People's Community Clinic

Independent Auditor's Reports and Financial Statements

December 31, 2024 and 2023

People's Community Clinic
Contents
December 31, 2024 and 2023

Forvis Mazars, LLP
910 E. St. Louis Street
Springfield, MO 65806
P 417.865.8701 | F 417.865.0682
forvismazars.us

Independent Auditor's Report

Board of Directors
People's Community Clinic
Austin, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of People's Community Clinic (the "Organization"), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of People's Community Clinic, as of December 31, 2024 and 2023, and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. 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 September 12, 2025, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Springfield, Missouri
September 12, 2025

People's Community Clinic
Balance Sheets
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,776,455	$ 9,541,621
Assets limited as to use - current	2,569,045	1,575,000
Short-term investments	12,614,753	4,204,134
Patient accounts receivable	2,845,901	1,752,911
Grants and other receivables	839,186	1,053,997
Contributions receivable – current	3,023,395	3,351,793
Supplies and inventory	828,919	432,805
Prepaid expenses and other	550,690	501,578
Total Current Assets	25,048,344	22,413,839
Assets Limited as to Use		
Internally designated	4,957,521	5,000,000
Less amounts required to meet current obligations	2,569,045	1,575,000
	2,388,476	3,425,000
Property and Equipment, At Cost		
Land and land improvements	3,518,970	3,518,970
Buildings and leasehold improvements	14,495,667	14,579,784
Equipment	2,516,979	2,252,173
Construction in progress	24,050	116,480
	20,555,666	20,467,407
Less accumulated depreciation	10,505,674	9,611,706
	10,049,992	10,855,701
Other Assets		
Contributions receivable	5,438,585	-
Intangible asset	1,062,445	-
Deposits	-	830,607
	6,501,030	830,607
Total Assets	$ 43,987,842	$ 37,525,147
LIABILITES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 221,045	$ 273,867
Accrued expenses	2,070,169	1,610,505
Refundable advances	282,713	-
Total Current Liabilities	2,573,927	1,884,372
Total Liabilities	2,573,927	1,884,372
Net Assets		
Without donor restrictions	28,263,552	28,075,627
With donor restrictions	13,150,363	7,565,148
Total Net Assets	41,413,915	35,640,775
Total Liabilities and Net Assets	$ 43,987,842	$ 37,525,147

People's Community Clinic
Statements of Operations
Years Ended December 31, 2024 and 2023

	2024	2023
Revenues, Gains, and Other Support Without Donor Restrictions		
Patient service revenue	$ 23,564,546	$ 21,004,684
Grant revenue	2,870,282	4,941,153
Contributions of cash and other financial assets	3,820,823	8,135,437
Contributions of nonfinancial assets	2,224,384	1,970,622
Other	170,131	45,661
Net assets released from restrictions used for operations	5,615,096	4,764,997
Gain on involuntary conversion of property	3,425,000	-
Total Revenues, Gains, and Other Support Without Donor Restrictions	41,690,262	40,862,554
Expenses and Losses		
Salaries and wages	23,288,214	21,011,849
Employee benefits	5,194,004	4,638,246
Purchased services and professional fees	2,337,022	2,055,793
Supplies and other	10,272,536	8,414,491
Depreciation and amortization	1,094,833	1,105,042
Interest	-	1,740
Loss on sale and gain on involuntary conversion of property and equipment	31,510	-
Total Expenses and Losses	42,218,119	37,227,161
Operating Income (Loss)	(527,857)	3,635,393
Other Income		
Investment return, net	676,539	581,232
Total Other Income	676,539	581,232
Excess of Revenues over Expenses	148,682	4,216,625
Contributions of or for acquisition of property and equipment	-	51,360
Net assets released from restriction used for purchase of property and equipment	39,243	469,510
Increase in Net Assets Without Donor Restrictions	$ 187,925	$ 4,737,495

People's Community Clinic
Statements of Changes in Net Assets
Years Ended December 31, 2024 and 2023

	2024	2023
Net Assets Without Donor Restrictions		
Excess of revenues over expenses	$ 148,682	$ 4,216,625
Contribution of or for acquisition of property and equipment	-	51,360
Net assets released from restriction used for purchase of property and equipment	39,243	469,510
Increase in Net Assets Without Donor Restrictions	187,925	4,737,495
Net Assets With Donor Restrictions		
Contributions of cash and other financial assets	5,037,623	6,422,679
Contributions of nonfinancial assets	6,201,931	306,984.00
Net assets released from restriction	(5,654,339)	(5,234,507)
Increase in Net Assets With Donor Restrictions	5,585,215	1,495,156
Change in Net Assets	5,773,140	6,232,651
Net Assets, Beginning of Year	35,640,775	29,408,124
Net Assets, End of Year	$ 41,413,915	$ 35,640,775

