

**Mental Health Commission
MHSA-Finance Committee Meeting
Thursday, December 17, 2020, 1:30-3:00 PM
Via: Zoom Teleconference:**

<https://cchealth.zoom.us/j/6094136195>

Meeting number: 609 413 6195

**Join by phone:
1 646 518 9805 US
Access code: 609 413 6195**

AGENDA

- I. Call to order/Introductions**
- II. Public comments**
- III. Commissioner comments**
- IV. APPROVE minutes from the October 14, 2020 MHSA-Finance Committee meeting**
- V. DISCUSS MHSA Program and Fiscal Review reports with:**
 - A. Miriam Wong of The Latina Center program**
 - B. Laura Zepeda Torres and Leslie Barron-Johnson of the La Clinica de La Raza program**
- VI. Adjourn**



Mental Health Services Act (MHSA)

Program and Fiscal Review

- I. **Name of Program:** The Latina Center
3701 Barrett Ave, # 12
Richmond, CA 94805
- II. **Review Team:** Jennifer Bruggeman, Geni Zesati
- III. **Date of On-site Review:** September 30, 2019
Date of Exit Meeting: December 26, 2019
- IV. **Program Description.** The Latina Center (TLC) provides culturally and linguistically responsive support to community members who are primarily Spanish speaking immigrants, and parents/caregivers of underserved families in West Contra Costa County. Challenges within these communities include, but are not limited to, issues around inequity, lack of adequate resources, isolation, toxic stress, domestic violence, and resulting perpetual fear, depression, anxiety, post-traumatic stress disorder (PTSD), and substance abuse. The program provides outreach, education, training and leadership opportunities for community members, primarily women. One program funded by MHSA Prevention and Early Intervention (PEI) is the Primero Nuestros Niños (Our Children First), which uses a 12-week parenting education and engagement program based on the evidenced based curriculum, Systematic Training for Effective Parenting (STEPS), or in Spanish, Padres Eficaces Con Entrenamiento Sistemático (PECES). Primero Nuestros Niños supports parents and caregivers of children and youth ages 0-15 with the goal of developing strong social-emotional & educational development and reducing physical, mental and emotional abuse. Classes are taught by peer parent educators (Padres Educadores). Services include outreach to increase recognition of mental health issues within the community with the ultimate goal of strengthening and empowering families.
- V. **Purpose of Review.** Contra Costa Behavioral Health Services is committed to evaluating the effective use of funds provided by the Mental Health Services Act. Toward this end a comprehensive program and fiscal review was conducted of the above program. The results of this review are contained herein and will assist in a) improving the services and supports that are provided, b) more

efficiently support the County’s MHSA Three Year Program and Expenditure Plan, and c) ensure compliance with statute, regulations and policy. In the spirit of continually working toward better services we most appreciate this opportunity to collaborate together with the staff and clients participating in this program in order to review past and current efforts, and plan for the future.

VI. Summary of Findings.

Topic	Met Standard	Notes
1. Deliver services according to the values of the MHSA	Met	Consumer surveys and interviews indicate program meets the values of MHSA.
2. Serve the agreed upon target population.	Met	Provides outreach for the increase recognition of early signs of mental illness.
3. Provide the services for which funding was allocated.	Met	Funds services consistent with the agreed upon Service Work Plan.
4. Meet the needs of the community and/or population.	Met	Services consistent with MHSA Three Year Plan.
5. Serve the number of individuals that have been agreed upon.	Met	Consistently report meeting and exceeding target goal.
6. Achieve the outcomes that have been agreed upon.	Met	Outcomes are consistently met and exceeded.
7. Quality Assurance	Met	Procedures are in place to address and respond to quality assurance standards
8. Ensure protection of confidentiality of protected health information.	Met	Notice of HIPAA and privacy policies are in place.
9. Staffing sufficient for the program	Met	Staffing is sufficient to the program’s needs.
10. Annual independent fiscal audit performed.	Met	Researching whether annual financial statements are required. noted.
11. Fiscal resources sufficient to deliver and sustain the services	Met	Resources appear sufficient, although reserves appear small with no line of credit.
12. Oversight sufficient to comply with generally accepted accounting principles	Met	Staff implements sound check and balance system.

13. Documentation sufficient to support invoices	Met	Documentation appears to support costs in excess of invoices.
14. Documentation sufficient to support allowable expenditures	Met	Method of accounting for personnel time and operating costs appear to be supported.
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	Met	No billings noted for previous fiscal year expenses.
16. Administrative costs sufficiently justified and appropriate to the total cost of the program	Met	Indirect charged at 5%. Suggest moving indirect expenses to Personnel and Operating Costs.
17. Insurance policies sufficient to comply with contract	Met	Policies sufficient for the services offered.
18. Effective communication between contract manager and contractor	Met	Communication is sufficient.

VII. Review Results. The review covered the following areas:

1. **Deliver services according to the values of the Mental Health Services Act** (California Code of Regulations Section 3320 – MHSA General Standards).

Does the program collaborate with the community, provide an integrated service experience, promote wellness, recovery and resilience, is it culturally responsive, and client and family driven?

Method. Consumer, family member and service provider interviews and consumer surveys.

Discussion: Five parents (all women) participated in a focus group. Their length of time involved with TLC ranged from 4 months to 4 years. All shared that the parenting classes they participated in at TLC helped them feel better equipped as parents, less stressed and improved communication within the home. Two participants shared that after completing the classes offered and seeing how the program helped them, they decided to become padre educadores (parent educators), which is a leadership role where they serve as peer mentors to other parents. Both reported this experience has given them more confidence and that they feel more capable to support their families. Many women shared experiences of fear and trauma related to domestic violence and the anti-immigrant political climate. There's currently deep fear in the community of ICE raids and other anti-immigrant policies, so TLC is a vital safe space for members to gather. Participants showed appreciation for the skills and community support they receive at TLC. Services are welcoming and accessible. For example,

classes are offered at various times of the day and childcare and food are provided.

TLC employs nine staff and several volunteers and was started as a grass roots effort in the director’s home to support and lift up Latina women by providing system navigation, classes/training and leadership opportunities. Staff shared that they are struggling with dropping attendance for parenting classes, due to fear in the community around seeking public services. Despite this fear, TLC remains a critical community resource. One goal they have for the near future is to move to a new location that will offer more space to expand. The program is currently located adjacent to a church, from which they lease the space.

Thirty-two participant surveys were received. Responses suggest that the program provides a safe space for community members to gather and that the classes are extremely helpful in improving communication within the home, increasing self-confidence and offering parents more tools and skills. The biggest area of feedback participants offered was around including more mental health related supports and services. Overall, consumers view the program as a welcoming and supportive space. Below is a summary of survey responses.

Questions	Responses: 32														
<p>Please indicate how strongly you agree or disagree with the following statements regarding persons who work with you: <i>(Options: strongly agree, agree, disagree, strongly disagree, I don't know)</i></p>	<table border="1" data-bbox="764 1142 1466 1293"> <thead> <tr> <th data-bbox="764 1142 922 1251">Strongly Agree</th> <th data-bbox="922 1142 1036 1251">Agree</th> <th data-bbox="1036 1142 1193 1251">Disagree</th> <th data-bbox="1193 1142 1351 1251">Strongly Disagree</th> <th data-bbox="1351 1142 1466 1251">I Don't Know</th> </tr> </thead> <tbody> <tr> <td data-bbox="764 1251 922 1293">4</td> <td data-bbox="922 1251 1036 1293">3</td> <td data-bbox="1036 1251 1193 1293">2</td> <td data-bbox="1193 1251 1351 1293">1</td> <td data-bbox="1351 1251 1466 1293">NA</td> </tr> </tbody> </table>					Strongly Agree	Agree	Disagree	Strongly Disagree	I Don't Know	4	3	2	1	NA
Strongly Agree	Agree	Disagree	Strongly Disagree	I Don't Know											
4	3	2	1	NA											
1. Help me improve my health and wellness	Average score: 3.52 (n=31 Answers, n=1 IDK)														
2. Allow me to decide my own strengths and needs.	Average score: 3.53 (n=30 Answers, n=2 IDK)														
3. Work with me to determine the services that are most helpful.	Average score: 3.14 (n=28 Answers, n=4 IDK)														
4. Provide services that are sensitive to my cultural background.	Average score: 3.44 (n=32 Answers, n=0 IDK)														
5. Provide services that are in my preferred language.	Average score: 3.65 (n=31 Answers, n=0 IDK)														

6. Help me in getting needed health, employment, education and other benefits and services.	Average score: 3.32 (n=25 Answers, n=6 IDK)
7. Are open to my opinions as to how services should be provided.	Average score: 3.43 (n=30 Answers, n=0 IDK)
8. What does this program do well?	<p>Answers included the following statements:</p> <ul style="list-style-type: none"> • Everything • Group discussions help me • Group is once a week, clear and concise • Helped me be a better mother and better communicator • Offered alternatives and other options • Better communication with my kids and giving options • Improved communication with my partner • Good advice and answers • Talking and negotiating with real people • All the tools you gave us, the presenters, and content • Community help, women's programs, domestic violence, helping young people • Teach us to better understand our kids • How to recognize violence and abuse • Strategies for families • Made me feel safe
9. What does this program need to improve upon?	<p>Answers included the following statements:</p> <ul style="list-style-type: none"> • Faster video • Better building with more resources • It was perfect • More facilitator training • More dynamic • Better promote the info • Include more families • More motivational so people stay in program longer • More groups like this and groups that cover other themes • Newer videos • Coffee • More classes aimed at Latino males

<p>10. What needed services and supports are missing?</p>	<p>Answers included the following statements:</p> <ul style="list-style-type: none"> • More mental health, domestic violence, cultural programs • English classes in the evening • Legal services for immigration • Permanent advice • More therapists/psychologists • More child therapists • Info on how to find psychologists • Mental health for Latinos • Refreshments • New building • Bilingual therapists • More about mental illness • It was all good • Better inform the Latino community • Flyers with info about the programs and services • Services for adolescents • More flexible schedule 											
<p>11. How important is this program in helping you improve your health and wellness, live a self-directed life, and reach your full potential. (Options: very important, important, somewhat important, not important)</p>	<table border="1" data-bbox="766 961 1463 1073"> <thead> <tr> <th data-bbox="766 961 938 1035">Very Important</th> <th data-bbox="938 961 1110 1035">Important</th> <th data-bbox="1110 961 1282 1035">Somewhat Important</th> <th data-bbox="1282 961 1455 1035">Not Important</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 1035 938 1073">4</td> <td data-bbox="938 1035 1110 1073">3</td> <td data-bbox="1110 1035 1282 1073">2</td> <td data-bbox="1282 1035 1455 1073">1</td> </tr> </tbody> </table> <p>Average score: 3.9 (n=30)</p>				Very Important	Important	Somewhat Important	Not Important	4	3	2	1
Very Important	Important	Somewhat Important	Not Important									
4	3	2	1									
<p>12. Any additional comments?</p>	<p>Answers included the following statements:</p> <ul style="list-style-type: none"> • I want to thank everyone who made these classes possible! • I hope you have more classes like these • Support more of these programs around the world • Don't change • Everything was very well done • I'm grateful for the program directors • Have workshops for depression and anxiety • Thank you very much! • Very helpful for improving self confidence • More info for Latino community • I like it a lot 											

Results. Results of interviews with staff and program participants indicate that The Latina Center is involved in collaboration and the integration of service experiences, while promoting wellness, recovery and resilience. In addition to the valuable services that are provided on site, the agency collaborates with community partners that include the National Alliance on Mental Illness Contra Costa (NAMI CC) and Familias Unidas. They regularly host trainings such as Mental Health First Aid in Spanish, and community events such as La Cultura Cura (The Culture Cures, based on Day of the Dead traditions), which was hosted in partnership with NAMI CC. Based on these findings, it is believed that The Latina Center delivers services in compliance with the values of MHSA.

2. **Serve the agreed upon target population.** For Prevention and Early Intervention, does the program prevent the development of a serious mental illness or serious emotional disturbance, and help reduce disparities in service. Does the program serve the agreed upon target population (such as age group, underserved community).

Method. Compare the program description and/or service work plan with a random sampling of client charts or case files.

Discussion. This program serves primarily immigrant women and parents/ caregivers who have limited English proficiency and are from West Contra Costa communities that experience trauma, violence and lack of resources. Services include 12-week parent education and engagement classes, as well as mental health education and linkage/referral to other systems and services, as needed. The program is intended to address health equities.

Results. As a Prevention and Early Intervention program, The Latina Center is serving the agreed upon target population and helps address inequities in service.

3. **Provide the services for which funding was allocated.** Does the program provide the number and type of services that have been agreed upon.

Method. Compare the service work plan or program service goals with regular reports and match with case file reviews and client/family member and service provider interviews.

Discussion. The Latina Center supports traditionally underserved Latinx parents and families in West Contra Costa. Services are provided at schools, churches and community centers throughout the community and are intended to provide timely access and increase usage of mental health and case management support, including system navigation. Programs and initiatives include parenting classes, workshops, outreach & engagement, community events and resource navigation.

Result. The services provided are consistent with the services outlined in the Service Work Plan. The program and staff activities are consistent with both the goal of the program and with the MHSA PEI component.

