

Organization Information

Legal Name

Neighborhood Healthcare

DBA (if Applicable)

Neighborhood

Year Founded - use date of incorporation

1969

Program Name/Title

Remote Care Initiative

Brief Program Description

We are asking for \$50,000 to support Remote Patient Monitoring for Fallbrook, Bonsall, Rainbow and De Luz patients with diagnosed obesity, hypertension and diabetes. We will do this by providing SMART devices and creating individualized programs for targeted patients. Data is directly captured in the patients' electronic health records.

Is this a new (pilot, recently developed) or established program?

New Initiative/Service

Program Information - Type

Ongoing

Requested Amount

30000

Organization's Mission Statement

Our mission is to improve the health and happiness of the communities we serve by providing high-quality healthcare to all, regardless of situation or circumstance. We believe that community health is about more than just vaccines and checkups; it's about giving people the resources they need to live their best lives.

Organization's Vision Statement

Our vision is a community where everyone is healthy and happy. In working to make this a reality, we are never satisfied with good enough.

Agency Capability

In the past five years, Neighborhood has grown from caring for 64,834 patients to 77,827 and increased annual visits from 273,058 to 399,720. We opened seven new locations in San Diego and Riverside Counties in response to a growing need. Distinct among these was adding a health center at Interfaith Community Services to leverage resources. We added specialty services, including Podiatry, Chiropractic, and Acupuncture, for pain management in response to the opioid crisis. We offered

telehealth options for all patients and added mobile health units to care for homebound patients and those at most risk during the height of the COVID- 19 crisis. Neighborhood has also delivered over 110,000 COVID Vaccines and 50,000 COVID tests.

Neighborhood deployed Kaizens across the organization with both patients and staff to promote an innovative work culture responsive to patient needs and technology, including expanding the use of data analytics and providing employees training to lead. Organizational cultural change was a high priority as we transitioned from a grassroots organization mindset to being more business-minded while keeping the mission our beacon. We moved to diffuse leadership, transitioning away from top-down decision-making.

Under the direction of our Board of Directors, we developed a senior care strategy to acknowledge this segment’s growth. In July 2021, Neighborhood opened a Program of All-Inclusive Care for the Elderly (PACE) in Riverside.

Agency Collaborations

Neighborhood is committed to whole person care which considers the social determinants of health for each individual we serve. As a result, we partner with many organizations throughout the county and provide referrals as appropriate. Associated with Diabetes and Hypertension are our partnerships with Cal Fresh, Feeding San Diego, and the San Diego Hunger Coalition. Access to fresh, healthy food is an essential component in the health and wellness of all, particularly individuals who have been diagnosed with Diabetes, Hypertension, or Obesity.

Neighborhood's Certified Enrollment Counselors (CEC) will be available to all patients in this program to assist with Cal Fresh enrollment. Our Certified Enrollment Counselors also participate in an escalation process through the counties & the San Diego Hunger Coalition to help troubleshoot complex cases.

Target Population - Age

	Percent of program participants
Children (infants to 12)	0
Young Adults (13-17)	0
Adults (18-60)	68
Seniors (60+)	32
We do not collect this data (indicate with 100%)*	

Target Population not collected - Age

NA

Gender

	Percent of program participants
Female	62
Male	38

	Percent of program participants
Non-binary	0
Unknown*	0

***Target Population - Gender**

NA

Income Level

	Percent of program participants
Extremely Low-Income Limits, ceiling of \$32,100	92
Very Low (50%) Income Limits, ceiling of \$53,500	5
Low (80%) Income Limits, ceiling of \$85,600	2
Higher Than Listed Limits	1
We do not collect this data (indicate with 100%)*	

***Target Population - Income Level**

NA

Projected number of residents that will directly benefit (participant/client) from this program.

60

Social Determinants of Health (SDOH)

Program/Services Description - Social Determinants of Health

Healthcare Access & Quality (Access to Health Care, Access to Primary Care, Health Literacy)

Program/Services Description - FRHD Community Needs Assessment

Health (Diabetes - prevention, management)

Health (Cholesterol, High Blood Pressure, Hypertension, Obesity)

Statement of Need/Problem

Obesity, Hypertension and Diabetes continue to be leading risk factors for heart disease. According to the Centers for Disease Control and Prevention (CDC), one in every four deaths each year in the United States is due to heart disease. In a document published March 25, 2019 in *PennMedicine*, obesity contributes to heart disease in three ways: 1. Obesity can cause a spike in bad cholesterol and triglyceride levels, and also can lower good high-density lipoproteins (HDL) cholesterol, 2. Obese individuals require more blood to supply oxygen and nutrients to their bodies which causes an increase in blood pressure, and 3. Obese individuals have a much greater chance of developing diabetes.

According to the American Heart Association, at least 68 percent of people aged 65 or older with

diabetes also have heart disease. While individuals with diabetes are said to be two to four times more likely to be at risk for heart disease, the American Heart Association also lists diabetes as being one of the top seven major controllable factors to prevent heart disease.

In 2021, 27 Fallbrook area residents died from and 72 were hospitalized with diabetes; 27 died and 72 were hospitalized with from a stroke, and 20 died and 73 were hospitalized from heart failure (source: <https://www.sandiegocounty.gov/content/sdc/hhsa/programs/phs/communityhealthstatistics/regional-community-data.html>). Neighborhood treats over 1,186 patients in Fallbrook, Bonsall, Rainbow and De Luz. Of these, 85 have been diagnosed with Diabetes, 128 have hypertension, and 198 are clinically obese. Over 30 of these patients have comorbidities of all three conditions including uncontrolled hypertension.

Strong scientific evidence shows that home blood pressure and glucose monitoring, plus clinical support helps people with hypertension lower their blood pressure and diabetes lower their A1C levels. Remote technology can also be used as part of a strong medically managed weight loss program.

Statement of Need/Problem - Others

Treatment of Diabetes, Hypertension, Obesity, and other chronic diseases has historically centered on the symptoms. For example, Diabetes control focuses on improving a1C levels, which is clearly important but may not address the whole patient or the underlying root of the disease.

Remote monitoring for Diabetes and Hypertension has gained popularity within the community due to the increase in Telehealth stimulated by COVID. However, remote management continues to address conditions individually. Remote Weight management is a new concept, and most providers continue to work with patients, traditionally utilizing a dietician for patient guidance. Weight management programs often address the needs of children and adolescents rather than adults.

This program is the first step in a long-term strategy towards whole patient care that considers multiple conditions and the social/behavioral components of the underlying problem. It will utilize both human interaction and technology to improve the health and well-being of the participants.

Program/Services Description - Program Entry

Patients will be invited to participate based on qualifications including comorbidities and uncontrolled hypertension. An emphasis will be placed on patients diagnosed with obesity. For the purposes of this grant, focus in exclusively on those patients, current and future, who live within the zip codes supported by the Fallbrook Regional Healthcare District.

Outreach and patient engagement are essential elements towards the success of this program due to the participatory aspects. Outreach will be conducted through targeted efforts to individually invite qualified patients based on their medical status. Participating patients will be assigned to a care team to ensure that they receive the equipment and care they need to address their medical condition(s) on an individual basis. This level of care is beyond current standards and will be positioned as premium, although access will be available to any individual who medially qualifies, and lives within the Fallbrook Regional Health District, without bias. Technology, accompanied by frequent high-touch personal interactions, will help patients monitor their progress and work towards their personal goals for success.

Program/Services Description - Program Activities

Chronic conditions are more out of control than ever due to the COVID-19 pandemic. The need to transition to telephonic and virtual visits resulted in an increased disparity of care among those with the least access. As a result, Neighborhood's patients experienced a decline in health outcome measures. At Neighborhood in 2018, 25.42% of patients with diabetes had poor control compared to 31.55% in 2020. The percentage of patients with controlled blood pressure dropped from 74.07% in 2018 to 56.86% in 2020.

Now is also the right time because the landscape for virtual care reimbursement has changed, opening up greater possibilities for care delivery. It has also highlighted the disparity in access to technology. Individuals with very low income, seniors, and those with disabilities often did not have the equipment or devices to connect with a Provider or access the patient portal. This grant will provide the resources needed to establish the initiative, including management, monitoring, and equipment not covered by health insurance.

Neighborhood's Remote Monitoring Initiative is a 3-year intervention to improve patients' heart health, moving from a collective 56% control rate to 80% through:

1. **Personalized Treatment Plans.** Patients receive SMART BP monitors, Glucometers, and Scales that transmit real-time data to their Primary Care Provider (PCP). LVN's educate patients, distribute devices, manage data, and refer patients for medication management. PCPs use data to create individualized treatment plans, adjust medication as needed, and/or encourage lifestyle adjustments such as diet and exercise.
2. **Addressing Social Determinants of Health (SDOH).** We assess every adult patient for needs such as housing, food insecurity, and job assistance. Patients in need receive referrals to Community-Based Organizations that provide resources.
3. **Behavioral Health Intervention.** Provide short-term counseling and referrals for patients struggling to stay on track. With motivational counseling, patients can explore and resolve ambivalence, helping them engage in positive behavioral change.

In the Fallbrook area:

At least 60 patients will use remote monitoring devices and have an individualized treatment plan. Create and implement a weight management algorithm. Fallbrook will serve as the beta site for utilizing the remote scales.

Manage electronically transmitted readings by Neighborhood's PCP teams.

Minimally 75% of patients will achieve controlled Hypertension.

Minimally 15% of enrolled patients will receive behavioral health counseling.

Patients receive American Heart Association education handouts.

Minimally 50% of enrolled patients will achieve 5% weight loss.

Those individuals needing food assistance will be offered help with CalFresh registration.

