2020**

- 1.** Basis of Presentation - The accompanying consolidated schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Foundation under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Foundation.
- 2.** Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 3.** The Foundation has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
- 4.** The Foundation has not provided any federal awards to subrecipients from the federal expenditures presented in this Schedule.