4. **Meet the needs of the community and/or population.** Is the program meeting the needs of the population/community for which it was designed. Has the program been authorized by the Board of Supervisors as a result of a community program planning process. Is the program consistent with the MHSA Three Year Program and Expenditure Plan.

Method. Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan or program description with the Three-Year Plan. Compare with consumer/family member and service provider interviews. Review client surveys.

Discussion. The Latina Center was authorized based on a Community Program Planning Process. Its goal has been to provide mental health education, parenting classes and linkage to mental health resources for primarily low income, immigrant and limited English proficiency parents and families. It's overall intent under PEI has resulted in increasing protective factors for those at risk and those recovering from a serious mental illness. The strategy of outreach, parenting classes, support groups, system navigation and linkage support to participants and their family members. This is consistent with PEI's strategy of outreach for increasing recognition of early signs of mental illness. The program collaborates with community providers to offer Mental Health First Aid and NAMI classes in Spanish. Participants have often experienced trauma, domestic violence, PTSD and other related issues resulting in a need for higher level services. Staff and participants report there is increased fear and distrust in the community, given the current political climate. In the upcoming fiscal year, the program intends to offer individual counseling services and therapy circles with a bicultural/bilingual contract provider in order to address this need.

Results. The program has been authorized annually and receives approval as part of the Three-Year Plan sent to the Board of Supervisors. Its Service Work Plan is consistent with the current MHSA Three Year Program and Expenditure Plan. Interviews with program staff, consumers and surveys support the belief that this program meets the goals and the needs of the community.

5. **Serve the number of individuals that have been agreed upon.** Has the program been serving the number of individuals specified in the program description/service work plan, and how has the number served been trending the last three years.

Method. Match program description/service work plan with history of monthly reports and verify with supporting documentation, such as logs, sign-in sheets and case files.

Discussion. The Latina Center is contracted to provide services to a total of 300 community members, through their various programs including outreach, parenting classes, workshops, community events, and programs for children. The semi-annual reports for the last three years show that the program has consistently exceeded its agreed upon goal, through outreach alone. Staff did report that numbers for their parenting classes are slightly down due to fear of ICE raids. In addition to parenting classes and workshops, the program also hosted mental health trainings in Spanish through community partnerships with NAMI CC and Mental Health First Aid.

Results. The Latina Center has consistently exceeded its target number of consumers served.

6. **Achieve the outcomes that have been agreed upon.** Is the program meeting the agreed upon outcome goals, and how have the outcomes been trending?

Method. Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts. Outcome domains include, as appropriate, incidence of restriction, incidence of psychiatric crisis, meaningful activity, psychiatric symptoms, consumer satisfaction/quality of life, and cost effectiveness. Analyze the level of success by the context, as appropriate, of pre- and post-intervention, control versus experimental group, year-to-year difference, comparison with similar programs, or measurement to a generally accepted standard.

Discussion. Outcome measures are based on the Strengthening Families model. They include a pre and post Strengthening Family Program (SFP) assessment for parenting skills, overall family strengths and program evaluation sheets. Increased knowledge of ability to understand mental health concepts and access services, along with improved family communication were reported. Satisfaction surveys indicated that the vast majority of participants surveyed were satisfied with the services provided.

Results. Interviews with consumers and surveys indicate this program has a positive impact on the lives of participants.

7. **Quality Assurance.** How does the program/plan element assure quality of service provision.

Method. Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.

Discussion. The services provided under this PEI program are non Medi-Cal driven, therefore the program is not subject to the County's utilization review process. Contra Costa County has not received any grievances toward this program.

Results. The program has internal processes in place to be responsive to the needs of its staff and the community.

8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol?

Method. Match the HIPAA Business Associate service contract attachment with the observed implementation of the program/plan element's implementation of a protocol for safeguarding protected patient health information.

Discussion. The Latina Center has written policies and provides staff training on HIPAA requirements and safeguarding of consumer information. Program participants are informed about their privacy rights and rules of confidentiality.

Results. The Latina Center maintains necessary privacy policies to protect the privacy of individuals served.

9. **Staffing sufficient for the program.** Is there sufficient dedicated staff to deliver the services, evaluate the program for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support?

Method. Match history of program response with organization chart, staff interviews and duty statements.

Discussion. The Latina Center employs a staff of nine (three of whom are supported by MHSA funds), in addition to volunteers. Staff now receive health benefits.

Results. Staffing appears sufficient to meet the needs of the program.

10. **Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings.

Method. Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager.

Discussion. The Latina Center is a nonprofit organization founded by the current Executive Director in 2000 in order to provide a multi-service community

center for Spanish speaking families in West Contra Costa County. They have multiple funding sources, in addition to MHSA, including Kaiser, Chevron, Wells Fargo, East Bay Community Foundation, and the California Endowment. In addition, they receive donations and funding from the Violence Against Women's Act (VAWA).

Results. Due to the program's total annual budget being less than \$750,000, they are not required to obtain an external fiscal audit.

11. **Fiscal resources sufficient to deliver and sustain the services.** Does organization have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain program or plan element?

Method. Review audited financial statements and Board of Directors meeting minutes. Interview fiscal manager of program or plan element.

Discussion. The Latina Center has over ten funding streams that total approximately \$500,000 in annual funding. The director reported having approximately \$10,000 in operating reserves, and no line of credit. The director also reported that she's recently participated in a fundraising academy at JFK University, in order to network and gain knowledge and information on how to continue to grow her organization. TLC has recently undergone transition with the Board of Directors, as the majority of current members are new.

Results. Resources appear sufficient due to their diversified portfolio and lack of significant permanent personnel or operating obligations, although cash reserves and line of credit appear small in the event of significant funding source losses. Exploring methods to strengthen the agencies funding reserves is highly recommended.

12. **Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles?

Method. Interview with fiscal manager.

Discussion. The director and accountant were interviewed and described the processes and staff utilized to implement generally accepted accounting principles. The accountant has experience in private sector finance before coming to The Latina Center. The director described protocol and provided written procedures that clearly delineate appropriate segregation of duties. Supporting documentation to monthly invoicing depicts appropriate time keeping documents for tracking staff time, proper allocation of operating costs, and segregation of duties.

Results. Staff implement a sound check and balance system.

13. **Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the program and ensure no duplicate billing?

Method. Reconcile financial system with monthly invoices. Interview fiscal manager of program.

Discussion. Supporting documentation for a randomly selected monthly invoice for each of the last three years were provided and analyzed. The Latina Center utilizes a simple electronic and paper system that keeps detailed hard copy supporting documentation.

Results. The program uses appropriate supporting documentation protocol.

14. **Documentation sufficient to support allowable expenditures.** Does organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the program?

Method. Match random sample of one month of supporting documentation for each fiscal year (up to three years) for identification of personnel costs and operating expenditures invoiced to the county.

Discussion. Supporting documentation reviewed for monthly invoices appeared to support the method of allocating appropriate costs to agreed upon budget line items. The Latina Center has been consistently billing the county to (or very near) the maximum allowable limit each year. Supporting documentation review and subsequent discussion with staff confirm that the center is incurring and paying more than the allowable limit for the CCBHS contract and has been utilizing grants and donations to make up the difference.

Results. Method of accounting for personnel time and operating costs appear to be supported.

15. **Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows).

Method. Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of program or plan element.

Discussion. The County Auditor's expense summaries for the last three fiscal years were reviewed. Expenses were allocated to the correct fiscal year, and close out appeared timely, as no expenditures surfaced after the County's closeout date.

Results. No billings noted for previous fiscal year expenses.

16. Administrative costs sufficiently justified and appropriate to the total cost of the program. Is the organization's allocation of administrative/indirect costs to the program commensurate with the benefit received by the program or plan element?

Method. Review methodology and statistics used to allocate administrative/indirect costs. Interview fiscal manager of program.

Discussion. TLC has included a 5% indirect cost budget line item since their first contract year in 2009, as this was the guideline at the time.

Results. Administrative costs are sufficiently justified and appropriate for the total cost of the program. It has been suggested that administration may consider revising this to better meet their budget needs.

17. Insurance policies sufficient to comply with contract. Does the organization have insurance policies in effect that are consistent with the requirements of the contract.

Method. Review insurance policies.

Discussion. The program provided general liability insurance policies that were in effect at the time of the site visit.

Results. General liability insurance policies are in place.

18. Effective communication between contract manager and contractor. Do both the contract manager and contractor staff communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise.

Method. Interview contract manager and contractor staff.

Discussion. There is regular communication between the MHSA PEI Program Supervisor and staff at The Latina Center specific to issues of the program, contract compliance, and issues related to MHSA. Program staff regularly participate in PEI Provider meetings and MHSA community forums.

Results. Communication is ongoing and adequate to meet the needs of the program.

VIII. Summary of Results.

The Latina Center provides culturally and linguistically responsive support to West Contra Costa families and community members that include: women, parents/caregivers, immigrants, people with limited English proficiency who may have exposure to toxic stress and violence and limited access to appropriate resources. The program combines several grants and contracts to achieve the goal of offering a variety of support and services to the Latinx community in West

Contra Costa. All services offered promote strong emotional, social and educational development and are vital to the community. The Latina Center programs are aligned with MHSA's goals of promoting wellness and resiliency and providing outreach for increasing recognition of the early signs of mental illness.

IX. Items for Future Attention

- The Latina Center has goals to expand and would ultimately like to move into their own larger space.
- Due to the increased number of program participants seeking mental health services, and the distrust and fear that exists with the current administration, the program would like to expand its internal ability to provide culturally responsive mental health services and will explore ways to do so.
- The program would like to explore ways of offering expanded services that include classes/training in ESL, vocational opportunities, literacy, STD/Sex Education for Youth, Substance Use and Mental Health awareness.

X. Next Review Date. 2022

XI. Appendices.

Appendix A – Program Description/Service Work Plan
Appendix B – Service Provider Budget
Appendix C – Organization Chart

XII. Working Documents that Support Findings.

Consumer, Family Member Surveys & Interviews
County MHSA Monthly Financial Report
Progress Reports, Outcomes
Monthly Invoices with Supporting Documentation
Indirect Cost Allocation Methodology/Plan
Insurance Policies
MHSA Three Year Plan and Update(s)

Appendix A - Program Description

The Latina Center

Point of Contact: Miriam Wong
3701 Barrett Ave #12, Richmond, CA 94805
(510) 233-8595, mwong@thelatinacenter.org

1. **General Description of the Organization**

The Latina Center is an organization of and for Latinas that strives to develop emerging leaders in the San Francisco Bay Area through innovative training, support groups and leadership programs. The mission of The Latina Center is to improve the quality of life and health of the Latino Community by providing leadership and personal development opportunities for Latina women.

2. **Program: Our Children First/Primero Nuestros Niños- PEI**

- a. **Scope of Services:** The Latina Center (TLC) provides culturally and linguistically specific parenting education and support to at least 300 Latino parents and caregivers in West Contra Costa County that: 1) supports healthy emotional, social and educational development of children and youth ages 0-15, and 2) reduces verbal, physical and emotional abuse. The Latina Center enrolls primarily low- income, immigrant, monolingual/bilingual Latino parents and grandparent caregivers of high-risk families in a 12-week parenting class using the Systematic Training for Effective Parenting (STEP) curriculum or PECES in Spanish (Padres Eficaces con Entrenamiento Eficaz). Parent Advocates are trained to conduct parenting education classes, and Parent Partners are trained to offer mentoring, support and systems navigation. TLC provides family activity nights, creative learning circles, cultural celebrations, and community forums on parenting topics.
- b. **Target Population:** Latino Families and their children in West County at risk for developing serious mental illness.
- c. **Payment Limit:** FY 18-19: \$111,545
- d. **Number served:** In FY 17-18: 240 parents, 91 youth
- e. **Outcomes:**
 - Workshops reached an additional 67 participants
 - Latina Center offered a free summer camp which served 91 children
 - A total of 240 parents participated in evidenced based parenting curriculum

Appendix B - Budget

The Latina Center
 Primero Nuestros Niños / Our Children First
 Budget 2019-2020

Personnel						
Executive Director @ .25 FTE						\$ 18,000.00
Program Manager @ .80 FTE						\$ 29,000.00
Parent Advocate Coordinator @ .60 FTE						\$ 19,000.00
Subtotal						\$ 66,000.00
Employee Benefits @ 21.5% of salaries						\$ 14,190.00
Total Personnel Expenses						\$ 80,190.00
Operating Expenses						
Rent						\$ 7,020.00
Total Operating Expenses						\$ 7,020.00
Contracted Professional Services						