Program Goal #1

Neighborhood's goal is to improve health and wellness outcomes for patients with risk factors for cardiovascular disease. We will do this by providing, individuals with diabetes, hypertension, and obesity with remote monitoring support, individualized treatment plans, and linkages for addressing social determinants of health (SDOH). Sixty residents in the Fallbrook Regional Healthcare District will be invited to participate in the program to lower their BMI by 5% and reduce blood pressure and A1C levels. Included in the program is assistance with Cal Fresh enrollment to ensure access to healthy food.

Program Objectives - Goal #1

Neighborhood will develop a weight management treatment algorithm by August 30, 2022.

By December 31, 2022, 60 patients within the Fallbrook Regional Healthcare District will be enrolled in remote monitoring program with an individualized treatment plan enhanced by real-time data provided by a remote Scale, BP Monitor, and Glucose Monitor as needed.

Fifty percent of patients in the program will lose a minimum 5% of their body weight within 6 months of enrollment. By June 30, 2023, 50% of all enrolled patients will lose a minimum of 5% of their body weight.

By June 30, 2023, 75% of patients enrolled in the program will achieve controlled Blood Pressure.

Program Outcomes/Measurables - Goal & Objectives #1

Neighborhood will deploy Plan-Do-Study-Act (PDSA) cycles, including health center personnel and patient feedback to ensure continuous process improvement. Monthly electronic health record reports and qualitative analytics on outcomes at both the organization and individual health center site levels will provide feedback on progress towards goals. This data will be used to make any course corrections, provide additional training, and identify technical assistance needs. The initiative will also be incorporated into our quality management program and regularly reviewed by the Quality Assurance Committee.

We seek to be inclusive of the community voice through community engagement to influence programming. We have a small, diverse, Patient and Family Advisory Committee who volunteer to share their thoughts and ideas. Their input will help guide the implementation of the Remote Monitoring Initiative.

1- The weight management portion of this project is new. Completion will be determined by the ability to utilize the algorithm with the remote scales.

2- Patients will be identified, invited, and registered in the program utilizing data collected in their Electronic Medical Record (EMR). Neighborhood maintains measurements for diabetes, hypertension and BMI that is easily accessible to the medical team.

3 – BMI data will be uploaded into the patient’s EMR and can be followed monthly. Reports will be available to show progress, sorted by condition, or demographic information as needed.

4- Neighborhood maintains Blood Pressure data for all patients including the percentage of patients with controlled hypertension. Patients participating under this grant can be identified using their zip code data in the EMR.

Anticipated Acknowledgment

Anticipated Acknowledgment

Social Media Postings

Website Display

Other

Anticipated Acknowledgment

District acknowledgement will be via press release, on Neighborhood Healthcare Website, and through social media. Neighborhood utilizes Facebook, LinkedIn, Instagram and Twitter for social media presence. Links to our social media sites are:

<https://www.facebook.com/NeighborhoodHealthcare>

<https://www.linkedin.com/company/neighborhoodhealthcare>

<https://www.instagram.com/neighborhoodhealthcare/>

<https://www.twitter.com/NHCare1969>

FRHD CHC GRANT BUDGET INSTRUCTIONS

This file has a number of pre-formated pages. Those sections for auto calculations and set formats are shaded in grey and should not be altered. Please keep a copy of this document as it will be used as part of the grant reporting process

There are five tabs to this file:

- 1 Instructions
- 2 Program Budget Form
- 3 Revenue Sources
- 4 Budget Narrative
- 5 Budget Reporting Form

1 Instructions:

- > All Yellow sections are to be filled out by the applicant. Grey sections will auto calculate and should not be edited by the applicant. All pages are formatted to print portrait, on 1

2 Program Budget Form:

- > PROGRAM COST: This section should reflect the true and total costs of the program.

APPLYING ORGANIZATION: This is the applicant agency's investment in their program.

- > This is the value of the resources the agency will contribute to the program's cost. These may include funds from fundraising events, private donors, in-kind goods and services, and volunteer efforts.

- > OTHER FUNDERS: These are funds or resources provided from contracts, grants and partnerships that are used to support the program's operations.

- > REQUESTED FROM FRHD: This is the funding request you are putting forward to the District.

- > The line item names may not fully align with your budget. Please edit those items to align with your budget. Explain those items on your Budget Narrative Form as necessary.

A INDIRECT EXPENSES:

This section is for expenses that are part of indirect operats of the program, necessary which may not be part of the direct service provision expenses (Adminsitration, facility expenses, general liability ins., etc.). Please refer back to the training materials for clarification of these expenses. The District will not consider funding more than 25% of these expenses

B PERSONNEL EXPENSES - PROGRAM SPECIFIC:

As stated, this section is for staffing expenses that are directly related to the provision of the services/program. Please list each position title separately, unless there are multiple of the same title then use (x3) as an indicator. For example, if funding salaries for four separate Drivers, you would indicate as, Driver (x4) and the expense amount would be the cost of all four Drivers. Please include a single line items for general staffing expenses such as personell expenses (Payroll taxes, WC, etc). Benefits (health, retirement, etc) should be listed on a separate line.

C DIRECT PROGRAM EXPENSES:

This section is for supplies, items and or specific expenses related to the provision of the services/program. This may include phone, rent, prining, program related insurance (e.g., vehicle), trainings and cetifications.

3 Revenue Sources

Please list all sources of revenue the agency recieves by category. This Form has two > sections, one for Agency Funding and one for Project Funding. Please fill out both sides of the table. Amounts do not need to be exact; however, we ask for best estimates.

4 Budget Narrative

There are headers that align with the Budget Form. These items should be explained (narrative) if they are unusual or have a specific project impact. Explanations regarding > utliity expenses are generally understood, but expenses relating to trianing or for a specilayty insurance could be expressed here.

5 Budget Reporting Form

This form will be used for those grantees who are awarded contracts. This form would be > submitted with the quarterly Impact Report and should demonstrate that funds were allocated according to the submitted proposal budget.

FRHD CHC GRANT BUDGET FORM

Agency Name:	Neighborhood Healthcare	PROGRAM NAME:	Remote Monitoring Initiative
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Not all line items will correspond with your program budget. If the item does not fully align either leave it blank or group it in the best category possible. However, be sure your program budget is fully itemized.

1) A	INDIRECT EXPENSES:	PROGRAM COST	APPLYING ORGANIZATION	OTHER FUNDERS	REQUESTED FROM FRHD
A1	Administrative Support				
A2	General Insurance (not program specific)				
A3	Accounting & audit expenses				
A4	Consultant/Contractor Fees				
A5	Physical Assets (Rent, Facility Costs)				
A6	Utilities				
A7	IT & Internet				
A8	Marketing & Communications				
A9	Office Supplies				
A10	Training & Education				
A11	Other: specify				
TOTAL INDIRECT EXPENSE		-	-	-	-

B	PERSONNEL EXPENSES - PROGRAM SPECIFIC	PROGRAM COST	APPLYING ORGANIZATION	OTHER FUNDERS	REQUESTED FROM FRHD
B1	LVN 1.0 FTE	62,402.00	7,280.00	55,122.00	-
B2	Operations Coordinator 0.09 FTE	6,053.00	1,175.00	4,878.00	-
B3	Patient Care Coordinator 1.0 FTE	43,931.00	38,637.00		5,294.00
B4	Patient Care Coordinator 1.0 FTE	56,251.00	50,626.00		5,625.00
B5	Dietitian (TBD) 0.25 FTE	13,845.00	-		13,845.00
B6	Director of Quality & Population Health 0.10 FTE	15,934.00	7,967.00	-	7,967.00
B7	Data Analyst 0.05 FTE	3,824.00	-		3,824.00
B8	Payroll Taxes, Wcomp & Retirement	24,592.00	12,851.00	7,296.00	4,445.00
B9	Group Health Insurance	17,838.00	17,838.00		-
B10	Other:				
TOTAL PERSONNEL EXPENSE		244,670.00	136,374.00	67,296.00	41,000.00

C	DIRECT PROGRAM EXPENSES	PROGRAM COST	APPLYING ORGANIZATION	OTHER FUNDERS	REQUESTED FROM FRHD
C1	2 Peripheral Kit (550 x \$130 ea)	71,500.00	3,250.00	64,350.00	3,900.00
C2	3 Peripheral Kit (250 x \$170 ea)	42,500.00	31,890.00	5,510.00	5,100.00
C3	4 Peripheral Kit (200 x \$210 ea)	42,000.00	-	42,000.00	
C4	BP Only Peripheral (1,750x \$40 ea)	70,000.00	20,000.00	50,000.00	
C5	Full RMP Platform (\$19/mo x 12 mos)	228,000.00	108,876.00	119,124.00	
C6	RPM for BP only (\$5/mo x 12 mos)	75,000.00	75,000.00		
C7	AT&T Internet (\$16.50/mo x 12 mos)	198,000.00	198,000.00		
C8	Program/Project Supplies				
C9	Printing/Duplicating				
C10	Travel/Mileage				
C11	Program Specific Insurance				
C12	Other				
TOTAL OTHER EXPENSES		727,000.00	437,016.00	280,984.00	9,000.00

D	TOTAL ALL EXPENSES	PROGRAM COST	% REQUESTED FROM FRHD
		\$ 971,670.00	5%

2) FUNDING SOURCES

E	FUNDS FOR PROGRAM	
E1	APPLYING ORGANIZATION	X
E2	OTHER FUNDERS	Y
E3	REQUESTED FROM FRHD	Z
TOTAL FUNDING SOURCES		\$ 971,670.00

NOTE: THIS AMOUNT SHOULD BE EQUAL TO YOUR PROJECT COST.