People's Community Clinic
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	$ 5,773,140	$ 6,232,651
Items not requiring (providing) operating cash flow		
Gain on sale and gain on involuntary conversion of property and equipment	(3,393,490)	-
Depreciation and amortization	1,094,833	1,105,042
Contributions of or for acquisition of property and equipment	(255,000)	(55,000)
Contributed nonfinancial assets	(7,783,053)	-
Net realized and unrealized gains on securities	(410,619)	(132,092)
Changes in		
Patient accounts receivable	(1,092,990)	514,997
Contributions receivable	548,482	2,438,229
Grants and other receivables	214,811	(393,739)
Inventory and supplies	1,828,270	(63,188)
Accounts payable and accrued expenses	420,616	(94,791)
Refundable advances	282,713	-
Other current assets and liabilities	(49,112)	(104,961)
Deposits	-	(830,607)
Net Cash Provided by (Used in) Operating Activities	(2,821,399)	8,616,541
Investing Activities		
Purchase of investments	(8,000,000)	-
Proceeds from involuntary conversion of property and equipment	3,425,000	-
Purchase of property and equipment	(227,189)	(463,643)
Acquisition of intangible asset	(339,057)	-
Net Cash Used in Investing Activities	(5,141,246)	(463,643)
Financing Activities		
Proceeds from contributions for acquisition of property and equipment	155,000	555,000
Proceeds from grants for acquisition of property and equipment	-	32,367
Principal payments on finance lease liabilities	-	(84,445)
Net Cash Provided by Financing Activities	155,000	502,922
Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	(7,807,645)	8,655,820
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Beginning of Year	14,541,621	5,885,801
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, End of Year	$ 6,733,976	$ 14,541,621

People's Community Clinic
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	$ -	$ 1,740
Accounts payable incurred for property and equipment	$ 7,676	$ 21,450
Reconciliation of Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents to Balance Sheet		
Cash and cash equivalents	$ 1,776,455	$ 9,541,621
Assets limited as to use	4,957,521	5,000,000
Total Cash, Cash Equivalents, Restricted Cash, Cash Equivalents Shown in the Statement of Cash Flows	$ 6,733,976	$ 14,541,621

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

People's Community Clinic (the "Organization") primarily earns revenues by providing physician and related health care services through clinics located in Austin, Texas. The Organization is a federally qualified health center and is supported through public insurance programs such as Medicaid and Medicare, direct federal funding, state and local grants, private grants, and contributions.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. The Organization does not consider uninvested cash in investment accounts to be cash and cash equivalents. The Organization considers uninvested cash in assets limited as to use to be cash and cash equivalents. At December 31, 2024 and 2023, cash equivalents consisted primarily of money market accounts with brokers under a sweep account agreement. The amounts advanced under these agreements are based on a minimum sweep point of $250,000 and are subject to a written custodial agreement that explicitly recognizes the Organization's interest. Amounts advanced under these agreements were approximately $6,860,000 and $14,400,000 at December 31, 2024 and 2023, respectively, and are included in cash and cash equivalents. At December 31, 2024, the Organization's cash accounts exceeded federally insured limits by approximately $20,000.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future operating expenditures.

Debt Investments

Debt securities held by the Organization generally are classified and recorded in the financial statements as follows:

Classified as	Description	Recorded at
Trading	Securities that are bought and held principally for the purpose of selling in the near term and, therefore, held for only a short period of time	Fair value, with changes in fair value included in excess (deficiency) of revenue over expenses

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Equity Investments

The Organization measure equity securities, other than investments that qualify for the equity method of accounting, at fair value with changes recognized in excess (deficiency) revenues over expenses. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

The Organization measures equity securities and equity investments without a readily determinable fair value at cost, minus impairment, if any, plus or minus changes resulting from observable price changes for the identical or a similar investment.

For equity securities and equity investments measured under the practicability exception, the Organization performs a qualitative assessment for equity investments without readily determinable fair values considering impairment indicators to evaluate whether an impairment exists. If an impairment exists, the Organization will recognize a loss based on the difference between carrying value and fair value.

Net Investment Return

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of operations and changes in net assets as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Patient Accounts Receivable

Patient accounts receivable reflects the outstanding amount of consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others. As a service to the patient, the Organization bills third-party payors directly and bills the patient when the patient's responsibility for copays, coinsurance, and deductibles is determined. Patient accounts receivable is due in full when billed.

No material credit loss expense has been recognized for the years ended December 31, 2024 and 2023.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or net realizable value.

Property and Equipment

Property and equipment acquisitions of $5,000 or more are recorded at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under finance lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings, leasehold, and land improvements	3–40 years
Equipment	3–15 years

Certain property and equipment have been purchased with grant funds. Such items may have a reversionary interest by the grantor if not used to further the grant's objectives or held for a specific length of time.

Donations of property and equipment are reported at fair value as an increase in net assets without donor restrictions unless the use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in net assets without donor restrictions when the donated asset is placed in service.

Intangible Assets

In 2024, the Organization implemented a new practice management system as part of a software as a subscription agreement. During implementation, certain services were expensed as provided, while other costs were capitalized and will be amortized in accordance with ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software* (Subtopic 350-40) *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract.* Capitalized costs are amortized over a ten-year period.

Deposits

The Organization records costs related to the implementation of practice management software at cost. The project costs are generally comprised of licensing costs that will be capitalized and data conversion costs that will be expensed as incurred.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2024 and 2023.

Gain on Involuntary Conversion of Property

During 2024, the Organization had a portion of a parking lot acquired by the Texas Department of Transportation as part of the Interstate Highway 35 widening project in Austin, Texas. The Organization was compensated for this acquisition and the transaction has been recorded as a gain on involuntary conversion, consistent with Accounting Standards Codification (ASC) 610-30-25, with a gain recorded for the proceeds in excess of the net book value of the disposed property. A loss on sale and gain on involuntary conversion of property and equipment of approximately $3,400,400 and $0 is recorded on the accompanying statements of operations during the years ended December 31, 2024 and 2023, respectively.

Refundable Advances

In 2024, the Organization received advances totaling $350,000 from the Federally Qualified health Center Incubator Program from Texas Department of State Health Services. The funds received must be used for the specific purposes of the program. The Organization has recognized $67,287 as revenue during the year ended December 31, 2024, and deferred $282,713 because they have not met the terms and conditions for using the remaining funds as of December 31, 2024. The unused proceeds are reported as refundable advances on the balance sheets.