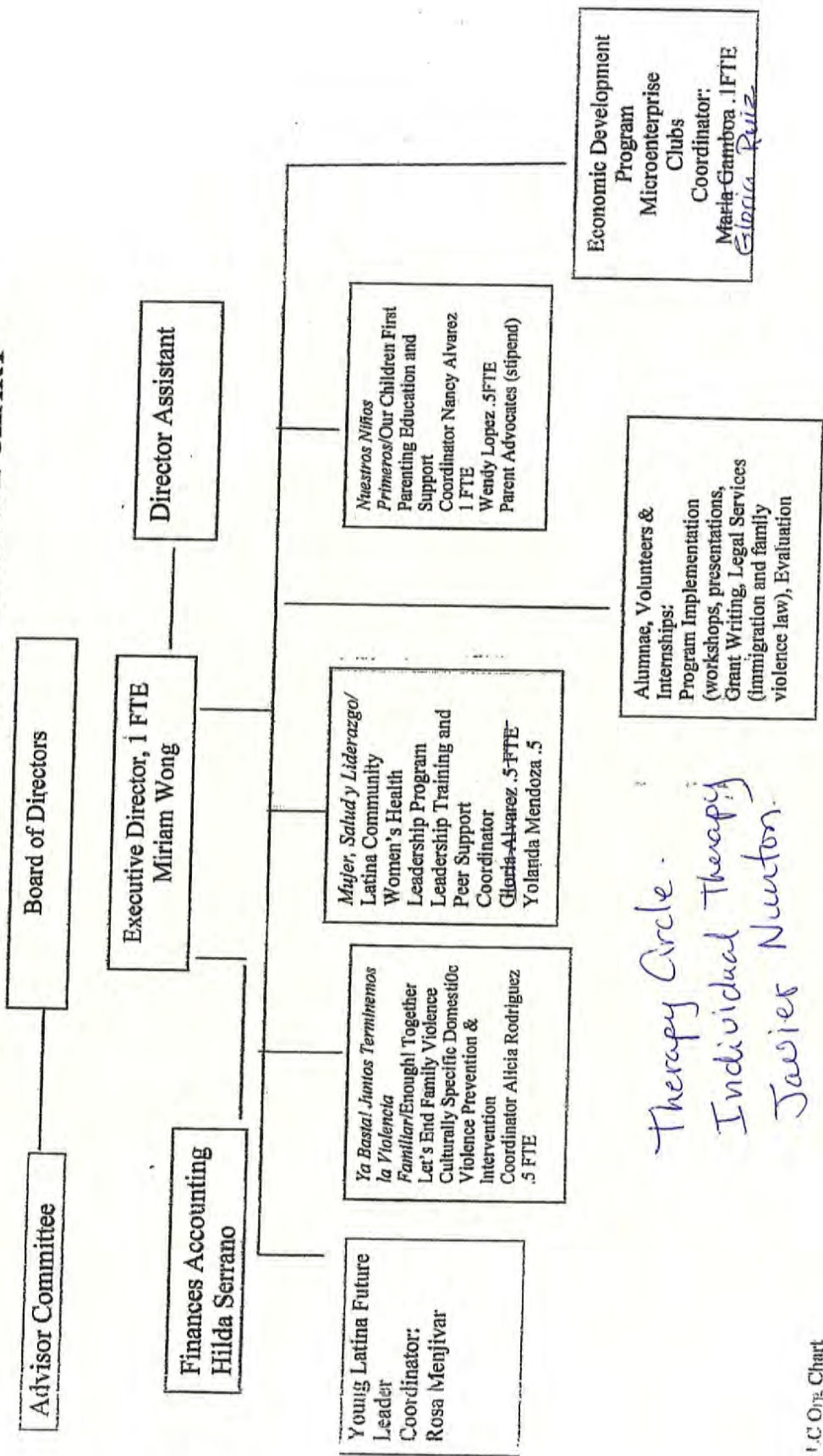
Evaluation Consultant						\$ 512.00
Total Contracted Professional Services						\$ 512.00
Program Operating Costs						
Childcare/Babysitting services						\$ 5,280.00
Stipends for Parent Educators						\$ 12,240.00
Travel Expenses						\$ 300.00
Cultural celebrations, forums and family nights						\$ 1,000.00
Supplies						\$ 2,880.00
Total Program Operating Costs						\$ 21,700.00
Subtotal						\$ 109,422.00
Indirect Costs @ 5%						\$ 5,469.00
Grand Total						\$ 114,891.00
Individual Mental Health Counselor						\$7,200.00

\$ 122,091.00



3701 Barrett Ave. Street, Richmond, CA 94805 (510) 233-8595 www.thelatinacenter.org
 The mission of The Latina Center is to improve the quality of life and health of the Latino community by providing leadership and personal development opportunities for all Latinas.

THE LATINA CENTER ORGANIZATIONAL CHART



*Therapy Circle
 Individual Therapy
 Javier Newton*

Mental Health Services Act (MHSA)

Program and Fiscal Review

- I. **Date of On-site Review:** December 16, 2019
Date of Exit Meeting: February 27, 2020

- II. **Review Team:** Jennifer Bruggeman, Genoveva Zesati

- III. **Name of Program:**
La Clínica de la Raza
2000 Sierra Rd, Concord, CA
2240 Gladstone Dr., Pittsburg, CA

- IV. **Program Description.** La Clínica de La Raza, Inc. (La Clínica) was founded in 1971 to address health barriers and create better lives for the community it serves. Services are offered through a “no wrong door” approach, regardless of income level or insurance status. With 32 sites across Alameda, Contra Costa and Solano Counties, La Clínica is a Federally Qualified Health Center (FQHC) that delivers culturally and linguistically responsive health care services to address the needs of the diverse populations it serves. La Clínica is one of the largest community health centers in California.

La Clínica receives Mental Health Services Act (MHSA) funding to support two behavioral health programs at their Monument and Pittsburg clinic sites, *Vías de Salud* (Pathways to Health) and *Familias Fuertes* (Strong Families). *Vías de Salud* targets Latinos residing in Central and East Contra Costa County and provides: a) 3,000 depression screenings; b) 500 assessment and early intervention services provided by a Behavioral Health Specialists to identify risk of mental illness or emotional distress; and c) 1,000 follow up support/brief treatment services to adults exhibiting symptoms related to depression, anxiety, isolation, stress, communication and cultural adjustment. The *Familias Fuertes* program seeks to educate and support Latino parents and caregivers living in Central and East Contra Costa County so that they can support the strong development of their children and youth. The project activities include:

- 1) Screening for risk factors in youth ages 0-18 (750 screenings);
- 2) 150 Assessments (includes child functioning and parent education/support) with a Behavioral Health Specialist provided to parents/caretakers of children ages 0-18;
- 3) 200 follow-up visits with children/families to provide psycho-education/brief

treatment regarding behavioral health issues including psycho-social stressors/risk factors and behavioral health issues. These programs fall under the PEI category of *improving timely access to mental health services for underserved populations* as well as providing linguistically appropriate services to the community.

V. Purpose of Review. Contra Costa Behavioral Health Services (CCBHS) is committed to evaluating the effective use of funds provided by the Mental Health Services Act. Toward this end, a comprehensive program and fiscal review was conducted of La Clínica. The results of this review are contained herein and will assist in a) improving the services and supports that are provided, b) more efficiently support the County’s MHSA Three Year Program and Expenditure Plan, and c) ensure compliance with statute, regulations and policy. In the spirit of continually working toward better services we appreciate this opportunity to collaborate together with the staff and clients participating in this program/plan element in order to review past and current efforts, and plan for the future.

VI. Summary of Findings.

Topic	Met Standard	Notes
1. Deliver services according to the values of the MHSA	Met	Consumers and family members indicate the program meets the values of MHSA
2. Serve the agreed upon target population.	Met	Program improves timely access to an underserved population.
3. Provide the services for which funding was allocated.	Met	Funds services consistent with the agreed upon Service Work Plan.
4. Meet the needs of the community and/or population.	Met	Services are consistent with the Three-Year Plan
5. Serve the number of individuals that have been agreed upon.	Met	Target service numbers are reached.
6. Achieve the outcomes that have been agreed upon.	Met	Program meets its outcomes
7. Quality Assurance	Met	No reported grievances.
8. Ensure protection of confidentiality of protected health information.	Met	HIPAA compliant privacy policies in place.

9. Staffing sufficient for the program	Met	Staffing level supports targeted service numbers.
10. Annual independent fiscal audit	Met	No material or significant weaknesses were noted.
11. Fiscal resources sufficient to deliver and sustain the services	Met	La Clínica has significant net assets to withstand revenue interruptions.
12. Oversight sufficient to comply with generally accepted accounting principles	Met	Experienced staff implement sound check and balance system.
13. Documentation sufficient to support invoices	Met	Uses established software program with appropriate supporting documentation protocol.
14. Documentation sufficient to support allowable expenditures	Met	Method of accounting for personnel time and operating costs appear to be supported.
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	Met	No billings noted for previous fiscal year expenses.
16. Administrative costs sufficiently justified and appropriate to the total cost of the program	Met	Contract budget reflects indirect rate of 15%.
17. Insurance policies sufficient to comply with contract	Met	Necessary insurance is in place
18. Effective communication between contract manager and contractor	Met	The County and program meet regularly.

VII. Review Results. The review covered the following areas:

- 1. Deliver services according to the values of the Mental Health Services Act** (California Code of Regulations Section 3320 – MHPA General Standards). Does the program/plan element collaborate with the community, provide an integrated service experience, promote wellness, recovery and resilience, is it culturally sensitive, and client and family driven?

Method. Consumer, family member and service provider interviews and consumer surveys.

Discussion.

Survey Results

We received 25 surveys from program participants. The majority of responses were consistent with consumer interviews; namely, they show a positive evaluation of the program; and that the program adheres to MHSA values. Below is a summary of survey responses.

Questions	Responses: n=25				
Please indicate how strongly you agree or disagree with the following statements regarding persons who work with you:	Strongly Agree 4	Agree 3	Disagree 2	Strongly Disagree 1	I don't know n/a
1. Help me improve my health and wellness.	Average score: 3.50 (n=26)				
2. Allow me to decide what my own strengths and needs	Average score: 3.46 (n=26)				
3. Work with me to determine the services that are most helpful	Average score: 3.38 (n=26)				
4. Provide services that are sensitive to my cultural background.	Average score: 3.36 (n=25)				
5. Provide services that are in my preferred language	Average score: 3.54 (n=26)				
6. Help me in getting needed health, employment, education and other benefits and services.	Average score: 3.46 (n=24)				
7. Are open to my opinions as to how services should be provided	Average score: 3.46 (n=24)				
8. What does this program do well?	<ul style="list-style-type: none"> • Everything is good • Everything • The (group leader) is very kind, I like the way she has taken care of me. • Let's me talk about my feelings • Helps me to relax • Making patients feel comfortable • Ensuring that my needs are met • Confidentiality is maintained in each of the sessions • Gives information on breast feeding, pregnancy and child health • I like the positivity and freedom of expression • They give us different ideas on how to motivate ourselves 				

	<ul style="list-style-type: none"> • Communication • Give us tools to say how we feel 				
9. What does this program need to improve upon?	<ul style="list-style-type: none"> • Nothing • Program is great • Wait times 				
10. What needed services and supports are missing?	<ul style="list-style-type: none"> • Nothing • To apply for WIC 				
11. How important is this program in helping you improve your health and wellness, live a self-directed life, and reach your full potential?	<table border="1"> <tr> <td>Very Important 4</td> <td>Important 3</td> <td>Somewhat Important 2</td> <td>Not Important 1</td> </tr> </table>	Very Important 4	Important 3	Somewhat Important 2	Not Important 1
	Very Important 4	Important 3	Somewhat Important 2	Not Important 1	
Average score: 3.83 (n=24)					
12. Any additional comments?	<ul style="list-style-type: none"> • I like the atmosphere of fellowship and consideration • It's nice to learn new aspects of behavior and responsibility • Thank you for the classes, they help many people 				

Consumer Interviews

The consumer interview was conducted in Spanish and involved three participants from the Concord site. The length of time each participant had been involved with the behavioral health program ranged from three months to one year, but they were all long-time consumers of medical services at La Clínica.

The three women all attended a group, Contenta y Tranquila, where they developed positive rapport with the facilitator and bonds with their peers that have extended outside the group. They said they value the group for giving them a safe space to be heard, share their worries, release stress and build friendships with peers dealing with similar issues. They appreciate that La Clínica offers appointments on weekends and evenings but wish there were more of these appointment slots as they fill up quickly. They would also like to see medical services such as labs offered on more days outside of regular business hours. They described the services as being culturally grounded and that all staff speak Spanish. Overall, the consumers were very appreciative of the services provided by La Clínica.

Staff Interviews

Five staff members were interviewed from both the Pittsburg and Concord sites. Two were medical assistants and three clinicians. Length of time with the agency ranged from 2 – 15 years. One of the clinicians is a former intern, who

spoke to the high quality of the internship program and of the on-going clinical support and supervision. Staff described that they don't feel like they can meet all the behavioral health needs of all clients. Specific things mentioned were a need for parenting classes and more extended evening and weekend hours. The anti-immigrant political atmosphere across the nation has had a big impact on the clients served at La Clínica. Many don't feel safe going outside of the clinic to obtain care, and referrals made to the county often bounce back as a result.

Staff would also like to be able to access more trainings offered by the county.

La Clínica strives to be a service hub or "one stop shop" for a variety of resources and services. They serve community members regardless of insurance or ability to pay and have created a seamless integration of behavioral health services where clients can access appropriate care without fear of stigma or discrimination.

Results. La Clínica delivers services according to the values of the MHSA. La Clínica reaches out to a community with a high incidence of chronic and traumatic stress that traditionally has lacked resources. The program delivers programming at locations that are generally accessible (both culturally and geographically) to participants; staff is culturally and linguistically fluent and maintains close ties to the community it serves.

2. **Serve the agreed upon target population.** For Prevention and Early Intervention, does the program serve individuals and families who are at risk of developing a serious mental illness or serious emotional disturbance? Does the program serve the agreed upon target population?