3) % OF AGENCY BUDGET

F	CALCULATE % of Total Agency budget that this Program represents.	\$ 123,830,227.00	\$ 971,670.00	1%
		AGENCY BUDGET**	PROGRAM COST	% of AGENCY BUDGET

** Agency budget is your agency's entire budget for the year. Fill in the amount.

Agency Name:	Neighborhood Healthcare
Program Name:	Remote Monitoring Initiative
Total Organization Budget (Current Fiscal Year)	\$ 123,830,227.00
Total Project Budget (Current Fiscal Year)	\$ 971,670.00

Organization Sources of Revenue
(Total Organization Budget)

Sources of Funding
(This Project Request)

Source of funds	\$ Amount	Percent of Total	One-time funding? (Yes/No)	\$ Amount	Percent of Total	One-time funding? (Yes/No)
Federal	13,231,392	11%		251280	63%	Yes
State	72,003	0%				
City/County*	-	0%				
Other Govt.	-	0%				
Proposed FRHD	-	0%		50000	13%	Yes
Fees for Service	90,560,958	73%				
Grants (non-gov't)	1,897,219	2%		97000	24%	Yes
General Donations	27,900	0%				
Other Internal						
Organizational Fundraising	407,500	0%				
Other (list):		0%				
Pharmacy & 340B	11,853,767	10%				
PACE	4,173,282	3%				
Institute of Health	251,250	0%				
Rental Income	149,892	0%				
Investement Income	1,142,064	1%				
Misc Revenue	63,000	0%				
Total	\$123,830,227.00	100%		\$398,280.00	100%	

* City/County

If the organization currently receives funding from any Cities or Counties, please list the jurisdiction and contract amount below.

FRHD CHC GRANT BUDGET REPORTING FORM

Agency Name: **Neighborhood Healthcare** PROGRAM NAME: **Remote Monitoring Initiative**

Not all line items will correspond with your program budget. If the item does not fully align either leave it blank or group it in the best category possible. However, be sure your program budget is fully itemized.

1)	A	INDIRECT EXPENSES:	PROGRAM COST	REQUESTED FROM FRHD	AMOUNT USED Q1	AMOUNT USED Q2	AMOUNT USED Q3	AMOUNT USED Q4
	A1	Administrative Support	\$ -	\$ -				
	A2	General Insurance (not program specific)	\$ -	\$ -				
	A3	Accounting & audit expenses	\$ -	\$ -				
	A4	Consultant/Contractor Fees	\$ -	\$ -				
	A5	Physical Assets (Rent, Facility Costs)	\$ -	\$ -				
	A6	Utilities	\$ -	\$ -				
	A7	IT & Internet	\$ -	\$ -				
	A8	Marketing & Communications	\$ -	\$ -				
	A9	Office Supplies	\$ -	\$ -				
	A10	Training & Education	\$ -	\$ -				
	A11	Other: specify	\$ -	\$ -				
		TOTAL INDIRECT EXPENSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	B	PERSONNEL EXPENSES - PROGRAM SPECIFIC	PROGRAM COST	REQUESTED FROM FRHD	AMOUNT USED Q1	AMOUNT USED Q2	AMOUNT USED Q3	AMOUNT USED Q4
	B1	LVN 1.0 FTE	\$ 62,402.00	\$ -				
	B2	Operations Coordinator 0.09 FTE	\$ 6,053.00	\$ -				
	B3	Patient Care Coordinator 1.0 FTE	\$ 43,931.00	\$ 5,294.00				
	B4		\$ 56,251.00	\$ 5,625.00				
	B5		\$ 13,845.00	\$ 13,845.00				
	B6		\$ 15,934.00	\$ 7,967.00				
	B7	Patient Care Coordinator 1.0 FTE	\$ 3,824.00	\$ 3,824.00				
	B8	Payroll Taxes, Wcomp & Retirement	\$ 24,592.00	\$ 4,445.00				
	B9	Group Health Insurance	\$ 17,838.00	\$ -				
	B10	Other:	\$ -	\$ -				
		TOTAL PERSONNEL EXPENSE	\$244,670.00	\$41,000.00	\$0.00	\$0.00	\$0.00	\$0.00
	C	DIRECT PROGRAM EXPENSES	PROGRAM COST	REQUESTED FROM FRHD	AMOUNT USED Q1	AMOUNT USED Q2	AMOUNT USED Q3	AMOUNT USED Q4
	C1	2 Peripheral Kit (550 x \$130 ea)	\$ 71,500.00	\$ 3,900.00				
	C2	3 Peripheral Kit (250 x \$170 ea)	\$ 42,500.00	\$ 5,100.00				
	C3	4 Peripheral Kit (200 x \$210 ea)	\$ 42,000.00	\$ -				
	C4	BP Only Peripheral (1,750x \$40 ea)	\$ 70,000.00	\$ -				
	C5	Full RMP Platform (\$19/mo x 12 mos)	\$ 228,000.00	\$ -				
	C6	RPM for BP only (\$5/mo x 12 mos)	\$ 75,000.00	\$ -				
	C7	AT&T Internet (\$16.50/mo x 12 mos)	\$ 198,000.00	\$ -				
	C8	Program/Project Supplies	\$ -	\$ -				
	C9	Printing/Duplicating	\$ -	\$ -				
	C10	Travel/Mileage	\$ -	\$ -				
	C11	Program Specific Insurance	\$ -	\$ -				
	C12	Other	\$ -	\$ -				
		TOTAL OTHER EXPENSES	\$727,000.00	\$9,000.00	\$0.00	\$0.00	\$0.00	\$0.00
			W	Z				
D	TOTALS	PROGRAM COST	FRHD Funds Expended					
		\$971,670.00	\$0.00					

Funding Partner	Amount Awarded	For
CECO	\$2,500	Remote Glucose Monitoring
Conrad Prebys Foundation	\$50,000	Remote BP Monitoring
HRSA	\$251,280	Remote BP Monitoring
Promise Health	\$100,000	Program Management
Center for Care Innovation	\$50,000	Remote BP Monitoring
S. Mark Taper Foundation		Not funded (\$100,000 Remote BP Monitoring)

Board of Directors with Contact info Fiscal Year 2021

Board Members	Affiliation/Industry	Contact Info
Alan Conrad, MD <i>Board President</i>	Physician: Vituity	ajcmd1981@gmail.com
Laura Nunn <i>Vice President</i>	Chief of Policy and Education: San Diego Housing Federation	laura@housingsandiego.org
William Y. Smith <i>Board Treasurer</i>	Community Leader	encouragemen@gmail.com
Katherine "KC" Schafer <i>Board Secretary</i>	Registered Nurse Occupational Health Specialist: Pechanga Resort Casino	kcs10@msn.com
Elmer Cameron <i>Director</i>	Retired Educator	cameronelmer1@gmail.com
Cabiria "Bea" Lizarraga <i>Director</i>	Registered Nurse National Association of Hispanic Nurses San Diego	cglizarraga@ucsd.edu
Cynthia Tam <i>Director</i>	Principal: Cynthia Tam, CFP® and EA	cynthiatam8@yahoo.com
Federico Salas <i>Director</i>	Pastor Iglesia Latina Emmanuel	fsalas3254@hotmail.com
Nasir Al-Sammarai <i>Director</i>	Retired Educator	nsamaraie@yahoo.com
Judith Descalso <i>Director</i>	Attorney Law Office of Judith A. Descalso	jad@jdescalso.com
Marisol Marquina <i>Director</i>	Paralegal: Law Office of Alexandra McIntosh, APC	marqu020@gmail.com
Thomas Jenkins <i>Director</i>	Retired	jenkinstom13@gmail.com
Fabiola Rivera <i>Director</i>	Bilingual Paraeducator: EUSD	river138@cougars.csusm.edu

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

2019

Department of the Treasury
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Open to Public Inspection

A For the 2019 calendar year, or tax year beginning **07/01**, 2019, and ending **06/30**, 20 **20**

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C Name of organization **NEIGHBORHOOD HEALTHCARE**
 Doing business as
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
425 N Date Street
 City or town, state or province, country, and ZIP or foreign postal code
Escondido, CA, 92025

D Employer identification number
95-2796316

E Telephone number
760-737-6901

G Gross receipts \$ **101,789,810**

F Name and address of principal officer: **Neighborhood Health**
425 N Date Street, Escondido, CA 92025

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
 If "No," attach a list. (see instructions)

I Tax-exempt status: 501(c)(3) 501(c) () (insert no.) 4947(a)(1) or 527

J Website: ▶ **www.nhcare.org**

H(c) Group exemption number ▶

K Form of organization: Corporation Trust Association Other ▶


L Year of formation: **1973** **M** State of legal domicile: **CA**

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>Neighborhood Healthcare is committed to providing quality health care and promoting wellness to everyone in our communities, focusing on those most in need.</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a) 3 13		
	4	Number of independent voting members of the governing body (Part VI, line 1b) 4 13		
	5	Total number of individuals employed in calendar year 2019 (Part V, line 2a) 5 890		
	6	Total number of volunteers (estimate if necessary) 6 0		
	7a	Total unrelated business revenue from Part VIII, column (C), line 12 7a 149,893		
b	Net unrelated business taxable income from Form 990-T, line 39 7b 0			
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	9,662,214	10,930,309
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	67,051,937	89,713,384
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	295,273	531,644
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	507,415	614,473
	12		77,516,839	101,789,810
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	55,202,122	60,048,235
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 274,079		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	20,141,084	28,891,153
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	75,343,206	88,939,388	
19	Revenue less expenses. Subtract line 18 from line 12	2,173,633	12,850,422	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	62,260,442	76,651,787
	22	Net assets or fund balances. Subtract line 21 from line 20	15,135,721	16,676,644
			47,124,721	59,975,143

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here ▶  Signature of officer Date **11/13/20**

▶ **Lisa Daigle, CFO**
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name Jeremy Ware	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00642659
Firm's name ▶ CHW LLP	Firm's EIN ▶ 47-2771555		Phone no. 559-549-5400	
Firm's address ▶ 7797 N First Street Suite 15, Fresno, CA 93720				

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:

Neighborhood Healthcare is committed to providing quality health care and promoting wellness to everyone in our communities, focusing on those most in need.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 68,517,319 including grants of \$ 0) (Revenue \$ 89,713,384)

Neighborhood Healthcare is committed to providing quality health care and promoting wellness to everyone in our communities, focusing on those most in need. For FY 2020, we had 371,916 visits and served 77,669 unique patients.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe on Schedule O.)