Refund Liabilities

The consideration the Organization has received from patients for which it does not expect to be entitled to is recorded as a refund liability.

Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Patient Service Revenue

Patient service revenue is recognized as the Organization satisfies performance obligations under its contracts with patients. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. The Organization 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 Organization's policies, and implicit price concessions provided to uninsured patients.

The Organization determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies, and historical experience by payor groups. The Organization determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations by third-party payors.

Pharmacy Revenue

The Organization participates in the 340B "Drug Discount Pricing Program" which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Drug Discount Program is managed by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs. The Organization has a network of participating pharmacies that dispense the pharmaceuticals to its patients under contract arrangement with the Organization.

Pharmacy revenue is recognized when prescriptions are provided to the patient. Reported pharmacy revenue consists of reimbursements from the network of participating pharmacies and is included in patient service revenue on the accompanying statement of operations. The drug replenishment costs and administrative and filling fees are included in supplies and other expense on the statement of operations. The net pharmacy revenue from this program is used in furtherance of the Organization's mission. At December 31, 2024 and 2023, the Organization had contract pharmacy receivables of $62,691 and $63,949, respectively, which were included in grants and other receivables on the accompanying balance sheets.

Government Grants

Support funded by grants is generally considered a conditional contribution and recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreement. Grant agreements which are reimbursement for services provided are considered exchange transactions and recognized as patient service revenue which is recognized as the service is performed. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.,* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value

Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Professional Liability Claims

The Organization recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are more fully described in *Note 8.*

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

Excess (Deficiency) of Revenues Over Expenses

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

Reclassification

Certain reclassifications have been made to the 2023 Statement of Changes in Net Assets to disaggregate restricted contributions of nonfinancial assets from restricted contributions of cash and other financial assets. These reclassifications had no effect on the change in net assets.

Note 2: Grant Revenue

The Organization is the recipient of a Health Center Program (HCP) grant from the U.S. Department of Health and Human Services. The general purpose of the grant is to provide expanded health care services in the Austin, Texas area. Terms of the grant generally provide for funding of the Organization's operations based on an approved budget. Grant revenue is recognized as the Organization meets the conditions prescribed by the grant agreement, which requires incurring qualifying expenditures over the grant period. During the years ended December 31, 2024 and 2023, the Organization recognized $1,889,728 and $1,903,419 in HCP grant revenue, respectively. Funding for the grant years ending May 31, 2026 and 2025, has been authorized at $1,879,156 per year.

The Organization is also the recipient of a Community Project Funding (CPF-CE1) grant from the U.S. Department of Health and Human Services. The general purpose of this grant is to support health-related activities, including training and information technology. Grant revenue is recognized as the Organization meets the conditions prescribed by the grant agreement, which requires incurring qualifying expenditures over the grant period. This award includes a grant budget period from July 2023 through July 2024 and provides funding of $850,000. During the years ended December 31, 2024 and 2023, the Organization recognized $637,593 and $212,407 in CPF-CE1 grant revenue, respectively.

In addition to these grants the Organization receives additional financial support from other federal, state, and private sources. Generally, such support requires compliance with terms and conditions specified in grant agreements and has been renewed on an annual basis.

Note 3: COVID-19 Pandemic and CARES Act Funding

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

The extent of the COVID-19 pandemic's adverse effect on the Organization's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Organization's control and ability to forecast.

Because of these and other uncertainties, the Organization cannot estimate the length or severity of the effect of the pandemic on the Organization's business.

American Rescue Plan Act Grant

In March 2021, as part of the *American Rescue Plan Act* (ARPA), the Organization was awarded a federal Health Center Program grant. This award includes a grant budget period from April 2021 through March 2023 and provides funding of $5,086,500. Additional funding on this award of $65,500 was received during the year ended December 31, 2022. In April 2023, the Organization was granted a one-year extension to the period of performance, through March 2024. The grant award has specific terms and conditions that must be followed when utilizing the funding. Grant revenue is recognized, and grant funds are drawn down, as the Organization meets the conditions prescribed by the grant agreements which require incurring qualifying expenditures over the grant period. Grant revenue related to capital expenditures charged to the grant is recorded as the asset is placed in service. During the years ended December 31, 2024 and 2023, the Organization recognized $65,712 and $2,454,427 in ARPA revenue, respectively. As of December 31, 2024, this entire award has been recognized.

Expanding COVID-19 Vaccination Award

In December 2022, as part of the *Paycheck Protection Program and Health Care Enhancement Act, Public Health and Social Services Fund (P.L. 116-139)*, the Organization was awarded a federal grant award for the purpose of expanding COVID-19 vaccination (ECV) for $229,063 for a budget period of December 2022 through May 2023. Additional funding on this award of $27,500 was received during the year ended December 31, 2023 and the period of performance was extended through June 30, 2024. The award has specific terms and conditions that must be followed when utilizing the funding. Grant revenue is recognized, and grant funds are drawn down, as the Organization meets the conditions prescribed by the grant agreement which required incurring qualifying expenditures over the grant period. During the years ended December 31, 2024 and 2023, the Organization recognized $12,965 and $243,598, in ECV revenue, respectively.

Bridge Access Program

In August 2023, as part of the *American Rescue Plan Act of 2021 (P.L. 117-2)*, the Organization was awarded a federal grant award (BAP) for $107,019 for a budget period of September 2023 through December 2024. The award has specific terms and conditions that must be followed when utilizing the funding. Grant revenue is recognized, and grant funds are drawn down, as the Organization meets the conditions prescribed by the grant agreement which required incurring qualifying expenditures over the grant period. During the years ended December 31, 2024 and 2023, the Organization recognized $98,329 and $8,690, in BAP revenue, respectively.