Method. Compare the program description and/or service work plan with a random sampling of client charts or case files.

Discussion. La Clínica's target population is Contra Costa County residents receiving clinic services who are at risk for developing a serious mental illness. Approximately 70% of consumers are low-income, Spanish speaking community members, including recent undocumented immigrants. Consumers are screened and referred to behavioral health services from primary care through a seamless, warm hand-off process within the clinic. Non-stigmatizing language and culturally relatable terminology is used to describe behavioral health symptoms and programs, in order to create a more welcoming and engaging atmosphere.

Results. The program serves the agreed upon target population.

3. **Provide the services for which funding was allocated.** Does the program provide the number and type of services that have been agreed upon.

Method. Compare the service work plan or program service goals with regular reports and match with case file reviews and client/family member and service provider interviews.

Discussion. Monthly service summaries as well as semi-annual reports show that the program is consistently engaged in outreach activities, is providing behavioral health screenings, support groups and system navigation supports.

Results. The program provides the services for which funding was allocated.
4. **Meet the needs of the community and/or population.** Is the program meeting the needs of the population/community for which it was designed. Has the program been authorized by the Board of Supervisors as a result of a Community Program Planning Process. Is the program consistent with the MHSA Three Year Program and Expenditure Plan.

Method. Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan or program description with the Three-Year Plan. Compare with consumer/family member and service provider interviews. Review client surveys.

Discussion. Programming offered by La Clínica was included in the original PEI plan that was approved in May 2009 and included in subsequent plan updates. The program has been authorized by the Board of Supervisors and is consistent with the current MHSA Three-Year Program and Expenditure Plan as well as the proposed PEI regulations on prevention programs. Interviews with staff and consumers support the notion that the program meets its goals and the needs of the community it serves. Services are culturally sound, non-stigmatizing and seamlessly integrated into the primary care clinic setting. Clients are generally referred through primary care, where screenings are conducted. A system is in place to see people with urgent needs on the same day as referral. Otherwise there is generally a two week wait for behavioral health appointments.

Results. The program meets the needs of the community and the population for which it is designated.
5. **Serve the number of individuals that have been agreed upon.** Has the program been serving the number of individuals specified in the program description/service work plan, and how has the number served been trending the last three years.

Method. Match program description/service work plan with history of monthly reports and verify with supporting documentation, such as logs, sign-in sheets and case files.

Discussion. The program's target service numbers for their *Vias de Salud* program, as detailed in the Service Work Plan of their contract, includes conducting 3,000 depression screenings, 500 assessments and 1,000 follow-up services. The target service numbers for their *Familias Fuertes* program is 750 screenings for patients 0-17, 150 assessments and/or parent coaching sessions, and 200 children/caretakers served for individual sessions. Over the past three years, the program has generally met or exceeded their target numbers despite the program seeing an overall decline in recent numbers since the new Public Charge rulings have been put in place.

Results. The program serves the number of people that have been agreed upon, and at times exceeds the target enrollment number.

6. **Achieve the outcomes that have been agreed upon.** Is the program meeting the agreed upon outcome goals, and how has the outcomes been trending.

Method. Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts. Outcome domains include, as appropriate, incidence of restriction, incidence of psychiatric crisis, meaningful activity, psychiatric symptoms, consumer satisfaction/quality of life, and cost effectiveness. Analyze the level of success by the context, as appropriate, of pre- and post-intervention, control versus experimental group, year-to-year difference, comparison with similar programs, or measurement to a generally accepted standard.

Discussion. La Clínica has a few well-defined primary program objectives as part of the service work plan. For *Vias de Salud* these include: early identification of social isolation, mental distress, and severe mental illness; increased access to mental health services; increased connection and linkage to community services; reduction in social isolation and distress; improved adjustment to life in the US for immigrants, improved family communication across the generations. For *Familias Fuertes* these include early identification of severe mental illness; identification of behavior problems and parenting issues; reductions in acuity of distress; increased access to mental health services; increased connection and linkage to community services. The program has provided an annual report summarizing their progress towards meeting their program outcomes. The Integrated Behavioral Health program utilizes evidenced based practices including cognitive behavioral therapy (CBT), dialectical behavioral therapy (DBT), as well motivational interviewing, mindfulness and individual and group therapy.

Results. Overall, the program achieves its primary objectives.

7. **Quality Assurance.** How does the program assure quality of service provision.
- Method.** Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.
- Discussion.** Contra Costa County did not receive any grievances toward the program. The program has an internal grievance policy in place. Since the program does not provide billable services under this contract, it not subject to utilization review.
- Results.** The program has a quality assurance process in place, yet it is recommended that program participants be made aware through signage or conversations in group to clients about their right to file a grievance; as clients did not seem to have a clear understanding of how to file a formal grievance; if needed.
8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol.
- Method.** Match the HIPAA Business Associate service contract attachment with the observed implementation of the program's implementation of a protocol for safeguarding protected patient health information.
- Discussion.** La Clínica has written policies and provides staff training on HIPAA requirements and safeguarding of patient information. The agency uses a password protected electronic health record system, which has recently been upgraded.
- Results.** The program complies with HIPAA requirements.
9. **Staffing sufficient for the program.** Is there sufficient dedicated staff to deliver the services, evaluate the program for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support.
- Method.** Match history of program response with organization chart, staff interviews and duty statements.
- Discussion.** La Clínica's Integrated Behavioral Health team has a sufficient number and type of staff to support their operations. Most of the staff interviewed have been with the agency for multiple years. They described a high level of clinical supervision and support, including a clinical consultation line and regular individual and group supervision. Staff did mention that they would like to have more access to county sponsored trainings.

Results. Sufficient staffing is in place to serve the number of clients outlined in the most recent Service Work Plan. County staff will connect the program with the training unit so eligible La Clínica staff may participate in available training.

10. **Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings.

Method. Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager.

Discussion. La Clínica is a non-profit organization incorporated in 1971 for the purpose of operating a comprehensive community health center. —It provides a full range of services, which include medical, dental, eye, integrated behavioral health, nutrition, health education, social support, pharmacy, laboratory and x-ray. The organization's mission is to improve the quality of life of the diverse communities it serves by providing culturally appropriate, high quality and accessible health care for all. The organization has a total operating budget of over \$104 million, and operates 32 locations in Alameda, Contra Costa and Solano counties. Independent auditor reports from the last three years indicate that La Clínica is not at risk for adverse fiscal consequences due to their fiscal and accounting systems.

Results. Annual independent fiscal audits for FY 15-16, 16-17 and 17-18 were provided and reviewed. No material or significant findings were noted.

11. **Fiscal resources sufficient to deliver and sustain the services.** Does organization have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain program or plan element.

Method. Review audited financial statements and Board of Directors meeting minutes. Interview fiscal manager of program.

Discussion. The organization appears to be operating within the budget constraints provided by their authorized contract amount, and thus appears to be able to sustain their stated costs of delivering PEI services for the entirety of the fiscal year. La Clinica's financial documents indicate that the parent organization has been expanding incrementally each year. The Board of Directors meeting minutes continue to indicate regular attention to the organization's fiscal well-being, as exemplified by regular reports on the indicator of sufficient fiscal reserves to carry on operations for roughly 90 days without revenue, despite new projects in development including new programming in Vallejo and a system wide electronic health record upgrade.

Results. Fiscal resources are currently sufficient to deliver and sustain services.

12. **Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles.
Method. Interview with fiscal manager.
Discussion. The agency employs a well-qualified fiscal team that utilizes established protocols to enable a check and balance system and there appears to be a clear separation of duties around monthly invoicing.
Results. Sufficient oversight exists to enable compliance with generally accepted accounting principles.
13. **Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the program and ensure no duplicate billing.
Method. Reconcile financial system with monthly invoices. Interview fiscal manager of program.
Discussion. A randomly selected invoice for each of the last three years was matched with supporting documentation provided by the agency. A clear and accurate connection was established between documented hours worked and submitted invoices. The two clinics operating in Contra Costa County are federally qualified health centers (FQHC). The organization's software program apportions the FQHC and PEI contract revenues to fully fund the staff and associated costs that provide integrated behavioral health services in these two health clinics. It appears that there is no duplicate billing.
Results. Uses established software program with appropriate supporting documentation protocol.
14. **Documentation sufficient to support allowable expenditures.** Does organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the program.
Method. Match random sample of one month of supporting documentation for each fiscal year (up to three years) for identification of personnel costs and operating expenditures invoiced to the county.
Discussion. Line item personnel and operating costs were reviewed for appropriateness. All line items submitted were consistent with line items that are appropriate to support the service delivery.
Results. Method of allocation of percentage of personnel time and operating costs appear to be justified and documented.

- 15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows).
- Method.** Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of program.
- Discussion.** Total contract billing was within contract limits, with no billing by this agency for expenses incurred and paid in a previous fiscal year.
- Results.** La Clínica appears to be implementing an appropriate year end closing system.
- 16. Administrative costs sufficiently justified and appropriate to the total cost of the program.** Is the organization's allocation of administrative/indirect costs to the program commensurate with the benefit received by the program.
- Method.** Review methodology and statistics used to allocate administrative/indirect costs. Interview fiscal manager of program.
- Discussion.** The agency has increased their indirect rate to 15%, which is supported by general costs reflected in the independent auditor's reports.
- Results.** Administrative costs are sufficiently justified and appropriate to the total cost of the program.
- 17. Insurance policies sufficient to comply with contract.** Does the organization have insurance policies in effect that are consistent with the requirements of the contract.
- Method.** Review insurance policies.
- Discussion.** The program provided certificate of commercial general liability insurance, automobile liability, umbrella liability, professional liability and directors and officers liability policies that were in effect at the time of the site visit.
- Results.** The program complies with contract insurance requirements.
- 18..** Do both the contract manager and contractor staff communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise.
- Method.** Interview contract manager and contractor staff.
- Results.** The agency has an assigned analyst that serves as the point of contact for all matters related to this contract. She communicates with the contract manager regularly and attends PEI provider meetings, and other relevant meetings.
- Discussion.** The program has good communication with the contract manager.

VIII. Summary of Results.

La Clínica is committed to delivering culturally and linguistically appropriate behavioral health services to address the needs of the diverse populations it serves. Their approach to treatment utilizes non-stigmatizing and fully integrated practices, including warm hand offs and a “no wrong door” policy. Their prevention and early intervention services seek to connect these families and consumers to sustainable resources and supports. La Clínica programs adhere to the values of MHSA in serving their target population. The program is meeting and often exceeding the outcomes detailed in their contract. La Clínica appears to be a financially sound organization that follows generally accepted accounting principles and maintains documentation that supports agreed upon service expenditures.

IX. Recommendations for Further Attention.

- Maintain better communication around county-sponsored training opportunities for staff
- Staff and consumers provided feedback that included: expanding evening and weekend appointment times; offering more parenting classes and supports
- Clarify the process for program participants and their right to file a grievance, should they feel necessary.

X. Next Review Date. 2022

XI. Appendices.

Appendix A – Program Description/Service Work Plan

Appendix B – Service Provider Budget

Appendix C – Yearly External Fiscal Audit

Appendix D – Organization Chart

XII. Working Documents that Support Findings.

Consumer Listing

Consumer, Family Member Surveys

Consumer, Family Member, Provider Interviews

County MHSA Monthly Financial Report

Progress Reports, Outcomes

Monthly Invoices with Supporting Documentation

Indirect Cost Allocation Methodology/Plan

Board of Directors' Meeting Minutes

Insurance Policies

MHSA Three Year Plan and Update(s)

SERVICE WORK PLAN

Agency: La Clinica de La Raza, Inc.

Number: 74-363

Name of Project(s): Vias de Salud (Pathways to Health), and Familias Fuertes (Strong Families)

Fiscal Year: July 1, 2019 – June 30, 2020

I. Scope of Services

La Clínica de La Raza, Inc. (La Clínica) will implement Vías de Salud (Pathways to Health) to target Latinos residing in Central and East Contra Costa County with: a) 3,000 depression screenings; b) 250 assessment and early intervention services provided by a Behavioral Health Specialists to identify risk of mental illness or emotional distress, or other risk factors such as social isolation; and c) 1,250 support/brief treatment services by integrated behavioral health clinicians to adults covering a variety of topics such as depression, anxiety, isolation, stress, communication and cultural adjustment. La Clínica's PEI program category is Improving Timely Access to Services for Underserved Populations.

Contractor will also implement Familias Fuertes (Strong Families), to educate and support Latino parents and caregivers living in Central and East Contra Costa County so that they can support the strong development of their children and youth. The project activities will include: 1) Screening for risk factors in youth ages 0-18 (750 screenings); 2) Seventy-five (75) assessments or visits (includes child functioning and parent education/support) with a Behavioral Health Specialist will be provided to parents/caretakers of children ages 0-18; 3), Three hundred (300) visits with Integrated Behavioral Health Clinicians to provide children/families with psycho-education/brief treatment regarding behavioral health issues including parent education, psycho-social stressors/risk factors and behavioral health issues.

As per California Code of Regulations (CCR) Title 9, Division 1, Chapter 14, Section 3735, La Clínica will include the following strategies, and report outcomes on these strategies as per County reporting requirements:

1. Be designed and implemented to help create access and linkage to mental health treatment,
2. Be designed, implemented and promoted in ways that improve timely access to mental health treatment services for persons and/or families from underserved populations,
3. Be designed, implemented and promoted using strategies that are non-stigmatizing and non-discriminatory.