(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e Total program service expenses ▶ 68,517,319

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	✓	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?		✓
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		✓
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		✓
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		✓
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		✓
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		✓
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		✓
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		✓
10	Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? <i>If "Yes," complete Schedule D, Part V</i>		✓
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	✓	
b	Did the organization report an amount for investments—other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		✓
c	Did the organization report an amount for investments—program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		✓
d	Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	✓	
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	✓	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	✓	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	✓	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		✓
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		✓
14a	Did the organization maintain an office, employees, or agents outside of the United States?		✓
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		✓
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		✓
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		✓
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		✓
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	✓	
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		✓
20a	Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		✓
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		✓

Part IV Checklist of Required Schedules (continued)

		Yes	No
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		✓
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	✓	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		✓
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		✓
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		✓
26	Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part II		✓
27	Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? If "Yes," complete Schedule L, Part III		✓
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions, for applicable filing thresholds, conditions, and exceptions):		
a	A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? If "Yes," complete Schedule L, Part IV		✓
b	A family member of any individual described in line 28a? If "Yes," complete Schedule L, Part IV		✓
c	A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? If "Yes," complete Schedule L, Part IV		✓
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		✓
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		✓
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		✓
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		✓
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		✓
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		✓
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?		✓
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		✓
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		✓
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note: All Form 990 filers are required to complete Schedule O.	✓	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	✓	

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

		Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
	2a		890
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	✓	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	✓	
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	✓	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		✓
b	If "Yes," enter the name of the foreign country See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		
d	If "Yes," indicate the number of Forms 8282 filed during the year		7d
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12		10a
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		10b
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders		11a
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		11b
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		12b
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note: See the instructions for additional information the organization must report on Schedule O.		13a
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		13b
c	Enter the amount of reserves on hand		13c
14a	Did the organization receive any payments for indoor tanning services during the tax year?		✓
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O		14b
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.		✓
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.		✓

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

	1a	13	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.		13		
b Enter the number of voting members included on line 1a, above, who are independent	1b	13		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			<input checked="" type="checkbox"/>
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?	3			<input checked="" type="checkbox"/>
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			<input checked="" type="checkbox"/>
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5			<input checked="" type="checkbox"/>
6 Did the organization have members or stockholders?	6			<input checked="" type="checkbox"/>
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			<input checked="" type="checkbox"/>
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			<input checked="" type="checkbox"/>
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a The governing body?	8a		<input checked="" type="checkbox"/>	
b Each committee with authority to act on behalf of the governing body?	8b		<input checked="" type="checkbox"/>	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O	9			<input checked="" type="checkbox"/>

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Did the organization have local chapters, branches, or affiliates?		<input checked="" type="checkbox"/>
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	<input checked="" type="checkbox"/>	
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a Did the organization have a written conflict of interest policy? If "No," go to line 13	<input checked="" type="checkbox"/>	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<input checked="" type="checkbox"/>	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done		
12c Did the organization have a written whistleblower policy?	<input checked="" type="checkbox"/>	
13 Did the organization have a written document retention and destruction policy?	<input checked="" type="checkbox"/>	
14 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?	<input checked="" type="checkbox"/>	
a The organization's CEO, Executive Director, or top management official		
b Other officers or key employees of the organization	<input checked="" type="checkbox"/>	
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).	<input checked="" type="checkbox"/>	
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		<input checked="" type="checkbox"/>

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ► CA
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain on Schedule O)
- 19** Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records ►
 Lisa Daigle, (760)737-6901
 425 N Date Street, Escondido, CA 92025

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

See instructions for the order in which to list the persons above.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Rakesh Patel CEO	40.00 0.00			✓			428,911	0	42,451	
James Schultz CMO	40.00 0.00			✓			415,005	0	39,501	
Nathan McFarland MD	32.00 0.00					✓	319,212	0	37,206	
John Lynn MD	36.00 0.00					✓	317,743	0	35,594	
Kulin Tantod MD	40.00 0.00					✓	309,064	0	37,389	
Lisa Daigle CFO	40.00 0.00			✓			309,722	0	34,571	
Tawny Sauriol MD	40.00 0.00					✓	307,009	0	36,029	
Alejandra Postlethwaite MD	32.00 0.00					✓	306,095	0	26,682	
Alan Conrad President	1.00 0.00	✓					0	0	0	
Cabiria Lizarraga Vice President	1.00 0.00	✓					0	0	0	
Katherine Schafer Secretary	1.00 0.00	✓					0	0	0	
William Smith Treasurer	1.00 0.00	✓					0	0	0	
Judith Descalso Director	1.00 0.00	✓					0	0	0	
Cynthia Tam Director	1.00 0.00	✓					0	0	0	

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Frederico Salas	1.00									
Director	0.00	✓					0	0	0	
Elmer Cameron	1.00									
Director	0.00	✓					0	0	0	
Nasir Al-Sammarai	1.00									
Director	0.00	✓					0	0	0	
Thomas Jenkins	1.00									
Director	0.00	✓					0	0	0	
Marisol Marquina	1.00									
Director	0.00	✓					0	0	0	
Laura Nunn	1.00									
Director	0.00	✓					0	0	0	
Fabiola Rivera	1.00									
Director	0.00	✓					0	0	0	
1b Subtotal							2,712,761	0	289,423	
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							2,712,761	0	289,423	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **▶** **104**

	Yes	No
3 Did the organization list any former officer, director, trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		✓
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	✓	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		✓

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
ScribeAmerica, PO Box 417756, Boston, MA 02241	Scribe services	1,144,166
SJ Medical Clinic, 1695 S San Jacinto Avenue, San Jacinto, CA 92583	Medical Services	955,918
Chiropractic Integrative Partners, 746 S Main Ave, Fallbrook, CA 92028	Professional Services	914,505
Premier Healthcare Management, 10680 Treena Street, San Diego, CA 92131	Professional Services	660,750
Grossmont Pediatrics, 6942 University Avenue, La Mesa, CA 91942	Medical Services	448,045

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **▶** **26**

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a 0					
	b Membership dues	1b 0					
	c Fundraising events	1c 141,824					
	d Related organizations	1d 0					
	e Government grants (contributions)	1e 8,724,082					
	f All other contributions, gifts, grants, and similar amounts not included above	1f 2,064,403					
	g Noncash contributions included in lines 1a-1f	1g \$ 0					
	h Total. Add lines 1a-1f		10,930,309				
	Program Service Revenue	2a Net patient service revenue	Business Code 621400	76,135,157	76,135,157	0	0
b							
c							
d							
e							
f All other program service revenue			13,578,227	13,578,227	0	0	
g Total. Add lines 2a-2f			89,713,384				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		531,644	0	0	531,644	
	4 Income from investment of tax-exempt bond proceeds		0	0	0	0	
	5 Royalties		0	0	0	0	
	6a Gross rents	(i) Real	149,893				
		(ii) Personal	0				
		6b Less: rental expenses	0				
	c Rental income or (loss)	6c 149,893					
	d Net rental income or (loss)		149,893	0	149,893	0	
	7a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other					
		7b Less: cost or other basis and sales expenses					
	c Gain or (loss)	7c 0					
	d Net gain or (loss)						
	8a Gross income from fundraising events (not including \$ 0 of contributions reported on line 1c). See Part IV, line 18						
		8b Less: direct expenses					
c Net income or (loss) from fundraising events							
9a Gross income from gaming activities. See Part IV, line 19							
	9b Less: direct expenses						
	c Net income or (loss) from gaming activities						
10a Gross sales of inventory, less returns and allowances							
	b Less: cost of goods sold						
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue	11a	Business Code					
	b						
	c						
	d All other revenue		464,580	464,580	0	0	
	e Total. Add lines 11a-11d		464,580				
12 Total revenue. See instructions		101,789,810	90,177,964	149,893	531,644		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	49,186,649	36,913,887	12,166,202	106,560
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	10,861,586	8,166,446	2,668,234	26,906
10 Payroll taxes				
11 Fees for services (nonemployees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	15,114,621	13,386,807	1,685,871	41,943
12 Advertising and promotion				
13 Office expenses				
14 Information technology	687,146	445,528	239,170	2,448
15 Royalties				
16 Occupancy	2,487,757	1,753,420	729,341	4,996
17 Travel	336,916	112,214	222,432	2,270
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	285,056	271,132	13,924	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,374,848	1,192,318	182,530	
23 Insurance	202,316	125,656	76,515	145
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <u>Supplies</u>	4,316,990	4,168,502	143,667	4,821
b <u>Equipment costs</u>	3,033,357	1,463,109	1,543,915	26,333
c				
d				
e All other expenses	1,052,146	518,300	476,189	57,657
25 Total functional expenses. Add lines 1 through 24e	88,939,388	68,517,319	20,147,990	274,079
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	13,205	1	13,600
	2 Savings and temporary cash investments	19,121,373	2	25,516,494
	3 Pledges and grants receivable, net	418,146	3	3,425,550
	4 Accounts receivable, net	5,221,000	4	8,957,250
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	8,023	8	7,322
	9 Prepaid expenses and deferred charges	1,285,158	9	1,515,419
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 35,670,275		
	b Less: accumulated depreciation	10b 11,315,673	24,641,074	10c 24,354,602
	11 Investments—publicly traded securities		11	
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	11,552,463	15	12,861,550
16 Total assets. Add lines 1 through 15 (must equal line 33)	62,260,442	16	76,651,787	
Liabilities	17 Accounts payable and accrued expenses	6,722,005	17	8,168,900
	18 Grants payable		18	
	19 Deferred revenue	59,962	19	1,511,879
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23 Secured mortgages and notes payable to unrelated third parties	7,483,624	23	6,901,146
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D	870,130	25	94,719
	26 Total liabilities. Add lines 17 through 25	15,135,721	26	16,676,644
Net Assets or Fund Balances	Organizations that follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 27, 28, 32, and 33.			
	27 Net assets without donor restrictions	47,124,721	27	59,890,461
	28 Net assets with donor restrictions	0	28	84,682
	Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.			
	29 Capital stock or trust principal, or current funds		29	
	30 Paid-in or capital surplus, or land, building, or equipment fund		30	
	31 Retained earnings, endowment, accumulated income, or other funds		31	
	32 Total net assets or fund balances.	47,124,721	32	59,975,143
33 Total liabilities and net assets/fund balances.	62,260,442	33	76,651,787	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	101,789,810
2	Total expenses (must equal Part IX, column (A), line 25)	2	88,939,388
3	Revenue less expenses. Subtract line 2 from line 1	3	12,850,422
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	47,124,721
5	Net unrealized gains (losses) on investments	5	0
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain on Schedule O)	9	0
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	59,975,143