Note 4: Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (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 Organization bills the patients and third-party payors several days after the services are performed and patient accounts receivable are due in full when billed. Revenue is recognized as performance obligations are satisfied.

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total actual charges. The Organization 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. Generally, performance obligations satisfied over time relate to patients receiving services in its clinics. The Organization measures the performance obligation from commencement of a service to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to its patients and customers in a retail setting (for example, pharmaceuticals) and the Organization does not believe it is required to provide additional goods related to the patient. The Organization had no performance obligations considered unsatisfied or partially satisfied as of December 31, 2024 and 2023.

Transaction Price

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

Third-Party Payors

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare. Covered Federally Qualified Health Center (FQHC) services rendered to Medicare program beneficiaries are paid in accordance with provisions of Medicare's Prospective Payment System (PPS) for FQHCs. Medicare payments, including patient coinsurance, are paid on the lesser of the Organization's actual charge or the applicable PPS rate. Services not covered under the FQHC benefit are paid based on established fee schedules.

Medicaid. Covered FQHC services rendered to Medicaid program beneficiaries are paid based on a prospective reimbursement methodology. The Organization is reimbursed a set encounter rate for all services provided. The encounter rate is updated annually based on the Medicare Economic Index (MEI).

Other. Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates and discounts from established charges.

Laws and regulations concerning government programs, including Medicare and Medicaid, 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 Organization'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 Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to cost report or other 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 Organization'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 based on newly available information or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2024 and 2023.

Refund Liabilities

From time to time the Organization will receive overpayments of patient balances from third-party payors or patients resulting in amounts owed back to either the patients or third-party payors. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of December 31, 2024 and 2023, the Organization has a liability for refunds to third-party payors and patients recorded of approximately $165,000 and $410,000, respectively, which is included in accrued expenses on the balance sheets.

Patient and Uninsured Payors

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. As required by Section 330 of the Public Health Service Act (42 U.S.C. §254b), the Organization also has established a sliding fee discount program and offers low-income patients a sliding fee discount from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, sliding fee discounts, and implicit price concessions based on historical collection experience.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

For the year ended December 31, 2023, patient service revenue decreased by approximately $295,000 due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. For the year ended December 31, 2024, no significant revenue was recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances, such as copays and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

Revenue Composition

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, service lines, and method of reimbursement.

For the years ended December 31, 2024 and 2023, the Organization recognized patient service revenue of $23,173,433 and $20,669,713, respectively, from services that transfer to the customer over time and $391,113 and $334,971, respectively, from goods and services that transfer to the customer at a point in time.

Contract Balances

The following table provides information about the Organization's receivables from contracts with customers:

	2024	2023
Accounts receivable, beginning of year	$ 1,752,911	$ 2,267,908
Accounts receivable, end of year	$ 2,845,901	$ 1,752,911

No material contract assets or liabilities are recorded at December 31, 2024 and 2023.

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payor pays for that service will be one year or less.

Contract Costs

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

Note 5: Concentration of Credit Risk

The Organization grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2024 and 2023, is:

	2024	2023
Medicare	2%	2%
Medicaid	43%	41%
Travis County Healthcare District	49%	52%
Other third-party payors	4%	2%
Patient responsibility	2%	3%
	100%	100%

Note 6: Contributions Receivable

Contributions receivable at December 31, 2024 and 2023, consisted of the following:

	2024 Without Donor Restrictions	2024 With Donor Restrictions	Total
Due within one year	$ -	$ 3,372,922	$ 3,372,922
Due in one to five years	-	3,243,881	3,243,881
Due in more than five years	-	4,020,545	4,020,545
	-	10,637,348	10,637,348
Less unamortized discount	-	2,175,368	2,175,368
	$ -	$ 8,461,980	$ 8,461,980

	2023 Without Donor Restrictions	2023 With Donor Restrictions	Total
Due within one year	$ 250,000	$ 3,101,793	$ 3,351,793
	$ 250,000	$ 3,101,793	$ 3,351,793

The discount rate at December 31, 2024, was 6.85%. Contributions receivable include a gross receivable of approximately $8,070,000 related to donated space that will be received over the course of ten years.

Note 7: Conditional Grants and Contributions

The Organization has received the following conditional promises to give at December 31, 2024 and 2023, that are not recognized in the financial statements:

	2024	2023
Given upon incurring allowable expenditures under the agreement	$ 4,907,744	$ 1,758,906
Given upon meeting level of service requirements	1,102,017	1,612,295
	$ 6,009,761	$ 3,371,201

Note 8: Medical Malpractice Claims

The U.S. Department of Health and Human Services deemed the Organization and its practicing medical professionals covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap.

Claim liabilities are to be determined without consideration to insurance recoveries. Expected recoveries are presented separately. Based upon the Organization's claim experience, no accrual has been made for medical malpractice costs for the years ended December 31, 2024 and 2023. However, because of the risk in providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

Note 9: Investments and Investment Return

Assets Limited as to Use

At December 31, 2024 and 2023, assets limited as to use include cash and cash equivalents, including accounts under a sweep account agreement.