II. Types of Mental Health Services/Other Service-Related Activities

During the term of this contract, La Clínica will assist Contra Costa Mental Health in implementing the Mental Health Services Act (MHSA), by providing Prevention and Early Intervention Services for Project #1, Building Connections in Underserved Cultural Communities, with its *Vías de Salud* program; and Project #6, Parenting Education and Support with its *Familias Fuertes* program.

III. Program Facilities/Hours of Operation /Staffing**A. Program Facilities Location****(1) La Clínica de La Raza, La Clínica Monument**

2000 Sierra Road
Concord, CA 94518
925-363-2000

(2) La Clínica de La Raza, La Clínica Pittsburg Medical

2240 Gladstone Drive, Suite 4
Pittsburg, CA 94565
925-431-1230

Initials: _____
County / Contractor

SERVICE WORK PLAN

Agency: La Clinica de La Raza, Inc.
Name of Project(s): Vias de Salud (Pathways to Health), and Familias Fuertes (Strong Families)
Fiscal Year: July 1, 2019 – June 30, 2020

Number: 74-363

B. Contact Person, Phone Number, and Email

Laura Zepeda Torres, Planner
P.O. Box 22210
Oakland, CA 94623-2210
510-535-2973
lztorres@laclinica.org

C. Program Hours of Operation

La Clínica de La Raza will provide services simultaneously at two sites:
La Clínica Monument Medical Clinic: Monday - Tuesday: 8:15am - 8:30pm, Wednesday: 8:15am - 6:30pm, Thursday - Friday: 8:15am - 5:30pm, Saturday: 8:15am - 5:00pm (closed 12 - 12:30pm)
La Clínica Pittsburg Medical Clinic: Monday – Friday: 8:30am - 5:30pm

D. Program Staffing (including staffing pattern)

Contractor will employ **3.06 FTE** to provide direct services.
This consists of: **.08 FTE** of an Integrated Behavioral Medicine Specialist, **.20 FTE** of Integrated Behavioral Health Supervisor, 0.95 FTE of Medical Assistants, and **1.83 FTE** Integrated BH Clinicians.

IV. Volume of Services to be Provided

Contractor will provide 3,750 screenings and 325 assessment/consultation/early intervention services, and 1,550 follow up consultation/brief treatment services on an annual basis. Contractor shall attach to the billing a Monthly Contract Service /Expenditure Summary (Form: MHP029) with the total number of services provided for the month and the additional unduplicated (for the year) number of clients served during the month.

V. Billing Procedure

Contractor shall submit a Demand for Payment (Form: D15.19) for services rendered to Contra Costa Mental Health. Contractor shall attach to the billing a Monthly Contract Service/Expenditure Summary (Form: MHP029) with actual expenditure information for the billing period.

Demands for payment should be submitted by mail to:

MHSA Program Supervisor
Contra Costa Behavioral Health
1220 Morello Ave., Ste. 100
Martinez, CA 94553
Telephone: (925) 957-2611
Fax: (925) 957-2624

VI. Outcome Statements

For the *Vias de Salud* program:

Initials: _____
County / Contractor

SERVICE WORK PLAN

Agency: La Clinica de La Raza, Inc.

Number: 74-363

Name of Project(s): Vias de Salud (Pathways to Health), and Familias Fuertes (Strong Families)

Fiscal Year: July 1, 2019 – June 30, 2020

- A. Reduce disparities and increase penetration of mental health services through culturally and linguistically competent early identification, assessment and brief intervention services integrated into the medical setting.
 - 1. Early identification of social isolation, mental distress and severe mental illness
 - 2. Increased access to mental health services
 - 3. Increased connection and linkage to community services
 - 4. Reduction in social isolation and distress
 - 5. Improved adjustment to life in the United States for immigrants
 - 6. Improved family communication across the generations

For *Familias Fuertes* program, Project #6:

- A. Parents of youth 0-18 will receive education and support to be strong parents and to raise healthy and emotionally healthy children:
 - 1. Early identification of severe mental illness.
 - 2. Identification of behavior problems and parenting issues.
 - 3. Reduction in acuity of distress.
 - 4. Increased access to mental health services.
 - 5. Increased connection and linkage to community services.

VII. Measures of Success

The contractor will track the following MHSA outcome measures:

For the *Vías de Salud* program (Project #1):

- A. 3,000 Depression Screenings will be completed annually by patients of La Clínica primary care.
- B. 250 assessments or early intervention services will be provided by a Behavioral Health Specialists within the **FY 19-20**
- C. 1,250 Follow up services will be provided by an Integrated Behavioral Health Clinician within FY 19-20
- D. 75% of participants who complete three or more follow up visits will demonstrate reduction in mental health symptoms as measured through a standardized screen (PHQ-9, GAD-7, etc.) in **FY 19-20**

For *Familias Fuertes* program, Project #6:

- A. 750 Behavioral Screenings of patients aged 0 – 17 will be completed during the 12-month period by parents (of children 0-12) and adolescents (age 12-17)
- B. A total of 75 assessment and/or Parent coaching sessions will be provided for **FY 19-20**
- C. 300 children/caretakers will participate in individual/family education/brief treatment sessions with an Integrated Behavioral Health Clinician

VIII. Measurement/Evaluation Tools

Contractor will provide documentation of measure outcomes using the following tools:

For the *Vías de Salud* program:

- A. Tracking / La Clínica Practice Management Computer system and data reports (NextGen).

Initials: _____
County / Contractor

SERVICE WORK PLAN

Agency: La Clinica de La Raza, Inc.

Number: 74-363

Name of Project(s): Vias de Salud (Pathways to Health), and Familias Fuertes (Strong Families)

Fiscal Year: July 1, 2019 – June 30, 2020

- B. Pre and Post Test: Participants of assessments/follow up visits will use standardized scales PHQ-9 (Depression) or GAD-7 (Anxiety Scale)

For *Familias Fuertes* program:

A. Tracking / La Clínica Practice Management Computer system and data reports (NextGen).

B. Pre and Post Test Assessment of children's behavioral health symptoms will use patient self-report of progress as documented in the medical record. Outcome data will be collected through completed pre/post test designed for use with curriculum *Los Niños Bien Educados* as applicable.

IX. Reports Required

Contractor is asked to complete and submit a Semi Annual Reporting Form, on Feb 15, 2020 and August 15, 2020, to document the program's progress in implementing the contract and track statistical information (i.e. age, gender, ethnicity, language, sexual orientation and gender identity) of the target population(s) actually served, as defined by the Contractor and approved by the County during contract award and negotiation process. The year-end report will also contain report on outcomes, and be due on August 15, 2020.

Please submit all evaluation reports on a quarterly basis via email to:

MHSa Program Supervisor
Contra Costa Behavioral Health
1220 Morello Ave., Ste. 100
Martinez, CA 94553
Telephone: (925) 957-2611
Fax: (925) 957-2624

X. Other

Promotional materials for the program should identify the funding source: "Funded by the Mental Health Services Act in partnership with Contra Costa Mental Health". Contractor must attend the Regional Roundtable meetings sponsored by Contra Costa Mental Health.

Initials: _____
County / Contractor

Appendix B - Budget

CONTRA COSTA MENTAL HEALTH -- MHSA -- Prevention & Early Intervention

Project # 1 and 6

Applicant La Clínica de La Raza, Inc. (La
Name: Clínica)

#1: Vías de Salud (Pathways to Health/S3) and #6: Familias Fuertes (Strong Families/S2)

Budget Period: July 1, 2019-June 30, 2020

Total Dollars Requested:

	Annualized Salary	FY 19-20 S3 Budget (Adults)		FY 19-20 S2 Budget		Combined S2/S3		
		Proj #1 (MHSA)		Proj #6 (MHSA)		COMBINED PROJ 1 & 6 (MHSA)		
		Proj #1 FTE	Proj. #1 12 mo. Budget	Proj. #6 FTE	Proj. #6 12 mo. Budget	Total La Clínica FTE	Total La Clínica 12 mo. Budget	
A. Expenditures								
1. Staffing								
95 Medical Assistant (M. Escalante)	8230 \$ 45,620	30.00%	\$ 13,686.01	20.00%	\$ 9,124.00	0.50	\$ 22,810.01	
91 Medical Assistant (S. Villa)	8230 \$ 43,387	25.00%	\$ 10,846.63	20.00%	\$ 8,677.30	0.45	\$ 19,523.93	
95 Integrated BH Clinician Monument (M. Gubser)	8260 \$ 83,449	25.00%	\$ 20,862.13	25.00%	\$ 20,862.13	0.50	\$ 41,724.27	
91 Integrated Behavioral Health Clinician (E. Delgado)	8260 \$ 61,466	25.00%	\$ 15,366.39	25.00%	\$ 6,146.56	0.50	\$ 21,512.95	
91 Integrated BH Clinician Pittsburg (A. Lopez)	8260 \$ 86,635	21.00%	\$ 18,193.40	22.00%	\$ 19,059.76	0.43	\$ 37,253.16	
95 Integrated BH Clinician Monument (A. Rangel)	8260 \$ 64,211	20.00%	\$ 12,842.27	20.00%	\$ 12,842.27	0.40	\$ 25,684.53	
4B BH Manager (W. Arredondo)	8110 \$ 87,469	10.00%	\$ 8,746.94	10.00%	\$ 8,746.94	0.20	\$ 17,493.87	
91 Integrated Behavioral Health Clinician Lead (M. Lask)	8550 \$ 106,052	8.00%	\$ 8,484.15	0.00%	\$ -	0.08	\$ 8,484.15	
		1.64		1.42		3.06		
Total Salaries			\$ 109,027.91		\$ 85,458.95		\$ 194,486.87	
Employee Benefits (27.3% of Salary Costs)	27.3%		\$ 29,764.62		\$ 23,330.29		\$ 53,094.91	
Total Personnel Expenditures (Salaries plus Benefits)			\$ 138,792.53		\$ 108,789.25		\$ 247,581.78	
3. Operating Expenditures								
a. Professional Services								
b. Translation and Interpreter Services								
c. Travel and Transportation			\$ 1,300.00		\$ 750.00		\$ 2,050.00	
d. General Office Expenditures			\$ 477.00		\$ 574		\$ 1,050.50	
e. Facility rental & building maintenance								
F. Utilities								
f. Outreach Expense								
g. Communications Expense								
h. Other Program Related Expenses								
Participant Incentives			100		\$ 100.00			
Training								
i. Patient Transportation			\$ 400.00				\$ 400.00	
Total Operating Expenditures			\$ 2,277.00		\$ 1,423.50		\$ 3,700.50	
4. Administrative Costs								
a. Overhead 15 %			\$ 21,160.43		\$ 16,531.91		\$ 37,692.34	
TOTAL PROPOSED PROGRAM BUDGET			\$ 162,229.96		\$ 126,744.66		\$ 288,974.62	
B. Other Revenue (estimated)								
a. Medi-Cal (Primary Care Medi-Cal revenue)								
b. Other: (specify)								
e. Total Revenue								
C. Total MHSA Operational Funds Requested			\$ 162,229.96		\$ 126,744.66		\$ 288,975	



Appendix C - Financial Statement

*Report of Independent Auditors and
Financial Statements*

La Clinica de La Raza, Inc.

June 30, 2018 and 2017

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Report of Independent Auditors

The Board of Directors
La Clinica de La Raza, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of La Clinica de La Raza, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Clinica de La Raza, Inc., as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited La Clinica de La Raza, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss Adams LLP

San Francisco, California
November 28, 2018

Financial Statements

La Clinica de La Raza, Inc.
Statements of Financial Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 18,775,807	\$ 12,640,170
Short-term investments	2,347,512	2,909,489
Short-term assets limited as to use	3,656,069	3,661,207
Patient accounts receivable, net of allowance for doubtful accounts of \$5,000,310 in 2018 and \$7,041,956 in 2017	8,892,432	5,663,491
Grants and contracts receivable	5,577,964	6,122,046
Other receivables	1,844,291	1,985,427
Inventory	207,212	195,861
Prepaid expenses	1,432,653	969,479
Total current assets	<u>42,733,940</u>	<u>34,147,170</u>
NONCURRENT ASSETS		
Long-term investments	11,574,705	11,095,830
Property, plant, and equipment, net of accumulated depreciation	30,438,651	27,657,655
Total assets	<u>\$ 84,747,296</u>	<u>\$ 72,900,655</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,971,302	\$ 3,288,485
Estimated third-party payor settlements	5,927,658	3,686,169
Accrued liabilities	6,662,538	6,983,052
Deferred revenue	5,490,572	6,852,504
Current portion of long-term obligations	4,365,021	391,545
Total current liabilities	<u>26,417,091</u>	<u>21,201,755</u>
LONG-TERM OBLIGATIONS , net of current portion	<u>4,568,253</u>	<u>9,189,522</u>
Total liabilities	<u>30,985,344</u>	<u>30,391,277</u>
NET ASSETS		
Unrestricted	46,334,922	41,632,249
Temporarily restricted	7,427,030	877,129
Total net assets	<u>53,761,952</u>	<u>42,509,378</u>
Total liabilities and net assets	<u>\$ 84,747,296</u>	<u>\$ 72,900,655</u>