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? . . . If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		✓
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	✓	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? . . . If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.	✓	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	✓	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits .	✓	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2019

Open to Public Inspection

Name of the organization

NEIGHBORHOOD HEALTHCARE

Employer identification number

95-2796316

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state:
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university:
- 10 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations
- g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
Total						

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	10,433,821	14,276,104	10,073,046	9,662,214	10,930,309	55,375,494
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	10,433,821	14,276,104	10,073,046	9,662,214	10,930,309	55,375,494
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						55,375,494

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
7 Amounts from line 4	10,433,821	14,276,104	10,073,046	9,662,214	10,930,309	55,375,494
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources	686,114	542,839	544,680	348,258	681,537	2,803,428
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						58,178,922
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2019 (line 6, column (f) divided by line 11, column (f))	14	95.18 %
15 Public support percentage from 2018 Schedule A, Part II, line 14	15	94.7 %
16a 33 1/3% support test—2019. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input checked="" type="checkbox"/>		
b 33 1/3% support test—2018. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2019. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2018. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15 Public support percentage for 2019 (line 8, column (f), divided by line 13, column (f))	15		%
16 Public support percentage from 2018 Schedule A, Part III, line 15	16		%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2019 (line 10c, column (f), divided by line 13, column (f))	17		%
18 Investment income percentage from 2018 Schedule A, Part III, line 17	18		%

19a 33 1/3% support tests—2019. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support tests—2018. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations *(continued)*

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI.</i>		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.</i>		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>		

Section E. Type III Functionally Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2 Activities Test. Answer (a) and (b) below.		
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A—Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3.	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8		

Section B—Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d Total (add lines 1a, 1b, and 1c)	1d		
e Discount claimed for blockage or other factors (explain in detail in Part VI):			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d.	3		
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035.	6		
7 Recoveries of prior-year distributions	7		
8 Minimum Asset Amount (add line 7 to line 6)	8		

Section C—Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1.	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3.	4		
5 Income tax imposed in prior year	5		
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6		

7 Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D—Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2019 from Section C, line 6	
10 Line 8 amount divided by line 9 amount	

Section E—Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2019	(iii) Distributable Amount for 2019
1 Distributable amount for 2019 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2019 (reasonable cause required—explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2019			
a From 2014			
b From 2015			
c From 2016			
d From 2017			
e From 2018			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2019 distributable amount			
i Carryover from 2014 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2019 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2019 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2019, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.			
6 Remaining underdistributions for 2019. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7 Excess distributions carryover to 2020. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2015			
b Excess from 2016			
c Excess from 2017			
d Excess from 2018			
e Excess from 2019			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Area with horizontal dashed lines for supplemental information.

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

Attach to Form 990.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2019

Open to Public Inspection

Name of the organization

NEIGHBORHOOD HEALTHCARE

Employer identification number

95-2796316

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 3 columns: Question number, (a) Donor advised funds, (b) Funds and other accounts. Includes questions 1-6 regarding donor advised funds.

Part II Conservation Easements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

Table with 3 columns: Question number, Description, and Yes/No checkboxes. Includes questions 1-9 regarding conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Table with 3 columns: Question number, Description, and Yes/No checkboxes. Includes questions 1a, 1b, 2a, 2b regarding art and historical treasures.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange program
 - e Other
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	
d Additions during the year	
e Distributions during the year	
f Ending balance	

- 2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
- b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

Part V Endowment Funds.

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment %
 - b Permanent endowment %
 - c Term endowment %
- The percentages on lines 2a, 2b, and 2c should equal 100%.

- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) Unrelated organizations
- (ii) Related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

- b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?

- 4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	0	0		0
b Buildings	0	32,959,365	9,525,382	23,433,983
c Leasehold improvements	0	547,079	368,059	179,020
d Equipment	0	2,032,428	1,422,232	610,196
e Other	0	131,403	0	131,403
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				24,354,602

Part VII Investments—Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments—Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Estimated third party settlements	12,861,550
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	12,861,550

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Estimated third party settlements	94,719
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	94,719

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII .

**SCHEDULE G
(Form 990 or 990-EZ)**

Department of the Treasury
Internal Revenue Service

Name of the organization

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" on Form 990, Part IV, line 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2019

Open to Public Inspection

NEIGHBORHOOD HEALTHCARE

Employer identification number

95-2796316

Part I

Fundraising Activities. Complete if the organization answered "Yes" on Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

- 1** Indicate whether the organization raised funds through any of the following activities. Check all that apply.
- a Mail solicitations
 - b Internet and email solicitations
 - c Phone solicitations
 - d In-person solicitations
 - e Solicitation of non-government grants
 - f Solicitation of government grants
 - g Special fundraising events
- 2a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees, or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? Yes No
- b** If "Yes," list the 10 highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total						

- 3** List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

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Part II Fundraising Events. Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		Pace Setter Gala (event type)	(event type)	(total number)	
Revenue	1 Gross receipts	253,750			253,750
	2 Less: Contributions	0			0
	3 Gross income (line 1 minus line 2)	253,750			253,750
Direct Expenses	4 Cash prizes	0			0
	5 Noncash prizes	29,031			29,031
	6 Rent/facility costs	2,250			2,250
	7 Food and beverages	0		0	0
	8 Entertainment	0		0	0
	9 Other direct expenses	80,645			80,645
	10 Direct expense summary. Add lines 4 through 9 in column (d) ▶				111,926
11 Net income summary. Subtract line 10 from line 3, column (d) ▶				141,824	

Part III Gaming. Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
		1 Gross revenue			
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
6 Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No		
7 Direct expense summary. Add lines 2 through 5 in column (d) ▶					
8 Net gaming income summary. Subtract line 7 from line 1, column (d) ▶					

9 Enter the state(s) in which the organization conducts gaming activities:
a Is the organization licensed to conduct gaming activities in each of these states? Yes No
b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year? Yes No
b If "Yes," explain: _____

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service
Name of the organization

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
 ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
 ▶ Attach to Form 990.
 ▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2019

**Open to Public
Inspection**

NEIGHBORHOOD HEALTHCARE

Employer identification number

95-2796316

Part I Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (such as maid, chauffeur, chef)		
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?		
3	Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <input type="checkbox"/> Compensation committee <input type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations <input type="checkbox"/> Written employment contract <input type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee		
4	During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:		
a	Receive a severance payment or change-of-control payment?		
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?		✓
c	Participate in, or receive payment from, an equity-based compensation arrangement?		✓
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.			
5	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
a	The organization?		
b	Any related organization?		✓
If "Yes" on line 5a or 5b, describe in Part III.			
6	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
a	The organization?		
b	Any related organization?		✓
If "Yes" on line 6a or 6b, describe in Part III.			
7	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III.		✓
8	Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.		✓
9	If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

	(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation						(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(C) Retirement and other deferred compensation	(i) Other reportable compensation	(ii) Bonus & incentive compensation			
1	Rakesh Patel, CEO	(i) 336,817	50,044	4,050	28,200	28,801	447,912	0		
	(ii) 0	0	0	0	0	0	0	0		
2	James Schultz, CMO	(i) 358,825	6,698	5,814	33,446	25,450	430,233	0		
	(ii) 0	0	0	0	0	0	0	0		
3	Nathan McFarland, MD	(i) 241,894	19,036	25,450	25,000	23,206	334,586	0		
	(ii) 0	0	0	0	0	0	0	0		
4	John Lynn, MD	(i) 241,374	7,731	45,350	15,525	21,594	331,574	0		
	(ii) 0	0	0	0	0	0	0	0		
5	Kullin Tantod, MD	(i) 260,940	23,113	200	17,217	23,341	324,811	0		
	(ii) 0	0	0	0	0	0	0	0		
6	Lisa Daigle, CFO	(i) 272,025	1,500	3,600	25,000	20,571	322,696	0		
	(ii) 0	0	0	0	0	0	0	0		
7	Tawny Sauriol, MD	(i) 235,212	16,254	36,891	18,652	27,629	334,638	0		
	(ii) 0	0	0	0	0	0	0	0		
8	Alejandra Postlethwaite, MD	(i) 266,685	0	20,450	18,960	21,082	327,177	0		
	(ii) 0	0	0	0	0	0	0	0		
9		(i) 0	0	0	0	0	0	0		
	(ii) 0	0	0	0	0	0	0	0		
10		(i) 0	0	0	0	0	0	0		
	(ii) 0	0	0	0	0	0	0	0		
11		(i) 0	0	0	0	0	0	0		
	(ii) 0	0	0	0	0	0	0	0		
12		(i) 0	0	0	0	0	0	0		
	(ii) 0	0	0	0	0	0	0	0		
13		(i) 0	0	0	0	0	0	0		
	(ii) 0	0	0	0	0	0	0	0		
14		(i) 0	0	0	0	0	0	0		
	(ii) 0	0	0	0	0	0	0	0		
15		(i) 0	0	0	0	0	0	0		
	(ii) 0	0	0	0	0	0	0	0		
16		(i) 0	0	0	0	0	0	0		
	(ii) 0	0	0	0	0	0	0	0		

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Area with horizontal dashed lines for supplemental information.