Other Investments

Other investments, at December 31, 2024 and 2023, include:

	2024	2023
Certificates of deposit	$ 36,262	$ 25,318
Money market mutual funds	2,441,783	1,105,695
U.S. Treasury obligations	10,136,708	3,073,121
	12,614,753	4,204,134
Short-term investments	$ 12,614,753	$ 4,204,134

Investment Return

Total investment return comprised of the following:

	2024	2023
Interest and dividend income	$ 265,920	$ 449,140
Net realized and unrealized gains on securities	410,619	132,092
	$ 676,539	$ 581,232

Note 10: Retirement Plan

The Organization has a 403(b) defined contribution plan covering substantially all employees. For each eligible participant, the Organization provides an employer contribution equal to the employee's contribution or 4% of the employee's annual salary, whichever is less. Retirement plan expense for the years ended December 31, 2024 and 2023, was $605,964 and $546,652, respectively.

Note 11: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	2024	2023
Subject to expenditure for specified purpose		
Capital and renovation projects	$ 259,908	$ 44,151
At home visiting	260,653	257,187
Patient education	3,561	6,394
Dental services	505,911	631,448
Community centered health home	74,004	316,528
Prenatal, pediatric, and adolescent services	771,197	415,381
Early childhood development	631,389	121,605
Financial screening	235,631	-
Maternal and infant health	236,336	482,525
Other health and wellness initiatives	690,090	810,947
Safety net grant	2,784,358	4,120,237
Community housing and population health	21,784	7,721
Digital equity program	434,704	-
Vaccines	643,262	306,984
Donated space	5,558,669	-
	13,111,457	7,521,108
Subject to the passage of time		
For periods after December 31	13,906	19,040
Not subject to appropriation or expenditure	25,000	25,000
	$ 13,150,363	$ 7,565,148

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors.

	2024	2023
Purpose restrictions accomplished		
Capital and renovation projects	$ 39,243	$ 469,510
Parenting and prenatal	337,571	637,104
Patient education	4,105	4,734
Dental services	482,451	301,262
Community centered health home	242,524	86,040
At home visiting	172,866	148,101
Early childhood development	121,605	314,218
Safety net grant	2,819,164	2,543,356
Maternal and infant health	482,524	-
Other health and wellness initiatives	627,581	672,903
Vaccines	306,984	-
Community housing and population health	7,721	52,279
	5,644,339	5,229,507
Expiration of time restrictions	10,000	5,000
Total restrictions released	$ 5,654,339	$ 5,234,507

Note 12: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024 and 2023, comprise the following:

	2024	2023
Financial assets at year-end		
Cash and cash equivalents	$ 1,776,455	$ 9,541,621
Assets limited as to use	4,957,521	5,000,000
Investments	12,614,753	4,204,134
Patient accounts receivable	2,845,901	1,752,911
Grants and other receivables	839,186	1,053,997
Contributions receivable	8,461,980	3,351,793
Total financial assets	31,495,796	24,904,456
Less amounts not available to be used within one year		
Contributions receivable	5,438,585	-
Assets limited as to use	2,388,476	3,425,000
Financial assets not available to be used within one year	7,827,061	3,425,000
Financial assets available to meet general expenditures within one year	$ 23,668,735	$ 21,479,456

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has established an operating reserve for use in future years, at the discretion of the Board of Directors.

Note 13: Functional Expenses

The Organization provides health care services primarily to residents within its geographic area. Certain costs attributable to more than one function have been allocated among the health care services, general and administrative, and fundraising functional expense classifications based on various methods. The following schedules present the natural classification of expenses by function as follows:

2024

	Health Care Program Services							Support Services		
	Adult Health Services	Adolescent Health Services	Pediatric Health Services	Prenatal Health Services	Reproductive Health	Dental	Social Services	General and Administrative	Fundraising Activities	Total
Personnel	$ 7,464,850	$ 3,532,448	$ 5,458,933	$ 4,232,874	$ 1,510,009	$ 1,565,017	$ 1,922,507	$ 2,228,291	$ 567,289	$ 28,482,218
Staff development and travel	44,749	14,175	42,689	23,731	9,963	8,348	14,389	51,771	7,049	216,864
Contractual services	237,853	35,734	78,368	142,880	151,974	248	74,062	1,546,872	69,031	2,337,022
Laboratory/diagnostic	247,394	70,122	102,952	197,091	64,712	2	-	-	-	682,273
Pharmacy	613,657	96,532	154,490	216,186	342,479	-	-	-	-	1,423,344
Patient care and records	195,844	49,655	230,318	223,961	77,783	130,303	1,062	-	6	908,932
Facility and equipment	801,987	223,393	393,815	414,717	187,182	155,864	73,411	1,224,743	51,164	3,526,276
Administrative	60,358	66,665	93,521	64,824	29,379	37,191	36,478	253,200	56,303	697,919
Depreciation	1,042,580	1,130	2,157	1,746	514	154	616	19,284	26,806	1,094,987
Fundraising	8,191	21,631	91,420	-	-	-	52,873	-	74,568	248,683
Collaborations	-	-	-	-	-	-	396,209	-	-	396,209
In-kind expenses	189,956	30,133	1,951,793	-	-	-	-	-	-	2,171,882
Loss on sale of property and equipment	-	-	-	-	-	-	-	31,510	-	31,510
Total expenses	$ 10,907,419	$ 4,141,618	$ 8,600,456	$ 5,518,010	$ 2,373,995	$ 1,897,127	$ 2,571,607	$ 5,355,671	$ 852,216	$ 42,218,119