La Clinica de La Raza, Inc.
Statement of Operations and Changes in Net Assets
Year Ended June 30, 2018

(With Summarized Comparative Totals for the Year Ended June 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
REVENUES AND OTHER SUPPORT				
Net patient service revenues	\$ 67,358,073	\$ -	\$ 67,358,073	\$ 64,040,988
Provision for bad debts	(4,348,022)	-	(4,348,022)	(4,499,044)
Net patient service revenue less provision for bad debts	63,010,051	-	63,010,051	59,541,944
Grants and contributions	28,070,492	1,768,727	29,839,219	28,025,349
Capitation revenue	6,770,243	-	6,770,243	6,618,749
Contributions in-kind	1,549,161	-	1,549,161	1,411,412
Other income	5,517,017	-	5,517,017	5,586,024
Total revenues and other support	<u>104,916,964</u>	<u>1,768,727</u>	<u>106,685,691</u>	<u>101,183,478</u>
EXPENDITURES				
Program services	89,908,954	-	89,908,954	88,143,980
Support services	14,227,395	-	14,227,395	12,532,369
Total expenditures	<u>104,136,349</u>	<u>-</u>	<u>104,136,349</u>	<u>100,676,349</u>
Excess of revenues and other support over expenditures	780,615	1,768,727	2,549,342	507,129
Investment return - change in unrealized losses on investment	(385,308)	-	(385,308)	(253,379)
Capital grants and contributions	-	9,088,540	9,088,540	-
Net assets released from restrictions - capital projects	4,307,366	(4,307,366)	-	-
CHANGES IN NET ASSETS	4,702,673	6,549,901	11,252,574	253,750
NET ASSETS , beginning of year	<u>41,632,249</u>	<u>877,129</u>	<u>42,509,378</u>	<u>42,255,628</u>
NET ASSETS , end of year	<u>\$ 46,334,922</u>	<u>\$ 7,427,030</u>	<u>\$ 53,761,952</u>	<u>\$ 42,509,378</u>

La Clinica de La Raza, Inc.
Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services						Total Program Services	Support Services		Total Program and Support Services	
	Medical	Dental	Vision	Ancillary	Mental Health	Health Education		Management and General	Fundraising		Total Support Services
Personnel	\$ 31,322,523	\$ 10,369,864	\$ 1,039,902	\$ 2,932,864	\$ 2,680,644	\$ 2,648,466	\$ 50,994,263	\$ 9,301,679	\$ 99,372	\$ 9,401,051	\$ 60,395,314
Fringe benefits	8,911,608	2,911,150	309,630	823,145	773,553	781,921	14,511,007	2,840,999	23,098	2,864,097	17,375,104
Consultants	527,018	30,257	16,875	388,314	5,770	600	968,834	1,131,022	7,000	1,138,022	2,106,856
Contracted service	2,676,934	707,408	28,342	270,002	760,080	191,233	4,633,999	2,931,233	52,317	2,983,550	7,617,549
Space and utilities	1,846,282	392,531	168,465	62,833	138,371	119,674	2,728,156	740,633	121	740,754	3,468,910
Supplies	4,209,711	913,049	337,296	1,622,237	47,975	69,528	7,199,796	567,622	5,852	573,474	7,773,270
Equipment lease/maintenance	100,474	15,314	2,488	32,292	6,479	15,423	172,470	37,070	-	37,070	209,540
Travel	33,051	15,888	-	326	8,000	35,045	92,310	65,541	18,146	83,687	175,997
Other	1,736,557	594,120	59,629	79,587	676,206	516,389	3,662,488	(1,223,441)	31,594	(1,191,847)	2,470,641
La Clinica functions	16,688	213	-	147	6,500	11,868	35,416	71,126	5,947	77,073	112,489
Insurance	2,236	20,770	-	-	7,215	-	30,221	317,460	-	317,460	347,681
Interest	233,575	58,368	-	13,475	-	5,279	310,697	-	-	-	310,697
Recruitment	12,723	800	-	-	1,140	240	14,903	142,645	-	142,645	157,548
Fundraising	-	-	-	-	-	-	-	-	93,331	93,331	93,331
EHR expenses	2,518,061	428,111	90,434	192,313	5,459	71,830	3,306,208	(3,306,208)	-	(3,306,208)	-
Depreciation	776,501	333,373	22,788	43,085	33,399	39,040	1,248,186	273,236	-	273,236	1,521,422
Total expenditures	\$ 54,923,942	\$ 16,791,216	\$ 2,075,849	\$ 6,460,620	\$ 5,150,791	\$ 4,506,536	\$ 89,908,954	\$ 13,890,617	\$ 336,778	\$ 14,227,395	\$ 104,136,349

La Clinica de La Raza, Inc.
Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services						Total Program Services	Support Services		Total Program and Support Services	
	Medical	Dental	Vision	Ancillary	Mental Health	Health Education		Management and General	Fundraising		Total Support Services
Personnel	\$ 29,903,514	\$ 10,309,215	\$ 966,524	\$ 3,006,543	\$ 2,655,021	\$ 2,680,252	\$ 49,521,069	\$ 8,975,014	\$ 102,013	\$ 9,077,027	\$ 58,598,096
Fringe benefits	8,090,111	2,753,963	278,373	861,615	696,658	716,086	13,396,806	2,774,744	30,124	2,804,868	16,201,674
Consultants	756,799	141,949	16,350	172,713	5,906	-	1,093,717	1,391,268	-	1,391,268	2,484,985
Contracted service	2,142,895	825,610	16,900	353,718	534,975	166,803	4,040,901	2,679,257	106,854	2,786,111	6,827,012
Space and utilities	1,666,018	279,081	160,286	53,039	129,027	156,331	2,443,782	628,808	299	629,107	3,072,889
Supplies	4,171,172	1,097,659	348,945	1,578,807	71,251	167,238	7,435,072	528,881	19,639	548,520	7,983,592
Equipment lease/maintenance	92,447	14,545	3,062	7,774	6,531	14,664	139,023	45,150	1	45,151	184,174
Travel	43,898	10,800	-	14	10,769	27,839	93,320	76,558	798	77,356	170,676
Other	1,878,415	663,105	72,411	67,361	766,110	441,624	3,889,026	(1,548,225)	24,591	(1,523,634)	2,365,392
La Clinica functions	9,522	341	-	-	-	8,998	18,861	90,203	61,458	151,661	170,522
Insurance	-	-	-	-	8,839	-	8,839	278,893	-	278,893	287,732
Interest	231,245	66,612	-	10,231	-	3,719	311,807	436	-	436	312,243
Recruitment	32,828	1,425	-	1,400	3,384	150	39,187	136,200	360	136,560	175,747
Fundraising	-	-	-	-	-	-	-	4,383	104,203	108,586	108,586
EHR expenses	3,238,122	640,474	115,830	297,260	-	100,739	4,392,425	(4,392,425)	-	(4,392,425)	-
Depreciation	838,458	351,279	3,968	43,694	42,381	40,365	1,320,145	412,884	-	412,884	1,733,029
Total expenditures	\$ 53,095,444	\$ 17,156,058	\$ 1,982,649	\$ 6,454,169	\$ 4,930,852	\$ 4,524,808	\$ 88,143,980	\$ 12,082,029	\$ 450,340	\$ 12,532,369	\$ 100,676,349

La Clinica de La Raza, Inc.
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 11,252,574	\$ 253,750
Adjustments to reconcile the change in net assets to net cash from operating activities		
Depreciation	1,521,422	1,733,029
Net unrealized loss on investments	385,308	253,379
Capital grants and contributions	(2,500,000)	-
Provision for bad debts	4,348,022	4,499,044
Changes in operating assets and liabilities		
Patient accounts receivable, net	(7,576,963)	(2,766,726)
Grants and contracts receivable	544,082	1,998,168
Other receivables	141,136	(1,283,922)
Inventory	(11,351)	49,943
Prepaid expenses	(463,174)	(126,571)
Accounts payable	682,817	1,212,152
Estimated third-party payor settlements	2,241,489	(2,049,152)
Accrued liabilities	(320,514)	541,180
Deferred revenue	(1,361,932)	1,031,173
Net cash provided by operating activities	<u>8,882,916</u>	<u>5,345,447</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(469,176)	(282,683)
Proceeds from sale of investments	166,970	-
Purchases of property, plant, and equipment	(1,802,418)	(841,577)
Net change in assets limited as to use	<u>5,138</u>	<u>(94,617)</u>
Net cash used in investing activities	<u>(2,099,486)</u>	<u>(1,218,877)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on long-term obligations	(647,793)	(683,245)
Net cash used in financing activities	<u>(647,793)</u>	<u>(683,245)</u>
CHANGES IN CASH AND CASH EQUIVALENTS	6,135,637	3,443,325
CASH AND CASH EQUIVALENTS , beginning of year	12,640,170	9,196,845
CASH AND CASH EQUIVALENTS , end of year	<u>\$ 18,775,807</u>	<u>\$ 12,640,170</u>
SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION		
Cash paid for interest	<u>\$ 293,152</u>	<u>\$ 312,037</u>
Additions to property, plant, and equipment through noncash capital grants	<u>\$ 2,500,000</u>	<u>\$ -</u>

La Clinica de La Raza, Inc.

Notes to Financial Statements

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – La Clinica de La Raza, Inc. (the “Organization”), is a nonprofit organization incorporated in February 1971 for the purpose of operating a comprehensive community health center. It provides a full range of services, which include medical, dental, optical, mental health, health education, nutrition, social support, pharmacy, laboratory, and radiology. The Organization’s mission is to improve the quality of life of the diverse communities it serves by providing culturally appropriate, high-quality, and accessible health care for all.

Located in Oakland, San Leandro, and San Lorenzo in Alameda County; Pittsburg, Oakley, and Concord in Contra Costa County; and Vallejo in Solano County, the Organization served 91,750 patients last year. The Organization operates at more than three dozen locations, including the following clinics: medical, dental, and behavioral health clinics at La Clinica de La Raza (at the Fruitvale Transit Village) which includes pharmacy, laboratory, and radiology; La Clinica de La Raza – Dental (on Fruitvale Avenue); Casa del Sol (mental health clinic) I, II, and III; Clinica Alta Vista (a teen clinic); San Antonio Neighborhood Health Center, which includes pharmacy; Family Optical (eye clinic); two Women Infants and Children (“WIC”) programs, one in the San Antonio Neighborhood Health Center and one at a free-standing site; a dental clinic near Children’s Hospital Oakland; Davis Pediatrics, a pediatric practice on Foothill Boulevard; a medical clinic in Pittsburg; a dental clinic in Pittsburg; a mobile dental clinic serving Contra Costa County; a medical, dental, and optical clinic in Concord; a medical clinic in Oakley; three medical clinics in Vallejo; and a dental clinic in Vallejo. The Organization also runs eight school-based clinics: Hawthorne Elementary School-Based Clinic, Roosevelt Health Center, Tiger Health Clinic (at Fremont High), San Lorenzo High Health Center, TechniClinic (at Oakland Technical High), Havenscourt Health Center, Youth Heart Health Center (at Downtown Educational Complex), and Fuente Wellness Center (at REACH Ashland Youth Center).

The Organization receives support from grants and contracts awarded by the United States Department of Health and Human Services, State of California, Alameda County, City of Oakland, and a host of other local governments, private foundations, and corporations.

The following programs and supporting services are included in the accompanying financial statements:

PROGRAMS:

Medical – The medical clinics provide basic health care for people of all ages: primary care, family medicine, internal medicine, pediatrics, and obstetrics-gynecology.

Dental – The dental department offers the following dental services: dental hygiene, general dentistry, orthodontics, periodontics, pedodontics, endodontics, and oral surgery.

Vision – The vision department offers optometry and ophthalmology services.

Ancillary – The ancillary department includes inpatient, pharmacy, radiology, and laboratory services.

Mental health – The mental health department offers counseling services for children and adults.

Health education – The clinics provide nutritional programs such as therapeutic nutritional counseling, nutrition education, and WIC program. The clinics also include the health education department which offers classes, support groups, and other activities on various health topics, including diabetes, cholesterol, chronic illness, prenatal, smoking prevention, smoking cessation, high blood pressure, HIV/AIDS, and family planning. These services are provided to community residents and patients.

SUPPORT SERVICES:

Management and general – Management and general services include the functions necessary to maintain a viable community health services program, ensure an adequate working environment, provide coordination and articulation of the Organization's program strategy through the Office of the Chief Executive Officer, secure proper administrative functioning of the Board of Directors, assure compliance for the program administration of the Organization, and manage the financial and budgetary responsibilities of the Organization.

Fundraising – Fundraising expenses are the costs related to activities that involve encouraging potential donors to contribute assets, services, or time. Fundraising costs are expensed when incurred.

Summarized financial information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient information to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements as of June 30, 2017.

Cash and cash equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less.

Assets limited as to use – Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors for specific purposes including future capital improvements over which the Board of Directors retains control and may, at its discretion, subsequently use for other purposes.

Investments – All investments in money market funds, mutual funds, debt securities, and equity investments are measured at fair value in the statement of financial position. Investment income or loss is included in unrestricted net assets unless their use is temporarily or permanently restricted by donor or law. Unrealized gains and losses on investments are included in changes in unrestricted net assets unless the income or loss is restricted by donor or law.

Inventory – Inventory consists of office and medical supplies, and is stated at the lower of cost or market.