**SCHEDULE O
(Form 990 or 990-EZ)**

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

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▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2019

**Open to Public
Inspection**

Name of the organization

NEIGHBORHOOD HEALTHCARE

Employer identification number

95-2796316

Form 990, Part VI, Section B, Line 11b - Discussion of the annual organization's achievements occurs during the monthly board meeting after the 990 is finalized. The finance committee, which is made up of a combination of board members and members of the community, receives a copy of the 990 form before it is filed.

Form 990, Part VI, Section B, Line 12c - A Compliance Officer is identified and compliance is on the agenda for several board meetings throughout the year.

Form 990, Part VI, Section B, Line 15 - The board reviews the compensation of key employees annually. A market analysis of salaries is completed and shared with the board as well. In addition, an outside firm was brought in to further analyze the compensation of key employees. The full board reviews and approves the compensation of the CEO based on this data during a closed session. Minutes are kept on file.

Form 990, Part VI, Section C, Line 19 - Available upon request.

Form 990, Part IX, Line 11g - Purchased and professional fees.

Audited Financial Statements

Neighborhood Healthcare

For the Years Ended June 30, 2021 and 2020

Neighborhood Healthcare

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Independent Auditor's Report

Board of Directors
Neighborhood Healthcare
Escondido, California

Report on the Financial Statements

We have audited the accompanying financial statements of Neighborhood Healthcare (the "Center"), which comprise the balance sheets as of June 30, 2021 and 2020 and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Healthcare as of June 30, 2021 and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B, the Center adopted Accounting Standards Update ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, for the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

CAW. LLP

Fresno, California
November 10, 2021

**Neighborhood Healthcare
Balance Sheets
June 30, 2021 and 2020**

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,506,767	\$ 8,143,626
Investments	38,528,242	15,386,116
Patient accounts receivable, net	9,931,690	8,957,250
Estimated third-party payor settlements	8,944,357	12,861,550
Grants and contracts receivables	2,450,643	3,425,550
Inventory	6,021	7,322
Prepaid assets	2,408,457	1,515,419
Total current assets	75,776,177	50,296,833
Property and equipment, net	27,239,803	24,354,602
Board designated endowment	2,389,289	2,000,352
Total assets	\$105,405,269	\$ 76,651,787
LIABILITIES AND NET ASSETS		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,832,910	\$ 2,986,877
Accrued compensation	7,060,027	5,182,023
Deferred revenue	-	1,511,879
Deferred rent	272,833	-
Estimated third-party payor settlements	43,199	94,719
Long-term debt, current portion	625,592	601,530
Total current liabilities	11,834,561	10,377,028
Long-term debt	5,695,967	6,299,616
Total liabilities	17,530,528	16,676,644
Net Assets:		
Net assets without donor restrictions	87,524,237	59,890,461
Net assets with donor restrictions	350,504	84,682
Total liabilities and net assets	\$105,405,269	\$ 76,651,787

See accompanying Notes to the Financial Statements

Neighborhood Healthcare
Statements of Operations and Changes in Net Assets
For the years ended June 30, 2021 and 2020

	2021	2020
Change in net assets without donor restrictions		
Revenues and other support:		
Patient service revenue, net	\$ 91,793,455	\$ 76,135,157
Capitation revenue	15,486,710	13,578,227
Grant revenue	15,689,059	10,106,245
Contributions	447,596	298,461
Other	6,607,491	1,146,118
Net assets released from restrictions	554,178	440,921
Total revenue and other support	130,578,489	101,705,129
Expenses:		
Salaries & wages	54,383,689	49,186,649
Employee benefits	11,762,908	10,861,586
Contractual services	19,257,798	15,114,621
Supplies	4,897,798	4,316,990
Communications	897,124	687,146
Travel, conferences and meetings	242,780	336,916
Equipment costs	4,471,247	3,033,357
Facilities	3,491,933	2,487,757
Insurance	274,209	202,316
Depreciation and amortization	1,495,492	1,374,848
Interest	263,454	285,056
Other	1,506,281	1,052,146
Total expenses	102,944,713	88,939,388
Change in net assets without donor restrictions	27,633,776	12,765,741
Change in net assets with donor restrictions		
Contributions	820,000	525,603
Net assets released from restrictions	(554,178)	(440,921)
Change in net assets with donor restrictions	265,822	84,682
Change in net assets	27,899,598	12,850,423
Net Assets:		
Beginning of year	59,975,143	47,124,720
End of year	\$ 87,874,741	\$ 59,975,143

See accompanying Notes to the Financial Statements

Neighborhood Healthcare
Statements of Cash Flows
For the years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 27,899,598	\$ 12,850,423
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,495,492	1,374,848
Unrealized gains	(3,832,100)	(219,109)
 Changes in operating assets and liabilities:		
Patient accounts receivable	(974,440)	(3,736,250)
Grants and contracts receivables	974,907	(3,007,403)
Estimated third-party payor settlements	3,865,673	(2,084,498)
Inventories	1,301	700
Prepaid assets	(893,038)	(230,261)
Accounts payable	846,033	46,812
Accrued compensation	1,878,004	1,400,083
Deferred rent	272,833	-
Deferred revenue	(1,511,879)	1,451,917
Net cash provided by operating activities	30,022,384	7,847,262
 Cash flows from investing activities:		
Purchase of investments	(20,813,944)	(3,300,528)
Maturity/sale of investments	1,503,918	1,693,495
Change in board designated endowment	(388,937)	(12,481)
Acquisition of property and equipment	(4,380,693)	(1,088,376)
Net cash used in investing activities	(24,079,656)	(2,707,890)
 Cash flows from financing activities:		
Principal payments on long-term debt	(579,587)	(582,478)
Net cash used in financing activities	(579,587)	(582,478)
 Net increase in cash and cash equivalents	5,363,141	4,995,112
 Cash at beginning of year:	8,143,626	3,148,514
Cash at end of year:	\$ 13,506,767	\$ 8,143,626
 Supplemental disclosure of cash flow information:		
Interest paid	\$ 263,454	\$ 285,056

See accompanying Notes to the Financial Statements

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note A: Organization and Operations

Neighborhood Healthcare (the “Center”), a nonprofit organization operates healthcare facilities at sites in San Diego and Riverside Counties. Neighborhood Healthcare provides a variety of medical, dental, mental health, chiropractor, retinal screening, and health education services providing low-cost, high quality, comprehensive primary care services to residents of San Diego and Riverside Counties.

Neighborhood Healthcare derives its support through grants and contracts with the U.S. Department of Health and Human Services, the State of California, the County of San Diego, and various other entities. Additionally, revenues are derived from patient fees and third-party charges.

Note B: Summary of Significant Accounting Policies

Basis of Accounting:

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, and expenses are classified on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for use and are not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of operations as net assets released from donor restrictions. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as revenue without donor restrictions.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Management believes these estimates are reasonable.

Reclassifications:

Certain prior year amounts may have been reclassified to conform to the current year financial statement presentation.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, Neighborhood Healthcare considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The savings and checking accounts are on deposit with various financial institutions. As of June 30, 2021, and 2020 the carrying amount of all the accounts, net of outstanding checks, were \$13,506,767 and \$8,143,626, respectively. Per the various financial institutions as of June 30, 2021 and 2020, approximately \$250,000 and \$250,000, respectively was covered by federal depository insurance.

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note B: Summary of Significant Accounting Policies (continued)

Accounts Receivable:

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

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

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

Inventories:

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

Property, Building and Equipment:

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

Income Taxes:

Neighborhood Healthcare is a private not-for-profit corporation organized under the laws of the State of California. The Center has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the State of California Revenue and Taxation Code by the IRS and Franchise Tax Board, respectively. Accordingly, no provision for income taxes is included in the accompanying financial statements. Neighborhood Healthcare's returns are subject to examination by federal and state taxing authorities generally for three years after they are filed.

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note B: Summary of Significant Accounting Policies (continued)

Revenue Recognition:

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

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

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

Revenue from government grants and contracts restricted for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Capital grants and contributions consist of grants and contributions or resources that are restricted by the grantors or donors for capital asset purposes-to acquire, construct or renovate capital assets associated with the restricted purpose. Capital grants and contributions are recorded as increases to net assets with donor restrictions when cash is received in advance of acquisition of capital assets. In absence of donor stipulations to the contrary, capital grants and contributions are recorded as revenue during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as deferred revenue. Deferred revenue consists of HHS Provider Relief Funds of \$0 and \$1,511,879 at June 30, 2021 and 2020, respectively.

Donated Services, Materials, and Facilities:

Donated services are those services that have been received, valued and recorded. It is the policy of Neighborhood Healthcare to encourage contributions from the residents of the greater San Diego and Riverside County areas. Donated services and facilities are valued at prevailing market rates. Certain immaterial services and facilities contributed to Neighborhood Healthcare have not been valued or recorded.

Subsequent Events:

The Center has evaluated all events and transactions that occurred after June 30, 2021, and through November 10, 2021, the date of the financial statements and notes to financial statement were available to be issued. During this period no events or transactions occurred that would require adjustments of the financial statements or disclosure in the accompanying notes.