2023

	Health Care Program Services							Support Services		
	Adult Health Services	Adolescent Health Services	Pediatric Health Services	Prenatal Health Services	Reproductive Health	Dental	Social Services	General and Administrative	Fundraising Activities	Total
Personnel	$ 6,908,152	$ 3,014,393	$ 4,977,154	$ 3,802,148	$ 1,700,939	$ 989,972	$ 1,738,887	$ 2,010,053	$ 508,397	$ 25,650,095
Staff development and travel	38,655	10,177	23,589	14,377	5,271	6,662	24,957	55,023	6,952	185,663
Contractual services	275,994	42,444	67,521	40,479	117,836	794	111,244	1,311,776	87,705	2,055,793
Laboratory/diagnostic	258,838	79,499	91,180	183,337	60,228	405	625	-	272	674,384
Pharmacy	240,194	91,121	199,437	204,992	289,524	-	-	-	-	1,025,268
Patient care and records	154,804	46,119	111,041	97,365	33,852	184,297	423	-	123	628,024
Facility and equipment	250,960	347,859	385,092	518,817	260,916	149,073	145,870	-	56,020	2,114,607
Administrative	107,627	58,230	90,454	70,867	26,251	22,225	16,951	104,566	116,364	613,535
Depreciation	263,423	141,349	269,848	218,448	64,249	19,260	77,099	214,829	31,855	1,300,360
Fundraising	14,491	4,937	167,139	1,095	359	3	6,689	19,511	65,608	279,832
Collaborations	13,781	13,163	41,447	18,760	7,497	1,437	364,825	-	-	460,910
In-kind expenses	272,570	158,937	1,693,227	18,938	21,756	73,262	-	-	-	2,238,690
Total expenses	$ 8,799,489	$ 4,008,228	$ 8,117,129	$ 5,189,623	$ 2,588,678	$ 1,447,390	$ 2,487,570	$ 3,715,758	$ 873,296	$ 37,227,161

Note 14: Related Party

People's Community Clinic Foundation (the "Foundation") was formed to assist the Organization with fundraising efforts. The Organization is the sole member of the Foundation. Separate financial statements are not prepared as no activity or account balances are recorded by the Foundation. All funds raised are reflected in the financial statements of the Organization.

Note 15: Acquired Intangible Assets

The carrying basis and accumulated amortization of recognized intangible assets at December 31, 2024 and 2023 were:

	2024		2023	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible asset				
Hosted practice management software	$ 1,169,664	$ 107,219	$ -	$ -
	$ 1,169,664	$ 107,219	$ -	$ -

Amortization expense for the years ended December 31, 2024 and 2023 was $107,219 and $0, respectively. Estimated amortization expense for each of the following five years is:

2025	$ 116,966
2026	116,966
2027	116,966
2028	116,966
2029	116,966

Note 16: Contributed Nonfinancial Assets

For the years ending December 31, 2024 and 2023, contributed nonfinancial assets recognized within the statement of operations included:

	2024	2023
Design services	$ 3,761	$ 11,639
Space	48,384	-
Medical supplies	60,930	1,015
Miscellaneous goods and services	6,938	5,129
Vaccines	3,070,245	1,952,839
Donated space	5,558,669	-
	$ 8,748,927	$ 1,970,622

The nonfinancial assets listed above were recognized within revenue, including those with donor-imposed restrictions noted below. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed vaccines, pharmaceuticals, and supplies were restricted by donors to use on patients. The Organization used the donors' pricing to approximate wholesale prices in the United States when determining the basis for valuing contributed vaccines, pharmaceuticals, and supplies.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

Note 17: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Variable Consideration

Estimates of variable consideration in determining the transaction price for patient service revenue are described in *Notes 1* and *4*.

Contribution Revenue

Approximately 55% and 35%, of contribution revenue received during the years ended December 31, 2024 and 2023, respectively, was received from one donor. Another donor made an unconditional, unrestricted contribution of $5,000,000 that was recognized as contribution revenue in 2023. This contribution represents approximately 32% of contribution revenue received in 2023.

Grant Revenue

Concentration of revenues related to grant awards and other support is described in *Notes 2* and *3*.

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Note 8*.

General Litigation

In the normal course of business, the Organization is, from time to time, subject to allegations that may or do result in litigation. The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate loss, if any, for each of these matters. Events could occur that would cause the estimate of loss to differ materially in the near term.

Investments

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying balance sheets.

Note 18: Leases

Accounting Policies

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

The Organization determines lease classification as operating or finance at the lease commencement date. Incremental borrowing rates used to determine the present value of lease payments are derived by reference to the Organization's expected rate to debt finance a comparable asset acquisition.

The Organization does not combine lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Organization has entered into the following lease arrangements:

Finance Leases

These leases mainly consist of equipment. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

All Leases

The Organization has no material related-party leases. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the year ended December 31, 2024 and 2023 is as follows:

Lease cost	2024	2023
Finance lease cost		
Amortization of right-of-use assets	-	$ 80,365
Interest on lease liabilities	-	1,740
Total lease cost	$ -	$ 82,105
Cash paid for amount included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ -	$ 82,105
Financing cash flows from financing leases	-	83,857
Weighted average remaining lease term		
Finance leases	None	1 year
Weighted average discount rate		
Finance leases	None	2.51%

Note 19: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

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

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

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

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2024 and 2023:

		Fair Value Measurements Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024				
Money market mutual funds	$ 9,300,955	$ 9,300,955	$ -	$ -
Certificates of deposit	36,262	-	36,262	-
U.S. Treasury obligations	10,136,708	10,136,708	-	-
	$ 19,473,925	$ 19,437,663	$ 36,262	$ -
December 31, 2023				
Money market mutual funds	$ 1,105,695	$ 1,105,695	$ -	$ -
Certificates of deposit	25,318	-	25,318	-
U.S. Treasury obligations	3,073,121	3,073,121	-	-
	$ 4,204,134	$ 4,178,816	$ 25,318	$ -

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2024 and 2023.