Property, plant, and equipment – Property, plant, and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the improvements.

La Clinica de La Raza, Inc. Notes to Financial Statements

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Cost of maintenance and repairs are charged to expense as incurred. Estimated useful lives are as follows:

Buildings and improvements	15 - 40 years
Furniture and equipment	5 - 7 years
Software	5 years

The Organization periodically evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset. No asset impairment was recognized during the years ended June 30, 2018 and 2017.

Deferred revenue – Deferred revenue primarily consists of contract billing or payments received in advance of revenue recognition from contracts to provide primary and preventive health services, as well as grants from various organizations. The Organization generally recognizes revenue when the revenue recognition criteria are met through performance of services as stipulated in the respective contracts.

Professional liability insurance – The Organization, including officers, governing board members, employees, and contractors who are physicians or other licensed or certified health care practitioners, are covered under the Federal Tort Claims Act (“FTCA”), which is available to clinics funded under Section 330 of the Public Health Service Act. The Organization has been deemed to be a federal agency for the purposes of Section 224 of the FTCA. FTCA coverage is comparable to an occurrence policy without a monetary cap. The Organization also has supplemental professional liability coverage for individual claims up to \$1,000,000 and aggregate annual claims up to \$6,000,000 based upon occurrence.

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Organization’s claim experience, no such accrual has been made and there are no known claims or incidents that may result in the assertion of additional claims as of the date of this report. It is reasonably possible that this estimate could change materially in the near term.

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. Investment earnings are recorded as unrestricted net assets for certain temporarily restricted funds in accordance with the Organization’s spending rule and for certain funds in accordance with donor stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or passage of time. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations and changes in net assets as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations are maintained by the Organization in perpetuity. At June 30, 2018 and 2017, the Organization had no permanently restricted net assets.

Revenue recognition – The Organization has agreements with third-party payors that provide for payment amounts, which differ from its standard charges. A summary of major payment arrangements is as follows:

Patient services revenue – For the years ended June 30, 2018 and 2017, approximately 63%, of the Organization's revenues are from patients who are covered by Medicare, Medi-Cal, or third-party insurance carriers. These payors limit payment for services based upon their respective schedules of usual, customary, and reasonable fees. An allowance for contractual adjustments results from the difference between the payment based on the usual, customary, and reasonable fee and the Organization's standard charge. The allowance is recorded as a deduction from patient revenues. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Capitation revenue – The Organization contracts with several health maintenance organizations to provide health care services to subscribing Medi-Cal participants. Under these plans, the Organization receives a per-enrollee amount (capitated payment) each month regardless of the services actually performed by the Organization. Capitation payments are recognized as revenue during the period in which the Organization is obligated to provide services to enrollees. The Organization also receives interim payments from the Medi-Cal program. These payments are reconciled on an annual basis to insure the Organization ultimately receives the established Medi Cal payment rate for all visits under these contracts.

Medi-Cal and Medicare revenue – The Organization participates in the Medi-Cal and Medicare programs as a Federally Qualified Health Center ("FQHC"). Each program reimburses patient care visits based on a Prospective Payment System ("PPS"), with rates set for each licensed site. Revenue is recognized based on the date of service of the visit.

Sliding fee scales – The Organization provides medical, dental, and optical services to eligible patients at a discounted rate or for a nominal fee, based on eligibility determined by the patient's household size and income.

La Clinica de La Raza, Inc. Notes to Financial Statements

Grants and contributions – The Organization receives grants from federal agencies, the State of California, the City of Oakland, and Alameda County, as well as contributions from private organizations. Government grants are reimbursed based on actual expenses incurred or units of services provided. Revenue from these grants is recognized either when expenses are incurred or when services are provided. Revenue recognition depends on the grant award agreements. Contribution revenue is reported when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Contributions may be restricted for either specific operating purposes or for capital purposes.

Donations – Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Noncash donations are recorded at their estimated fair values at the date of donation. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are reported as donated services.

Capital grants and contributions – Capital grants and contributions consist of grants and contributions or resources that are restricted by the grantors or donors for capital asset purposes—to acquire, construct, or renovate capital assets associated with the restricted purpose. Capital grants and contributions are recorded as increases to temporarily restricted net assets when cash is received in advance of acquisition of capital assets. Capital grants and contributions are released and recognized into unrestricted net assets when capital assets are acquired and/or placed in service.

During the year ended June 30, 2018, capital grants and contributions totaled \$9,088,540, primarily for two major capital projects. As of June 30, 2018, capital grants and contributions totaling \$4,307,366 had been spent, primarily on these two major projects and included in construction in progress. (see Note 5).

Functional allocation of expenses – In order to provide information related to service efforts, the costs of providing each of the Organization's programs and support services have been presented in a separate statement of functional expenses. In order to provide this presentation, certain costs were required to be allocated among the programs and services.

Excess of revenues and other support over expenditures – The statement of operations and changes in net assets includes excess of revenues and other support over expenditures. Changes in unrestricted net assets, which are excluded from excess of revenues and other support over expenditures, consistent with industry practice, include unrealized gains and losses on investments other than trading securities and contributions of long-lived assets (including assets acquired using contributions that by donor restriction are to be used for the purpose of acquiring such assets).

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

The Organization provides for estimated losses on accounts receivable based on prior bad debt experience and generally does not charge interest on past due balances. Past due status is based upon the date of services provided. Uncollectible receivables are charged off when deemed uncollectible. Recoveries from previously charged-off accounts are recorded when received.

Income taxes – The Organization is a nonprofit corporation under Internal Revenue Code Section 501(c)(3) and has been granted tax-exempt status by the Internal Revenue Service and the California Revenue and Taxation Code. As of June 30, 2018 and 2017, the Organization had no unrecognized tax positions or uncertain tax positions requiring accrual. Therefore, no provision for income taxes has been provided in the financial statements.

Reclassification – Certain financial statement reclassifications have been made to prior year balances for comparability purposes and had no impact on the changes in net assets as previously reported.

Fair value measurements – Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurements and Disclosures*, prescribes fair value measurements and disclosures for financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements. FASB ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The carrying amounts reported in the statement of financial position for cash and cash equivalents, grants, contributions and other contracts receivables, inventory, prepaid expenses, accrued expenses, and deferred revenue approximate fair value. The fair values of investments and long-term obligations are disclosed in Note 4 and Note 6, respectively.

New accounting pronouncements – In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments* (“ASU 2016-01”), which requires an entity to: (i) measure equity investments at fair value through net income, with certain exceptions; (ii) present in OCI the changes in instrument-specific credit risk for financial liabilities measured using the fair value option; (iii) present financial assets and financial liabilities by measurement category and form of financial asset; (iv) calculate the fair value of financial instruments for disclosure purposes based on an exit price; and (v) assess a valuation allowance on deferred tax assets related to unrealized losses of available-for-sale debt securities in combination with other deferred tax assets. The update provides an election to subsequently measure certain nonmarketable equity investments at cost less any impairment and adjusted for certain observable price changes. The update also requires a qualitative impairment assessment of such equity investments and amends certain fair value disclosure requirements. The adoption of ASU 2016-01 is effective for the Organization beginning July 1, 2019. Management is currently evaluating the impact of the provisions of ASU 2016-01 on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The adoption of ASU 2016-02 is effective for the Organization beginning July 1, 2019. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the financial statements.

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In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”), which provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by identifying the contract(s) with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract, and recognizing revenue when (or as) the entity satisfies a performance obligation. In August 2015, the FASB issued ASU No. 2015-14, *Deferral of the Effective Date* (“ASU 2015-14”), which deferred the effective date of ASU 2014-09 for all entities by one year. In March 2016, the FASB issued ASU No. 2016-08, *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* (“ASU 2016-08”), which clarifies the implementation guidance on principal versus agent considerations in ASU 2014-09. In April 2016, the FASB issued ASU No. 2016-10, *Identifying Performance Obligations and Licensing* (“ASU 2016-10”), which clarifies the implementation guidance on identifying performance obligations and the licensing implementation guidance in ASU 2014-09, while retaining the related principles for those areas. In May 2016, the FASB issued ASU No. 2016-12, *Narrow-Scope Improvements and Practical Expedients* (“ASU 2016-12”), which provides narrow-scope improvements and practical expedients to ASU 2014-09. ASU 2014-09, ASU 2015-14, ASU 2016-08, ASU 2016-10, and ASU 2016-12 are effective for the Organization beginning July 1, 2018. Management is currently evaluating the impact of the provisions of ASU 2014-09, ASU 2015-14, ASU 2016-08, ASU 2016-10, and ASU 2016-12 on the financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (“ASU 2016-04”), to improve current net asset classification requirements and the information presented in financial statements and notes about not-for-profit entity liquidity, financial performance, and cash flows. The adoption of ASU 2016-14 is effective for the Organization beginning July 1, 2018. Management is currently evaluating the impact of the provisions of ASU 2016-14 on the financial statements.

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

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (“ASU 2016-18”), which requires the statement of cash flows to explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of ASU 2016-18 is effective for the Organization beginning July 1, 2019. Management is currently evaluating the impact of the provisions of ASU 2016-18 on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit-Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit-Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 is effective for the Organization beginning July 1, 2018. Management is currently evaluating the impact of the provisions of ASU 2018-08 on the financial statements.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Financial instruments potentially subjecting the Organization to concentrations of credit risk consist primarily of bank demand deposits in excess of the Federal Deposit Insurance Corporation insurance thresholds, cash held in money market accounts in excess of the amounts insured by the U.S. Treasury insurance for money market funds, and various debt and equity investments in excess of the Securities Investor Protection Corporation insurance threshold. Demand deposits are placed with a local financial institution, and management has not experienced any loss related to these demand deposits in the past. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. It is at least reasonably possible, given the level of risk associated with investment securities, that changes in the near term could materially affect the amount reported in the financial statements. The risk associated with the investments is mitigated through diversification.

Credit risk related to patient accounts receivable arises from the granting of credit without collateral to patients, most of whom are residents of Alameda County and Contra Costa County in the State of California. Patient accounts receivable consisted of the following as of June 30:

	2018	2017
Receivable from patients and their insurance carriers	\$ 4,136,755	\$ 3,485,288
Receivable from government payors	9,755,987	9,220,159
Total patient accounts receivable	13,892,742	12,705,447
Less: allowance for uncollectible accounts	5,000,310	7,041,956
Patient accounts receivable, net	\$ 8,892,432	\$ 5,663,491

NOTE 3 – NET PATIENT SERVICE REVENUE

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

Medicare – Effective July 1, 2015, covered FQHC services rendered to Medicare program beneficiaries will be paid on a PPS. Medicare payment under the FQHC PPS will be 80% of the lesser of the Organization’s actual charge or the applicable PPS rate (patient coinsurance will be 20% of the lesser of the Organization’s actual charge or the applicable PPS rate). Accordingly, to the extent the Organization’s charge is below the applicable PPS rate, Medicare FQHC reimbursement will be limited.

La Clinica de La Raza, Inc.

Notes to Financial Statements

Medi-Cal – Covered FQHC services rendered to Medi-Cal program beneficiaries are paid based on a prospective reimbursement methodology. The Organization is reimbursed a prospectively determined encounter rate for covered services provided.

Approximately 89% of net patient service revenue is from participation in the Medicare and Medi-Cal programs for the years ended June 30, 2018 and 2017.

NOTE 4 – INVESTMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Available-for-sale securities – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with identical characteristics, or discounted cash flows. In certain cases, where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Organization does not have investments classified as Level 3.

La Clinica de La Raza, Inc.
Notes to Financial Statements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall at June 30:

	2018			
	Fair Value	Level 1	Level 2	Level 3
Available-for-sale investments				
Cash and cash equivalents and money market	\$ 2,179,022	\$ 2,179,022	\$ -	\$ -
Domestic corporate notes	6,311,655	6,311,655	-	-
Government notes	4,709,774	4,709,774	-	-
International corporate note	721,766	721,766	-	-
Total available-for-sale investments	<u>13,922,217</u>	<u>13,922,217</u>	<u>-</u>	<u>-</u>
Assets limited as to use				
Mutual funds	700,402	700,402	-	-
Cash and cash equivalents and money market	2,955,667	15,261	2,940,406	-
Total assets limited as to use	<u>3,656,069</u>	<u>715,663</u>	<u>2,940,406</u>	<u>-</u>
Total	<u>\$ 17,578,286</u>	<u>\$ 14,637,880</u>	<u>\$ 2,940,406</u>	<u>\$ -</u>
	2017			
	Fair Value	Level 1	Level 2	Level 3
Available-for-sale investments				
Cash and cash equivalents and money market	\$ 2,281,802	\$ 2,281,802	\$ -	\$ -
Domestic corporate notes	5,801,968	5,801,968	-	-
Government notes	5,030,593	5,030,593	-	-
International corporate note	890,956	890,956	-	-
Total available-for-sale investments	<u>14,005,319</u>	<u>14,005,319</u>	<u>-</u>	<u>-</u>
Assets limited as to use				
Mutual funds	718,350	718,350	-	-
Cash and cash equivalents and money market	2,942,857	9,993	2,932,864	-
Total assets limited as to use	<u>3,661,207</u>	<u>728,343</u>	<u>2,932,864</u>	<u>-</u>
Total	<u>\$ 17,666,526</u>	<u>\$ 14,733,662</u>	<u>\$ 2,932,864</u>	<u>\$ -</u>

The following methods were used to estimate the fair value of all other financial instruments:

Cash and cash equivalents – The carrying amount approximates fair value.