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note B: Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncement:

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

The Center adopted the provisions of ASU 2014-09, ASU 2015-14, ASU 2016-08, ASU 2016-10, and ASU 2016-12 using the modified retrospective method applied to all contracts existing as of July 1, 2020. Prior to the adoption of ASU 2014-09, a significant portion of the provision and allowance for uncollectible accounts was related to uninsured patients and expected uncollectible deductibles and copayments on accounts which the third-party payor had not yet paid. Under ASU 2014-09, the estimated uncollectible amounts due from these patients are generally considered implicit price concessions that represent a direct reduction to net patient service revenue and a corresponding reduction to patient accounts receivable. The adoption of ASU 2014-09 also implemented additional disclosure requirements.

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note C: Fair Value of Financial Assets

Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures*, requires the fair value of financial assets and liabilities to be determined using a specific fair-value hierarchy. The objective of the fair value measurement of financial instruments is to reflect the hypothetical amounts at which the Center could sell assets or transfer liabilities in an orderly transaction between market participants at the measurement date. FASB ASC 820 describes three levels of inputs that may be used to measure fair value: Level 1 is quoted prices in active markets for identical assets; Level 2 is observable inputs other than Level I prices, such as quoted prices for similar assets; quoted prices in 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; Level 3 is unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. The following table presents financial instruments measured at fair value on a recurring basis in accordance with FASB ASC 820 as of June 30, 2021 and 2020:

	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
June 30, 2021:				
Mutual funds	\$ 37,303,525	\$ -	\$ 37,303,525	\$ -
Exchange traded funds	1,531,101	-	1,531,101	-
Money Market	29,630	29,630		
Total	<u>\$ 38,864,257</u>	<u>\$ 29,630</u>	<u>\$ 38,834,626</u>	<u>\$ -</u>
June 30, 2020:				
Mutual funds	\$ 14,490,463	\$ -	\$ 14,490,463	\$ -
Exchange traded funds	763,893	-	763,893	-
Money Market	128,559	128,559	-	-
Total	<u>\$ 15,382,915</u>	<u>\$ 128,559</u>	<u>\$ 15,254,356</u>	<u>\$ -</u>

The carrying amounts reported in the balance sheets for other financial assets and liabilities that are not measured at fair value on a recurring basis including patient accounts receivable, grant and contract receivables, estimated third-party payor settlements, accounts payable and accrued expenses, accrued compensation, deferred revenue, and long term debt approximate fair value.

Note D: Grants and Contracts Receivable

Grants and contract receivables are comprised of grants from federal, state, county and other granting agencies. At June 30, 2021 and 2020 the grants and contracts receivable were \$2,450,643 and 3,425,550, respectively.

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note E: Property and Equipment

Land, building and equipment at June 30, 2021 and 2020 was comprised of the following:

	2021	2020
Land & buildings	\$ 37,152,432	\$ 33,506,443
Equipment	2,320,280	1,928,131
Vehicles	164,107	104,297
Construction in progress	139,323	131,404
Subtotal	39,776,142	35,670,275
Accumulated depreciation	(12,536,339)	(11,315,673)
Total	\$ 27,239,803	\$ 24,354,602

Construction in progress at June 30, 2021 and 2020 consisted primarily of the construction of the Valley Center and Mollison clinics as well as a roof repair for the Grand clinic. Depreciation expense for the years ended June 30, 2021 and 2020 was \$1,495,492 and \$1,374,848, respectively. As of June 30, 2021, the remaining commitments related to ongoing contracts totaled \$50,115.

Note F: Accrued Compensation

The balance of accrued compensation at June 30, 2021 and 2020 was comprised of the following:

	2021	2020
Accrued payroll	\$ 1,662,117	\$ 1,373,227
Accrued paid time off	2,821,519	2,261,179
Accrued other payroll liabilities	2,576,391	1,547,617
Total	\$ 7,060,027	\$ 5,182,023

Note G: Net Patient Revenue

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

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

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note G: Net Patient Revenue (continued)

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

Effective with the adoption of ASU 2014-09 on July 1, 2020, for changes in credit issues not assessed at the date of service, such as a payor files for bankruptcy or a patient defaults on a payment plan, the Center recognizes these write-offs as bad debt expense, which is presented on the accompanying statements of operations and changes in net assets as a component of other expenses.

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

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

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

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

As of June 30, the following table reflects the net patient service revenue including capitation by major payor groups:

	2021	2020
Medicare	\$ 2,576,862	\$ 3,043,219
Medi-Cal	91,236,444	73,608,173
Other third-party payors	12,434,366	11,887,940
Private pay	1,032,493	1,174,052
Net patient service revenue	\$ 107,280,165	\$ 89,713,384

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note G: Net Patient Revenue (continued)

Laws and regulations concerning government programs, including Medicare and Medi-Cal, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Center’s compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Center. In addition, the contracts the Center has with commercial payors also provide for retroactive audit and review of claims.

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

The Center has recorded an estimated third-party payor receivable of \$8,944,357 and \$12,861,550 as of June 30, 2021 and 2020, respectively, and estimated third-party payor liabilities of \$43,199 and \$94,719 as of June 30, 2021 and 2020, respectively. These balances comprise estimated settlements due to PPS Reconciliation Requests as well as Rate Setting Cost Reports and Change in Scope of Service Requests. Management periodically evaluates estimated third-party payor settlements based on the current information available and believes the final settlements will not materially affect the financial statements of the Center.

Note H: Concentration of Credit Risk

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

Payor Class	2021	2020
Medi-Cal	83%	82%
Medicare	4%	3%
Other third-party payors	12%	14%
Private pay patients	1%	1%
Total	100%	100%

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note H: Concentration of Credit Risk (continued)

For the year ended June 30, 2021 and 2020, the Center received \$9,636,592 and \$8,026,060, respectively, in Community Health Center grants from the Department of Health and Human Services, which represents 7% and 8% of the total revenue received.

Note I: Commitments and Contingencies

Federal and state contracts and other requirements:

The Center receives grants and contracts which require fulfillment of certain conditions as set forth in the terms of the grant agreement and are subject to audit and adjustment upon review by the granting agencies. Failure to comply with the conditions of the grants could result in the return of funds to the granting agencies. The amounts, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although management believes that it has complied with conditions of its grants and contracts it expects they will not have a significant effect on the Center's financial position.

Contingencies:

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. 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 Center 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 Center's financial position.

Medical Malpractice Claims:

Neighborhood Healthcare is deemed an employee of the federal government and is covered for malpractice insurance under the Federal Tort Claims Act ("FTCA"). Neighborhood Healthcare also has supplemental Professional Liability coverage for individual claims up to \$1,000,000 and aggregate annual claims up to \$3,000,000.

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

Retirement Plans:

The Center maintains a defined contribution pension plan for substantially all of its employees who have met specified age and service requirements; and a 457(b) Plan pursuant to Section 457(b) of the Internal Revenue Code of 1986, as amended. The purpose of the Plan is to provide deferred compensation payments for designated long-term employees. The accounts are held entirely in the names of the participants without direction from Neighborhood Healthcare for any of their activities. Contributions to the plans are discretionary. For the years ended June 30, 2021 and 2020, the Center recognized expenses relating to these plans of approximately \$1,534,681 and \$1,368,160, respectively.

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note J: Long-term Debt

Long-term debt consists of the following at June 30, 2021 and 2020:

	2021	2020
California Health Facilities Financing Authority (CHFFA) (Help II Program) in the amount of \$450,000 at a 3.0% interest rate, with monthly payments of \$3,108, maturing in 2022 and is secured with the Center's assets.	\$ 45,695	\$ 81,038
City National Bank loan agreement in the amount of \$2,279,056 at 3.85% interest rate, with monthly payments of \$16,773.76, maturing in 2029 and is secured with the Center's assets.	1,400,340	1,537,500
Union Bank of California loan in the amount of \$1,281,000 at a 4.45% interest rate, with monthly payments of \$9,767, maturing in 2026 and is secured with the Center's assets.	508,856	601,173
City National Bank loan for \$2,500,000 at 3.98% interest rate per annum is payable in monthly installments of \$18,539 which includes principal and interest and matures in September of 2033 and is secured with the Center's real property.	2,157,014	2,280,079
California Bank & Trust loan for \$1,325,000 at 3.85% interest rate per annum. The loan is payable in 180 monthly installments of \$9,739, which includes principal and interest and matures April 7, 2030. The loan is secured with the Center's real property.	871,559	952,682
City National Bank loan for \$1,928,000 at 3.67% interest rate per annum is payable in monthly installments of \$13,995 which includes principal and interest and matures on November 1, 2030 and is secured with the Center's assets.	1,338,095	1,448,674
Total long-term debt	6,321,559	6,901,146
Less: current portion	(625,592)	(601,530)
	\$ 5,695,967	\$6,299,616

Future principal and interest payments are as follows for the years ended June 30:

Year	Principal	Interest	Total
2022	\$ 625,592	\$ 237,474	\$ 863,066
2023	622,373	212,725	835,098
2024	637,624	188,151	825,775
2025	663,894	161,881	825,775
2026	1,262,158	134,948	1,397,106
Thereafter	2,509,918	344,789	2,854,707
Total	\$ 6,321,559	\$ 1,279,968	\$ 7,601,527

The loan agreements contain various covenants, which among other things place restrictions on the Center's ability to incur additional indebtedness and require the Center to maintain certain financial ratios. The Center was in compliance with these requirements as of June 30, 2021.

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note J: Long-term Debt (continued)

Neighborhood Healthcare has a line-of-credit with a local bank in the amount of \$4,000,000. The interest rate is the bank's reference rate (prime) plus a margin. The line-of-credit matures April 2, 2022. The Center has a line-of-credit with an investment firm collateralized by investments. This line has an interest rate ranging from the Wall Street Journal prime rate plus 2.00% to that prime rate minus .50% based on the size of the margin loan. The outstanding balances were \$0 for both lines as of both June 30, 2021 and 2020.