The Organization has no liabilities measured at fair value at December 31, 2024 and 2023.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

Note 20: Subsequent Events

In May 2025, the Organization began a series of leasehold improvements to allow for healthcare services within the space donated by another entity. That donor has agreed to make improvements of up to $2,000,000 and the Organization has incurred an additional $2,500,000 in costs to finish the space. The leasehold improvements were completed in August 2025. The Organization used cash on hand to complete those improvements and will depreciate the leasehold improvements over the lesser of the useful life or remaining lease term.

On July 3, 2025, the U.S. Congress enacted the One Big Beautiful Bill Act (OBBBA), a comprehensive budget reconciliation law that introduces significant changes to federal healthcare programs, tax policy, and energy related incentives. The legislation includes substantial reductions in Medicaid funding, modifications to provider tax structures, and new eligibility and cost-sharing requirements for Medicaid beneficiaries. The Organization is currently assessing the potential financial and operational impacts of the OBBBA. These changes may materially effect the organization's Medicaid reimbursement levels, patient coverage mix, and compliance obligations. Management is monitoring regulatory guidance and implementation timelines to evaluate the implications for revenue recognition, operating margins, and long-term strategic planning.

Subsequent events have been evaluated through September 12, 2025, which is the date the financial statements were available to be issued.

Supplementary Information

People's Community Clinic
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services/ Health Centers Program/Health Center Program Cluster	93.224	N/A	$ -	$ 646,884
U.S. Department of Health and Human Services/ Grants for New and Expanded Services Under the Health Center Program/Health Center Program Cluster	93.527	N/A	-	1,242,844
U.S. Department of Health and Human Services/ American Rescue Plan Act Funding for Health Centers/COVID-19/Health Center Program Cluster	93.224	N/A	-	65,712
U.S. Department of Health and Human Services/ FY 2023 Expanding COVID-19 Vaccinations/ COVID-19/Health Center Program Cluster	93.224	N/A	-	12,965
U.S. Department of Health and Human Services/ FY 2023 Bridge Access Program/COVID-19/ Health Center Program Cluster	93.224	N/A	-	98,329
Total Health Center Program Cluster			-	2,066,734
U.S. Department of Health and Human Services/ Congressional Directives	93.493	N/A	-	637,593
U.S. Department of Health and Human Services/ City of Austin/Community Health Workers for Public Health Response and Resilient	93.495	4700 NG220000024	-	98,670
Total expenditures of federal awards			$ -	$ 2,802,997

The accompanying notes are an integral part of this Schedule.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of People's Community Clinic under programs of the federal government for the year ended December 31, 2024. 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 People's Community Clinic, it is not intended to and does not present the financial position, results of operations, changes in net assets, or cash flows of People's Community Clinic.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

People's Community Clinic has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Federal Loan Programs

People's Community Clinic did not have any federal loan programs during the year ended December 31, 2024.

Forvis Mazars, LLP
910 E. St. Louis Street
Springfield, MO 65806
P 417.865.8701 | F 417.865.0682
forvismazars.us

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
People's Community Clinic
Austin, Texas

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 (*Government Auditing Standards*), the financial statements of People's Community Clinic (the "Organization"), which comprise the Organization's balance sheet as of December 31, 2024, and the related statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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 financial statements. 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*.

People's Community Clinic's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Springfield, Missouri
September 12, 2025

Forvis Mazars, LLP
910 E. St. Louis Street
Springfield, MO 65806
P 417.865.8701 | F 417.865.0682
forvismazars.us

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
People's Community Clinic
Austin, Texas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited People's Community Clinic's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2024. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Forvis Mazars, LLP

Springfield, Missouri
September 12, 2025

People's Community Clinic
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Material weakness(es) identified?	☒ Yes	☐ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards program:

Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Material weakness(es) identified?	☐ Yes	☒ No

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

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of major federal program:

Assistance Listing Numbers	Name of Federal Program or Cluster
93.224 and 93.527	Health Center Program Cluster

8. Dollar amount used to distinguish between Type A and Type B Programs: $750,000.

9. The Organization qualified as a low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Reference Number	Finding
2024-001	Criteria – Management is responsible for establishing and maintaining effective internal control over financial reporting. Condition – The Organization's financial statements required adjusting journal entries for financial statement presentation. Areas in which adjustments were proposed include: Patient accounts receivable and patient service revenue Short term investments and investment return, net Supplies and supplies and other expenses Grants and other receivables, deferred grant revenue, and net assets with donor restrictions Property and equipment, net, intangible assets, and depreciation and amortization expense Accrued expenses and supplies and other expenses Cause – The Organization's policies and procedures in effect did not identify certain necessary adjustments required to present the financial statements in accordance with accounting principles generally accepted in the United States of America. Effect or potential effect – Adjusting journal entries were proposed during the financial statement audit. Recommendation – The Organization should review its month and year-end close processes to ensure identified deficiencies in internal control over financial reporting are corrected. Views of Responsible Officials and Planned Corrective Action – Background: People's Community Clinic 2024 Audit report identified a condition with its financial statements that required adjusting journal entries for financial statement presentation caused by the organization's policies and procedures lacking appropriate internal controls. These entries were necessary to comply with generally accepted accounting principles (GAAP). Views of Responsible Officials: Management agrees with this finding. Planned corrective action for the accounts receivable, patient service revenues, fixed assets and grants include updates to the clinic's policies and procedures as detailed below. Also, planned corrective actions for the investments adjusting journal entry will include updates to procedures affecting the reconciliation and valuation of the items in the clinic's investment accounts. These changes will be implemented on a monthly, quarterly and annual basis. Corrective Action Plans: 1. Patient accounts receivable and patient service revenue: The policies and procedures will be updated to include planned use of consulting services to improve reporting and accuracy monthly with our revenue recognition tool. 2. Fixed assets/intangible assets - policies and procedures area being revised to include collaboration on final sign off with asset work, especially with asset builds crossing multiple months. 3. Grants and other receivables - accounting adjustment and tracking documents updated to reflect long term contributions receivables and deferred grant revenue with noncurrent component. 4. Investments – Accounting procedure adapted to reconcile other asset account in similar methodology as cash account from opening to closing balances. In addition to the above corrective action, the PCC audit preparations team at year end will have a pre-audit meeting with external resources to address unusual entries expected for the audit year.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding

No matters are reportable.