Assets limited as to use – These assets consist primarily of mutual funds and money market accounts. The carrying amount reported in the statement of financial position is fair value.

Available-for-sale investments – Fair values, which are the amounts reported in the statement of financial position, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Long-term obligations – The fair value of the Organization's long-term debt is estimated to equal its carrying value, based on Level 2 inputs such as the quoted market prices for the same or similar issues or on the current rates offered to the Organization for debt of the same remaining maturities. The debt instruments as of June 30, 2018 and 2017, materially approximate their carrying values (see Note 6).

Unless otherwise indicated, the fair value of all reported assets and liabilities that represent financial instruments approximate their carrying values.

La Clinica de La Raza, Inc.
Notes to Financial Statements

Investments, stated at fair value, at June 30, include:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents and money market funds	\$ 2,179,022	\$ 2,281,802
Domestic corporate notes	6,311,655	5,801,968
Government notes	4,709,774	5,030,593
International corporate note	721,766	890,956
	<u>13,922,217</u>	<u>14,005,319</u>
Less: current portion	<u>2,347,512</u>	<u>2,909,489</u>
Long-term portion	<u>\$ 11,574,705</u>	<u>\$ 11,095,830</u>

Investment income for assets limited as to use and investments are primarily comprised of interest income. Investment income and realized and unrealized gains and losses included in other income consist of the following for the year ended June 30:

	<u>2018</u>	<u>2017</u>
Investment income	\$ 442,077	\$ 414,080
Net unrealized loss on investments	<u>\$ (385,308)</u>	<u>\$ (253,379)</u>

NOTE 5 – PROPERTY, PLANT, AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION

Property, plant, and equipment consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 2,326,503	\$ 2,326,503
Buildings and improvements	36,218,016	35,988,456
Furniture and equipment	9,126,828	8,864,330
Total	<u>47,671,347</u>	<u>47,179,289</u>
Less accumulated depreciation	<u>21,772,132</u>	<u>20,250,711</u>
Total	25,899,215	26,928,578
Construction in progress	<u>4,539,436</u>	<u>729,077</u>
Property, plant, and equipment, net of accumulated depreciation	<u>\$ 30,438,651</u>	<u>\$ 27,657,655</u>

Depreciation expense for the years ended June 30, 2018 and 2017, totaled \$1,521,422 and \$1,733,029, respectively.

NOTE 6 – LONG-TERM OBLIGATIONS

Bonds and notes payable are as follows:

	2018	2017
Revenue bonds, 2013; monthly payments with interest payments at LIBOR, maturing in April 2019; the bonds are secured by property located at 3451 East 12th St. Oakland, CA, and are subject to certain financial performance covenants.	\$ 4,180,021	\$ 4,391,566
Revenue bonds, 2010; interest payments at fixed rate of 3.95%, payable on June 1 and December 1 of each year commencing June 1, 2011, to but not including December 1, 2017, thereupon may be converted to variable rate; maturing December 2030; the bonds are guaranteed by a letter of credit in the amount of \$3,089,843 from Union Bank and are subject to certain financial performance covenants.	2,850,000	3,030,000
Note payable to NCB, FSB, monthly interest payments of bank deposit rate plus 1.5%, maturing in September 2024, at which time a balloon payment is due; secured by the Organization's deposit with the bank, and are subject to certain financial performance covenants.	1,903,253	2,159,501
	8,933,274	9,581,067
Less current portion	4,365,021	391,545
Long-term portion	\$ 4,568,253	\$ 9,189,522

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

<u>Year Ending June 30,</u>	
2019	\$ 4,365,021
2020	190,000
2021	195,000
2022	200,000
2023	205,000
Thereafter	3,778,253
	\$ 8,933,274

There are certain financial covenants related to its long-term debt with which the Organization is required to comply.

The Organization has a \$500,000 revolving line of credit from MUFG Union Bank, N.A. The revolving line of credit is secured with inventory, accounts, equipment, and general intangibles of the Organization. The Organization has no outstanding borrowings on this revolving line of credit as of June 30, 2018 and 2017.

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Notes to Financial Statements

NOTE 7 – EMPLOYEE TAX-DEFERRED ANNUITY PLAN

The Organization entered into a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees who have completed the probation period. Effective July 1, 2007, the Employer shall contribute \$1.00 to \$1.53 per hour for eligible employees. Employees hired on or after May 8, 1995, shall be required to serve three years with the Organization before they are fully vested for accumulated pension contributions upon separation. Employees hired on or after February 17, 1999, will be entitled to 33% of accumulated contributions upon separation after one year of service, 66% after two years of service, and 100% after three years of service.

Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code, if they wish. Plan expense was \$1,469,721 and \$1,585,203 for the years ended June 30, 2018 and 2017, respectively.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of the following:

	<u>2018</u>	<u>2017</u>
Restricted contributions for capital improvements	\$ 5,658,303	\$ 372,381
Restricted contributions for program purposes	1,768,727	504,748
	<u>\$ 7,427,030</u>	<u>\$ 877,129</u>

NOTE 9 – CONTRIBUTIONS IN-KIND

Contributions in-kind consist of the following:

	<u>2018</u>	<u>2017</u>
Pharmaceuticals	\$ 1,275,026	\$ 1,173,732
Donated services	274,135	237,680
	<u>\$ 1,549,161</u>	<u>\$ 1,411,412</u>

NOTE 10 – COMMITMENTS

The Organization has entered into several noncancelable operating leases primarily for facilities and vehicles that expire at various dates through April 2026. The leases also require the Organization to pay certain annual operating costs, including maintenance and insurance. Lease expense for the years ended June 30, 2018 and 2017, was \$2,055,543 and \$1,787,926, respectively.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 1,860,548
2020	1,183,467
2021	894,326
2022	673,580
2023	615,173
Thereafter	1,499,859
	\$ 6,726,953

NOTE 11 – RELATED-PARTY TRANSACTIONS

The Community Health Center Network (“CHCN”) is a California nonprofit public benefit corporation. Eight community primary care clinics (including the Organization) participate in CHCN. CHCN has entered into Participation Agreements with the eight primary clinics, including the Organization. Under the Participation Agreements, CHCN provides certain services in connection with managed care contracts. Under the managed care contracts, the managed care plans make payments that cover primary care services that are offered by the participating primary care clinics, as well as specialty services that are not offered by the primary care clinics and that are not included in the clinics’ Medi-Cal PPS rates.

The services that CHCN provides under the Participation Agreements include: (1) the distribution of capitation payments to participating primary care clinics for primary health care services; CHCN calculates the capitation rates based on analysis by a third-party actuary; (2) the distribution of fee for service payments to the participating clinics for certain primary care services that are not included in the capitation rates; (3) the distribution of payments to third parties that provide specialty medical services that are not provided by the participating clinics and not included in the participating clinics’ PPS rates; and (4) the management of a risk pool to cover the specialty services that the participating clinics do not provide. CHCN periodically distributes incentive-based risk pool payments, based on pay-for performance metrics such as quality outcomes and utilization management, to the Organization, as well as to the other seven participating clinics.

During the years ended June 30, 2018 and 2017, incentive payments from the risk pool totaled \$5,464,839 and \$4,106,295, respectively. CHCN has not determined whether there is an operating surplus and has not approved a distribution amount to the Organization as of the date of issuance of these financial statements.

La Clinica de La Raza, Inc.

Notes to Financial Statements

NOTE 12 – CONTINGENCIES

The Organization is aware of certain asserted and unasserted legal claims. While the outcome cannot be determined at this time, it is management's opinion that the liability, if any, from these actions will not have a material adverse effect on the Organization's financial position.

The Organization participates in the 340B Drug Pricing Program ("340B Program") enabling the Organization to receive discounted prices from drug manufacturers on outpatient pharmaceutical purchases. This program is overseen by the Health Resources and Services Administration ("HRSA") Office of Pharmacy Affairs. HRSA is currently conducting routine audits of these programs at health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal 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 health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Organization is subject to similar regulatory reviews, there are no reviews currently underway, and management believes that the outcome of any potential regulatory review will not have a material adverse effect on the Organization's financial position or changes in net assets.

NOTE 13 – HEALTH CARE REFORM

The Patient Protection and Affordable Care Act ("PPACA") allowed for the expansion of Medicaid members in the State of California. Any further federal or state changes in funding could have an impact on the Organization. With the changes in the executive branch, the future of PPACA and the impact of future changes in Medicaid to the Organization is uncertain at this time.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are issued.

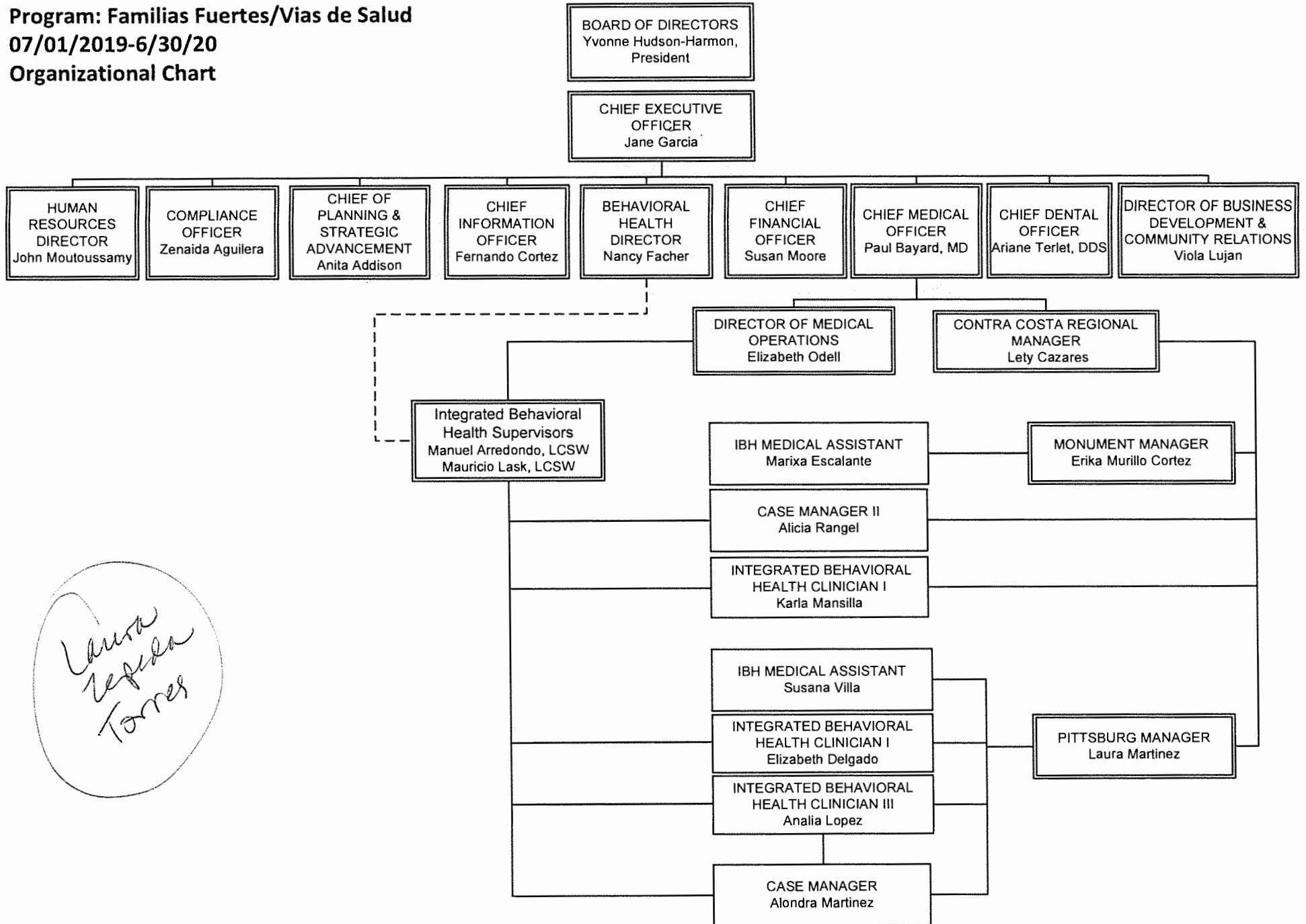
The Organization has secured financing term sheets to fund the development of a 26,000 square foot state-of-the-art integrated health care facility in Vallejo, California. La Clinica plans to relocate its downtown Vallejo medical and dental sites to the new facility, add optical and other services, and expand its capacity to see more patients in a more comprehensive and efficient manner.

Project financing will be structured using New Markets Tax Credits, a federal program designed to spur revitalization efforts of low-income and impoverished communities across the United States of America by providing tax credit incentives to investors in certified community development entities. Financing is expected to be closed by the end of 2018, with construction commencing shortly thereafter. Completion of the project is expected in late 2019.

The Organization has evaluated subsequent events through November 28, 2018, which is the date the financial statements are issued.

La Clinica de La Raza, Inc.
 Program: Familias Fuertes/Vias de Salud
 07/01/2019-6/30/20
 Organizational Chart

Appendix D - Org Chart



*Laura
Refugio
Torres*