Note K: Net Assets with Donor Restrictions

Net assets with donor restrictions were comprised of the following programs at June 30, 2021 and 2020:

	2021	2020
Direct Relief	\$ 50,000	-
CCI-Connected Care Accelerator Program	83,338	-
Health Net Enhanced Access	56,092	-
CPCA/Kaiser-Covid 19 Vaccination	112,263	-
CCI-Virtual Care Innovation Network	30,000	-
Grossmont Healthcare – COVID 19	8,885	22,500
HealthNet Workforce Development	-	31,450
Other	9,926	30,732
Total	\$ 350,504	\$ 84,682

As net assets with donor restrictions are expended, the net assets released from restrictions are recognized as revenue without donor restrictions. As of June 30, 2021, and 2020, net assets released from donor restrictions consist of the following:

	2021	2020
Riverside-COVID project	\$ 350,000	\$ -
Archstone	67,500	135,000
Health net enhanced access	23,908	-
MAT Access Points Project	12,786	45,000
Direct Relief	-	50,000
Other	99,984	210,921
Total	\$ 554,178	\$ 440,921

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note L: Lease Commitments

Neighborhood Healthcare has commitments under operating lease agreements that range in termination dates through 2031. Total lease expense for the years ended June 30, 2021, and 2020 was \$1,522,181 and \$1,079,437, respectively. Following are the lease commitments based on agreements in place on June 30, 2021:

Year Ending	Lease Payment
2022	\$ 2,235,877
2023	\$ 1,744,513
2024	\$ 1,632,513
2025	\$ 1,520,903
2026	\$ 1,381,534
Thereafter	\$19,286,590

Note M: Board Designated Endowment and Investments

Board designated endowment are assets designated by the board of directors. As such, these funds are unrestricted, and include mutual funds and are stated at their fair market value at June 30, 2021 and 2020. Board designated endowment at June 30, 2021 and 2020 are \$ 2,389,289 and \$ 2,000,352, respectively.

Board designated endowment and investments include the following at June 30, 2021 and 2020.

	2021	2020
Cash & money market	\$ 29,630	\$ 128,559
Mutual funds	37,303,525	14,490,463
Corporate owned life insurance	2,053,275	2,003,553
Exchange traded funds	1,531,101	763,893
Total	\$ 40,917,531	\$ 17,386,468

The Center is the owner of six life insurance policies. The cash surrender value of these policies was \$2,053,275 and \$2,003,553 at June 30, 2021 and 2020, respectively. The sum of the death benefits, which will be added to the Center's assets after the death of the insured is approximately \$5,461,388 and \$5,461,388 at June 30, 2021 and 2020, respectively.

Income for board designated endowment and investments are primarily comprised of interest and dividend income, which amounted to \$1,778,978 and \$312,535 for the years ended June 30, 2021 and 2020, respectively. The Center had unrealized gains in the amount of \$3,832,100 and \$219,109 for the years ended June 30, 2021 and 2020, respectively.

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note N: Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Expenses for the year ended June 30, 2021 include:

	Program Services	Fund Raising	General & Administration	Total
Salaries & wages	\$39,961,110	\$ 213,607	\$ 14,208,972	\$54,383,689
Employee benefits	8,550,475	45,530	3,166,903	11,762,908
Contractual services	17,333,312	16,240	1,908,246	19,257,798
Supplies	4,751,446	8,055	138,297	4,897,798
Communications	507,957	2,165	387,002	897,124
Travel	88,841	2,605	151,334	242,780
Equipment costs	2,693,809	11,607	1,765,831	4,471,247
Facilities	2,324,883	12,342	1,154,708	3,491,933
Insurance	121,183	79	152,947	274,209
Depreciation and amortization	1,246,246	-	249,246	1,495,492
Interest	214,893	-	48,561	263,454
Other	737,703	33,770	734,808	1,506,281
Total expenses	\$78,531,858	\$ 346,000	\$ 24,066,855	\$102,944,713

Expenses for the year ended June 30, 2020 include:

	Program Services	Fund Raising	General & Administration	Total
Salaries & wages	\$ 36,913,887	\$ 106,560	\$ 12,166,202	\$ 49,186,649
Employee benefits	8,166,446	26,906	2,668,234	10,861,586
Contractual services	13,386,807	41,943	1,685,871	15,114,621
Supplies	4,168,502	4,821	143,667	4,316,990
Communications	445,528	2,448	239,170	687,146
Travel	112,214	2,270	222,432	336,916
Equipment costs	1,463,109	26,333	1,543,915	3,033,357
Facilities	1,753,420	4,996	729,341	2,487,757
Insurance	125,656	145	76,515	202,316
Depreciation and amortization	1,192,318	-	182,530	1,374,848
Interest	271,132	-	13,924	285,056
Other	518,300	57,657	476,189	1,052,146
Total expenses	\$ 68,517,319	\$ 274,079	\$ 20,147,990	\$ 88,939,388

Neighborhood Healthcare
Notes to the Financial Statements
For the years ended June 30, 2021 and 2020

Note O: Information Regarding Liquidity and Availability of Resources

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

The Center strives to maintain liquid financial assets sufficient to cover 30 days of general expenditures. The following table reflects the Center's financial assets as of June 30, 2021, and 2020 reduced by amounts that are not available to meet general expenditures within one year of the balance sheet date.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 13,506,767	\$ 8,143,626
Investments	38,528,242	15,386,116
Patient accounts receivable	9,931,690	8,957,250
Grant receivable	2,450,643	3,425,550
Board designated endowment	<u>2,389,289</u>	<u>2,000,352</u>
Total financial assets	66,806,631	37,912,894
Board designated endowment	(2,389,289)	(2,000,352)
Deferred revenue & other deferred liabilities	-	(1,511,879)
Net assets with donor restrictions	<u>(350,504)</u>	<u>(84,682)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 64,066,838</u>	<u>\$ 34,315,981</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Center operates with a balanced budget and anticipates collecting sufficient patient service revenue to cover general expenditures not covered by grants or donor-restricted resources. The Center also has a line of credit available to meet short-term needs. See note J for information about this arrangement.

SINGLE AUDIT REPORTS

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Independent Auditor's Report

Board of Directors
Neighborhood Healthcare
Escondido, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Neighborhood Healthcare (the "Center"), which comprise the balance sheets as of June 30, 2021 and 2020 and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CAW. LLP

Fresno, California
November 10, 2021

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

Independent Auditor's Report

Board of Directors
Neighborhood Healthcare
Escondido, California

Report on Compliance for Each Major Federal Program

We have audited Neighborhood Healthcare (the "Center") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2021. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Neighborhood Healthcare complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Neighborhood Healthcare is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

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

CAW. LLP

Fresno California
November 10, 2021

**Neighborhood Healthcare
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021**

Federal Grant / Program Title	CFDA Number	Pass-Through Identification Number	Expenditures
U.S. Department of Health and Human Services, Public Health Services:			
<u>Direct Programs:</u>			
Community Health Center Cluster, Section 330	*93.224	N/A	\$ 7,512,200
COVID - Capital Assistance for Disaster Response & Recovery Effort (CADRE)	*93.224	N/A	83,275
COVID - Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	*93.224	N/A	1,147,440
COVID - FY20 Expanding Capacity for Coronavirus Testing (ECT)	*93.224	N/A	893,677
Total Community Health Cluster			9,636,592
COVID - Uninsured Testing, Treatment, and Vaccine Administration	93.461	N/A	213,229
HHS Provider Relief Fund	*93.498	N/A	1,508,765
Total Direct Programs			11,358,586
<u>Passed Through:</u>			
<i>Essential Access Health: Title X – Family Planning Program</i>	93.217	2686-5320-71219-20-21	489,254
<i>Health Quality Partners: Screening, Brief Intervention and Referral to Treatment (SBIRT)</i>	93.243	1H79TI081143-02	260,872
<i>Health Quality Partners: Children's Health Insurance Program Reauthorization Act (CHIPRA)</i>	93.767	1Y1CMS331690-02-00	89,095
<i>Health Quality Partners: A ColoRectal Cancer Screening Hub for Southern California (ACCSIS)</i>	93.353	4UH3CA233314-02	60,516
<i>Health Quality Partners: COVID-19 Testing in Underserved and Vulnerable Populations Receiving Care in San Diego Community Health Centers (RADx)</i>	93.393	3UH3CA233314-02S1	18,366
Subtotal			918,103
Total federal financial assistance			\$ 12,276,689

* Denotes major program

Neighborhood Healthcare
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) summarizes the expenditures of Neighborhood Healthcare (the “Center”) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows for the Center.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. For CFDA 93.498, the amount included on the Schedule is based on the Period 1 PRF report. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Center elected not to use the de minimis cost rate because it has a negotiated indirect cost rate in place.

**Neighborhood Healthcare
Schedule of Findings and Questioned Costs
For the year ended June 30, 2021**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal Control over financial reporting: Material weakness identified?	_____ yes	___ <u>X</u> ___ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	___ <u>X</u> ___ None Reported
Noncompliance material to financial statements noted?	_____ yes	___ <u>X</u> ___ no

Federal Awards

Internal control over major programs: Material weakness identified?	_____ yes	___ <u>X</u> ___ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	___ <u>X</u> ___ None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	___ <u>X</u> ___ no
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Major Programs

	<u>CFDA Number</u>
Community Health Center Cluster, Section 330	93.224
HHS Provider Relief	93.498
Dollar threshold used to distinguish Types A and B programs	\$ 750,000
Auditee qualified as low-risk auditee?	___ <u>X</u> ___ yes _____ no

**Neighborhood Healthcare
Schedule of Findings and Questioned Costs
For the year ended June 30, 2021**

II. Financial Statement Findings - No matters are reportable

III. Federal Award Findings - No matters are reportable

Prior Year Findings - None