People's Community Clinic
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024

Reference Number	Summary of Finding	Status
2023-001	Criteria – Management is responsible for establishing and maintaining effective internal control over financial reporting. Condition – The Organization's financial statements required adjusting journal entries for financial statement presentation. Areas in which adjustments were proposed include: • Supplies, supplies and other expenses, contributions of nonfinancial assets, and net assets with donor restrictions • Net assets with donor restrictions and contribution revenue Cause – The Organization's policies and procedures in effect did not identify certain necessary adjustments required to present the financial statements in accordance with accounting principles generally accepted in the United States of America. Effect – Adjusting journal entries were proposed during the financial statement audit. Reason for Recurrence and Status of Corrective Action Planned – Management implemented a series of planned corrective actions that improved financial reporting related to the findings above. The errors identified during the 2024 financial statement audit were the result of new challenges faced during that year, including turnover and implementation of a new practice management system. See the Views of Responsible Officials and Planned Corrective Action in finding 2024-001 for management's plan to resolve this finding in the future.	Unresolved. See Finding 2024-001.

People's Community Clinic
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024

Reference Number	Summary of Finding	Status
2023-002	Federal Assistance Listing Nos. 93.224 and 93.527 U.S. Department of Health and Human Services Award No. 4 H8FCS40875-01-02 Program Year 2023	Resolved

Criteria or Specific Requirement – Procurement, Suspension, & Debarment – 45 CFR 75.329

Condition – The Organization's procurement policy established a threshold of $10,000 for small purchase procurements. This policy was not properly applied.

Questioned Costs – Unknown

Context – A sample of two procurements were tested out of a population of eleven transactions subject to procurement requirements. The population sampled represented $957,817 in Federal expenditures. The sample was not, and is not intended to be, statistically valid. Of the two procurements tested, one procurement for $54,684 was not completed in compliance with the Organization's policy and procedures.

Effect – A purchase was made without fully adhering to Federal procurement requirements.

Cause – The Organization did not apply its procurement policy to a transaction that met the small purchases threshold.

People's Community Clinic
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024

Reference Number	Summary of Finding	Status
2023-003	Federal Assistance Listing Nos. 93.224 and 93.527 U.S. Department of Health and Human Services Award No. 5 H80CS24150-12-00 Program Year 2023	Resolved

Criteria or Specific Requirement – Reporting – 45 CFR 75.342

Condition – The Organization is required to prepare and submit an annual Federal Financial Report (FFR) for each grant year. These reports are to be prepared using accurate financial information.

Questioned Costs – None

Context – The Organization was required to file one FFR and one Uniform Data Set (UDS) report during 2023. Each report was selected for testing with specific data from each report identified for testing. The sampling methodology is not, and was not intended to be, statistically valid. Of the twenty-five inputs tested, three exceptions were noted related to the FFR.

Effect – Potential errors were made on the FFR.

Cause – The Organization indicated the FFR was prepared on the accrual basis but did not accurately reflect the accruals for the final two months of the grant budget period. As a result, the Federal share of expenditures and unobligated balance of Federal funds were misstated.

PEOPLE'S COMMUNITY CLINIC

1101 Camino La Costa
Austin, Texas 78752
www.austinpcc.org
512.478.4939

People's Community Clinic provides care with dignity and respect for people with little or no health insurance.

Background: People's Community Clinic 2024 Audit report identified a condition with its financial statements that required adjusting journal entries for financial statement presentation caused by the organization's policies and procedures lacking appropriate internal controls. These entries were necessary to comply with generally accepted accounting principles (GAAP).

Views of Responsible Officials: Management agrees with this finding. Planned corrective action for the accounts receivable, patient service revenues, fixed assets and grants include updates to the clinic's policies and procedures as detailed below. Also, planned corrective actions for the investments adjusting journal entry will include updates to procedures affecting the reconciliation and valuation of the items in the clinic's investment accounts. These changes will be implemented on a monthly, quarterly and annual basis.

FINDING AND ACTION PLAN:

FINDING	CORRECTIVE ACTION PLANS
Material weakness in internal controls requiring adjusting journal entries to comply with GAAP in the areas of: patient accounts receivable and revenue, short term investments, grants and other receivables, fixed and intangible assets and accrued expenses.	1. Patient accounts receivable and patient service revenue: The policies and procedures will be updated to include planned use of consulting services to improve reporting and accuracy monthly with our revenue recognition tool. 2. Fixed assets/intangible assets – policies and procedures area being revised to include collaboration on final sign off with asset work, especially with asset builds crossing multiple months. 3. Grants and other receivables – accounting adjustment and tracking documents updated to reflect long term contributions receivables and deferred grant revenue with noncurrent component. 4. Investments- Accounting procedure adapted to reconcile other asset account in similar methodology as cash account from opening to closing balances. In addition to the above corrective action, the PCC audit preparations team at year end will have a pre-audit meeting with external resources to address unusual entries expected for the audit year.